

VETERANS' BUREAU CODIFICATION ACT

HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

SIXTY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 2257

A BILL TO CONSOLIDATE, CODIFY, REVISE, AND RE-ENACT THE LAWS AFFECTING THE ESTABLISHMENT OF THE UNITED STATES VETERANS' BUREAU AND THE ADMINISTRATION OF THE WAR RISK INSURANCE ACT, AS AMENDED, AND THE VOCATIONAL REHABILITATION ACT, AS AMENDED

FEBRUARY 21, 25, AND 27, MARCH 5 AND 6, 1924

WITH A LETTER AND A CRITIQUE OF THE BILL FROM THE DIRECTOR OF THE UNITED STATES VETERANS' BUREAU

WITH INDEX

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SUBCOMMITTEE OF THE COMMITTEE ON FINANCE.

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VETERANS' BUREAU CODIFICATION ACT.

THURSDAY, FEBRUARY 21, 1924.

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

The subcommittee met at 2.45 o'clock p. m., Senator David A. Reed presiding.

Present: Senators Reed of Pennsylvania (acting chairman), Ernst, Simmons, and Walsh of Massachusetts.

Senator REED of Pennsylvania. Mr. Miller, will you proceed?

STATEMENT OF MR. WATSON B. MILLER, CHAIRMAN OF THE NATIONAL REHABILITATION COMMITTEE OF THE AMERICAN LEGION.

Mr. MILLER. Gentlemen of the committee, the American Legion recognizes in the codification presented in the form of Senate bill 2257 many proposals of an excellent and constructive character. It may be that the bill is in proper structure as an administrative measure, but this is not for the Legion to decide. The law officers of the Veterans' Bureau, are in a better position to judge of these characteristics.

Under instruction of the chairman of the subcommittee, I will confine myself to a brief consideration of the 22 changes, expansions, or contractions, as set forth in the first preliminary report of the Select Committee on Investigation of the United States Veterans' Bureau.

1. The Legion is in full sympathy with the suggestion that disability should be ascertained, service connection or the lack of it developed, and ratings made in the field as near to the disabled claimant as it may be possible to function, and requests that authority be extended to the Director of the Veterans' Bureau to extend to the field his services in these matters.

2. We feel that the presumptive clause for service connection in cases of tuberculosis and neuropsychiatric diseases should be extended to five years, and that no provision be inserted in the law which require that the showing of these disabilities shall actually have been made within that period.

Senator REED of Pennsylvania. You mean before a Veterans' Bureau physician?

Mr. MILLER. Or other qualified medical authority.

Senator REED of Pennsylvania. If the disease is shown to have been incurred within the period you state.

Mr. MILLER. Yes; that is right.

Senator REED of Pennsylvania. But any evidence of either a Veterans' Bureau doctor or anybody else should be brought under the presumption.

Mr. MILLER. Yes; we agree about that, and you will notice that we have taken out the requirement that the Veterans' Bureau doctor must examine.

Senator REED of Pennsylvania. In your judgment is the need for the extension of the period equal in both classes of cases or is it particularly needed, in your judgment, for tuberculosis cases?

Mr. MILLER. I think it was equally needed in both cases; but the suggestion as to neuropsychiatric diseases is more or less empiric and not based upon an actual canvass in the field, made by my committee. With respect to tuberculosis, may I say that in the tenth district, beginning last August, there were called in for clinical examination some 500 men, an examination of whose case files showed that there were suggestions of pulmonary difficulties, although these men had not been rated for tuberculosis or other pulmonary difficulty. The men were brought in and beds were secured, and deliberate and careful examinations were made and of the entire group of 500 there were something like 389 who were discovered actually to have pulmonary tuberculosis, although a few only had been so rated. Where any doubt existed, beds were secured in other hospitals, so that the examination could be more studious.

The average of this group of men were removed four years from the date of their discharge from the service; and so, unless they have some law of a more liberal character to invoke, they are not in luck.

Senator REED of Pennsylvania. It has been suggested that the period be extended to five years for tubercular cases, but that it be left at three years for mental cases. Has that suggestion ever been made to you?

Mr. MILLER. It has never been so made. Was that all, sir?

Senator REED of Pennsylvania. That is all.

Mr. MILLER. Paragraph 3 suggests that where a veteran dies leaving a widow, or a widow with children, the compensations be slightly increased. We believe that these compensations should be greatly increased. The rates which we ask are, briefly, as follows:

- (a) If there is a widow but no child, \$50.
- (b) If there is a widow and one child, \$60.
- (c) If there is a widow and two children, \$70, with \$10 for each additional child up to two.
- (d) If there is no widow, but one child, \$35.
- (e) If there is no widow, but two children, \$55.
- (f) If there is no widow, but three children, \$75, with \$10 for each additional child up to two.

We think that the rates as they exist now are too low, particularly in view of the fact that deplorably only a few of these men seem to have insurance at the time of their demise.

Senator WALSH of Massachusetts. What percentage do you think have insurance?

Mr. MILLER. I expect the only way that I can answer that question—and I expect that the Director of the Veterans' Bureau can answer it much more intelligently—is to detail the ratio between the number originally and the total in existence now; there is a total of less than 500,000 out of an original number of 4,500,000.

General HINES. About one to nine?

Mr. MILLER. About one to nine.

Senator REED of Pennsylvania. Eight out of nine have allowed their insurance to lapse.

Mr. MILLER. Paragraph 4 allows double compensation where a husband and son, or two or more sons, have died in the service. This is approved by the American Legion.

No. 5 provides for an increase from \$100 to \$150 in the matter of allowances for burial expenses. I am under instructions from the Legion to ask that the same be fixed at \$200, and we are very anxious to eliminate any suggestion in the law that if a man should leave a small industrial insurance policy, or some other slight resource, that those resources would be taxed for the purpose of burying him.

Senator REED of Pennsylvania. I did not know that there was such an implication.

Mr. MILLER. I do not know that it would exist, but it does exist with the present law.

General HINES. There is nothing to that effect in this bill, but in the existing law there is.

Mr. MILLER. No. 6 provides that loss of the use of certain limbs and external organs be made the equivalent of loss of limbs, which will provide for cases of paralysis and so on. The Legion is in accord with this idea, and further suggests that men who have lost the use of both ears should be in the statutory class of those who are totally disabled during such disability. The group is about 60 in number. Most of them have not made much progress in lip reading, and I have come in contact with the men where they live and where they are attempting to train themselves, and they are in a right pitiable shape. Formerly, under the old regulation 57, these men were granted the benefits of their insurance; but that was denied them by a comptroller decision, and the best they have now is only the compensation which is allowed them, and it is 65 per cent of total permanent disability, which would be \$65 per month, and in case of a total temporary deafness, something like \$52.50. These are a manful outfit.

Some of them have been deprived of the use of their ears by changes in air pressure due to airplane falls, and others by meningitis. They do not claim that they are totally permanently disabled, but they do say that if a man, for instance, who has lost one hand and one eye is totally permanently disabled, a man who has not the use of his ears is also totally permanently disabled; and they cite the instance of two men making application for employment. Would a man who had one eye and one hand and a good pair of legs to do your bidding be more acceptable to you as an employee, or would a man who was unable to hear what you had to give him in the way of instructions be preferable? The fact is also, of course, that there is an enormous psychic reaction. These men do not know what is going on about them. They do not know what is being said about them. I think, since there are only a few cases, it is well worth the cost.

Senator REED of Pennsylvania. You say there are 65 cases?

Mr. MILLER. There were 60 a year ago, and since then four or five have died.

Senator WALSH of Massachusetts. Could that be cured by administrative action?

Mr. MILLER. Yes, sir; it could; but I am not imputing to the Veterans' Bureau any lack of sympathy. They just do not feel that it is appropriate action. I have had it up with them from time to time.

No. 7 states that the rating of disability shall be based on average impairment in occupation similar to that of the injured veteran. Under the present law the rates of disabilities of a permanent character are made upon the consideration of impairment of an average character of the average group. This provides a change which, if I understand it correctly, would not work out.

It may be an extreme case that I instance, a case where you have two men residing side by side, one of whom may be a paperhanger and the other an opera singer. They both have been gassed and have lain overnight wounded outdoors, and it is perfectly plain under those circumstances, if you are going to consider the handicaps in similar lines of endeavor, that the opera singer would get everything and the paperhanger would get nothing; and, moreover, there is a progressive injustice being worked to the paperhanger because he is forever inhibited from becoming an opera singer, even though his natural vocal qualifications might have justified that hope; and he is also forever precluded from making advancement in any profession through which the use of his voice would be necessary.

Senator REED of Pennsylvania. Do you think that ought to be taken into account in the ratings?

Mr. MILLER. If I understand your legislative proposals properly or correctly, it would not be. What we think is that the individual handicap of an industrial character should be taken into consideration and account in every case.

Senator REED of Pennsylvania. Mr. Miller, that is just what we were trying to get at; that under the present system the opera singer would be treated exactly the same as the paperhanger, although his gassing had cost him his entire occupational skill; he was disqualified forever from singing again. The paperhanger was not so affected; but under the present system they were treated exactly alike, which did not seem fair to the opera singer.

Mr. MILLER. I think perhaps, then, I have misunderstood the intent of the proposal. If you will write into the law the authority for giving full weight and consideration to the industrial handicap in any given case that comes up for consideration, it will be satisfactory.

Senator REED of Pennsylvania. I happen to have been myself the writer of that provision, and that is just what I had in mind. I will take another classic illustration. If I had my left forefinger shot off it would not handicap me in my occupation as a lawyer; but if a professional violonist had his left forefinger shot off, if he was injured in that way, he would be injured 100 per cent, and he ought to be rated accordingly.

Mr. MILLER. Perhaps I have misread the intent of that proposal.

Senator REED of Pennsylvania. I am glad that you made the suggestion, because we will look to the wording of it. I think perhaps we are thinking of the same classification.

Mr. MILLER. No. 8 provides that helpless veterans be allowed \$50 per month. The Legion will support that proposal. Such an intent was apparent a year or more ago, but through drafting, or some such error, the wording was faulty.

No. 9 suggests a measure that I do not know that I am qualified to advise you upon. I have from the Senator, informally, his belief that in the case of men who are totally insane, large sums of money would accrue, and that those sums of money might conceivably be turned over to men and women who were not close to the man in the order of relationship. Generally speaking, the Legion, and I think the other service groups also, feel that the ordinary neuropsychiatric case has even perhaps a better chance of final recovery and final adjustment to the external world than men suffering with progressive functional diseases, and that their funds should be conserved for them in a proper manner so that they will be in funds when they are finally discharged from the institution.

Senator REED of Pennsylvania. I think we are all of one mind in regard to cases where there is prospect of recovery, but I know of one case of a man in my outfit who is hopelessly demented; he never can recover. When he dies, if he lives the average length of life, there will be a fund of over \$20,000 which will go to his collateral relatives, all of whom live in Germany. He has no relatives in this country at all.

Mr. MILLER. I think that there could be no objection to working out a plan with respect to these classifications where the individual would not suffer and where the interests of the Government would not be impaired.

Senator WALSH of Massachusetts. Our purpose is to conserve as much of the money as we can from cases of this kind for deserving veterans. After all, every dollar that is appropriated is taken from taxes, and if anything can be saved and put together and used for the deserving veterans we want to do it. We do not want to deprive any deserving veteran of what he can use.

Mr. MILLER. The Senator's proposition is a new theory, and in the brief space available I have not been able to collect data to properly make suggestions to you.

Senator WALSH of Massachusetts. We intend that to be where a man should be permanently insane.

Senator REED of Pennsylvania. Yes; and if the language does not make it so, we will change it.

Mr. JONES. The language does not say so. This is on page 31.

Senator REED of Pennsylvania. That would be improved, would it not?

Senator WALSH of Massachusetts. "And shall be declared to be permanently insane." It should be so.

Senator REED of Pennsylvania. It should be required that there should be a certificate from the chief alienist of the hospital that he is permanently insane. That is a good suggestion.

General HINES. We have a draft, Mr. Chairman, that I believe will cover that point.

Senator REED of Pennsylvania. Then we can pass that?

Senator WALSH of Massachusetts. Mark that to be amended.

Mr. MILLER. Shall I proceed, sir?

Senator REED of Pennsylvania. If you please.

Mr. MILLER. Paragraph 10 provides for an allotment of a hospitalized beneficiary to his dependents; and provides, further, for the placing of any unallotted portion of his compensation to his credit, to be paid to the veteran when he leaves the hospital. Experience

in the field of the veterans' organizations convinces us that, by and large, these beneficiaries are capable of administering their own funds, and moreover, I expect if you attempted to retain any of his compensation, it would be invested in such a way that he would probably realize $3\frac{1}{2}$ per cent or 4 per cent, at the outside, and figures that I have gotten from some of the larger hospitals of the Veterans' Bureau show me that men are making investments and they are paying for their securities on the installment plan; they are investing in securities of public service corporations and in the equipment bonds of recognized railroads, and they are getting from 7 to $7\frac{1}{2}$ per cent on their money. It is believed, however, that while we think you ought not to arbitrarily attempt to administer a sick man's funds for him unless he is under some legal mental disability, yet it would be fair to see that his dependents were properly taken care of, and we seek an amendment to the law which will say:

Where the disabled person and his wife or dependent parents are not living together, or where the children are not in the custody of the disabled person, the amount of compensation shall be apportioned as may be prescribed by regulations; and where the disabled person is in a penal institution or a hospital, public or private, or in domiciliary care, the Director of the Veterans' Bureau may apportion compensation as may be prescribed by regulations to the man, his wife, children, parents, all or any of them collectively or separately.

Senator REED of Pennsylvania. This only applies to patients in hospitals as it now stands.

Mr. MILLER. Yes; I expect you gentlemen are beginning to hear from the hospitals. It is coming to me with very great opposition among the men themselves, and I expect you and I would dislike the proposition to be enforced upon us of having funds to which we are rightfully entitled, slender as they are at the best, handled by anybody else.

Senator REED of Pennsylvania. Of course, what the committee had in mind in recommending that amendment was the cases of men in the tuberculosis hospitals, where there are a few men who on their furlough time do waste their money shockingly, to their own injury. It is not a question of saving any money for the Government, but if we can help to avoid the setbacks to a man's recovery which are caused by his own gross dissipation we would like to do it. On the contrary, we realize that most of the men are thrifty and save their money and are saving and investing their money in reasonable ways. I do not believe in the Government dictating to a man as to what his investments shall be. I like to see a man take the chances that are offered to him.

Mr. MILLER. I think the situation that the Senator develops is less extensive than it really seems. I have talked with the commanding officers of the great tuberculosis hospitals out West, and the figures that they have given me as to the lack of forehandedness and care on the part of the patients represent from 10 to 15 per cent; and of course it would be a shame to penalize the 85 per cent on account of the 15 per cent; and I am afraid that if too wide a discretion is granted in that sort of thing to the officers in charge of these hospitals, or to the Director of the Veterans' Bureau, it might result in great dissatisfaction.

Senator WALSH of Massachusetts. We had that in mind, that if we gave this power to the commanding officers of the hospitals the

power would be abused in many cases. I do not believe the power ought to be given to the doctor that happens to be in charge of the hospital. The question will have to have careful consideration, however.

Mr. MILLER. I wish, in that connection, to make definite the fact that the American Legion is not in sympathy with the proposal, but it does not of course question the desire of the committee to do the best it can for the disabled. Paragraph No. 11 makes hospital service available to the veterans of the World War suffering from tuberculosis or mental diseases, without proof that the disease resulted from military service. The veterans of the Spanish-American War and the veterans of the Philippine insurrection and the Boxer rebellion are already accorded this privilege, and the Legion believes that this section limits the veterans of the World War to those who suffer from tuberculosis or mental diseases, because there is a feeling that to widen the range of diseases would fill up or overcrowd our hospitals. It is a matter of statistics that when the law which admitted the Spanish War men to the hospitals was one year old there were only 38 such men so admitted, and I believe that at the present day there are less than 200; 178 was the last figure that was given me. Is that approximately correct, General Hines?

General HINES. It is approximately correct; about 200.

Mr. MILLER. It is hoped that these benefactions will be extended to the veterans of all wars who are requiring hospitalization, without regard to the origin or character of their disease or injury, and we feel that the hospitals will not be congested or overcrowded, because men do not seek hospitalization in Government hospitals unless they have to. A rich man's son in a community has access to private hospitals. The poor man's son has no place to go but the county and State institutions, and we submit that when a veteran becomes incapacitated from any reason, if we can possibly do it we ought to cure him or treat him among men who speak his own language; among his buddies.

Senator REED of Pennsylvania. I think the committee agrees with you fully, but it is just a question whether the hospital's capacity will admit it. We would like to make the change you suggest, and I think we will if the figures indicate that it is possible.

Mr. MILLER. No. 12 suggests that retroactive adjustments of compensation are forbidden except where the beneficiary has been guilty of fraud. I do not know whether that is a mistake in the printing or not, but that provides that you can compensate a man retroactively in case he has been guilty of fraud.

Senator REED of Pennsylvania. Oh, no; retroactive reductions are forbidden.

Senator WALSH of Massachusetts. What is the section of the act?

Senator REED of Pennsylvania. It occurs in two places.

Colonel BOUGHTON. It is at the top of page 40. In the third line are the words, "except in case of fraud," etc.

Senator REED of Pennsylvania. There ought to be a period after the word "thereof," in line 3, and the word "except" should begin the next sentence.

Mr. MILLER. I hoped that that was an error. That is all right, then, sir.

No. 13 limits retroactive relief and retroactive increases of compensation over the present law. The Legion is seeking the repealing of sections 309 and 310 of the present act, which limit the periods in which men may receive compensation for disability, because we believe that all time limits are illogical; that disabled veterans should be compensated for and during the period of the disability. Many men, even to-day, are just establishing their proof of original disability.

Senator REED of Pennsylvania. At the same time, Mr. Miller, we all must recognize that that privilege, coupled with the privilege of automatic reinstatement of insurance, has been abused in some cases. The committee felt that the evidence indicated that; that men have been retroactively adjudged disabled when everybody concerned knew that they were not, but everybody felt a praiseworthy desire to get a man's insurance reinstated if possible. That was what impelled the committee to put that limitation in.

Mr. MILLER. The present law states that compensation may be paid not more than two years prior to the filing of the claim therefor, and that increased compensation may not be paid for more than one year prior to the filing of the claim therefor. We think that those time limits are arbitrary. The Senate committee has suggested that the two years be cut down to one year and that the one year be cut down to six months. I am entering the protest of the American Legion at such curtailment. I expect, if you want to hear argument, you can hear that later.

Senator WALSH of Massachusetts. You think that two years is sufficient time to practically prevent any likelihood of insurance being reinstated in most cases?

Mr. MILLER. We are not up to insurance yet.

Senator WALSH of Massachusetts. And those whose insurance has lapsed are mostly cases that have lapsed three or four years?

Mr. MILLER. Yes; under the present law that is so, and we do not like that idea. As a matter of fact, when you find a man who has just now effected proof of his disability and has received in compensation a check which, by virtue of the retroactive provisions of the law, is representing quite a sum of money, he is not, by virtue thereof, entitled to reinstate that insurance, because the law says that he must have had, at the time of the lapse, sufficient due as uncollected compensation to pay the unpaid premiums. Now, if you take a man who was four years away from the period of discharge, and you compensate him for only two years of disability, the liability for which was incurred while the man was in the service and he was injured in the service, you do not reach back to the point where that man can reinstate, and that is the reason we would like to have the time limit removed.

Senator WALSH of Massachusetts. Our attention was called to several cases where there seemed to be a straining of the facts so as to get the disability back to where it could be reinstated.

Mr. MILLER. I think they ought to be strained, sir.

No. 14 is on the question of insurance reinstatement, partial reinstatement as suggested by the first line should be effected. Is there anything in here, Senator Reed, that has to do with old section 408 of the act and which was concerned with the reinstatement of insurance out of retroactive compensation, or with respect to the paying of insurance claims from the proceeds of retroactive compensation?

Senator REED of Pennsylvania. No; It is section 304.

Mr. MILLER. Section 304 in your codification takes the place of old section 408.

Senator REED of Pennsylvania. Yes; and section 305 was a copy of old section 409, I think.

Mr. MILLER. It leaves out this proviso of the insurance reinstatement section of the present law which permits men to receive the benefits of their insurance payments in case of permanent total disability or death, by virtue of the use of retroactive compensation found to be due and uncollected. The Legion believes that these provisions should be reinstated and that they should be clarified and extended, and it has an amendment to offer at the proper moment. The suggestion is made that the privilege has served its purpose, and should not be continued. We do not believe that it has served its purpose, in view of the great number of men who are just now establishing proof of their right to disability compensation; and moreover there is a very considerable group of men who have been denied their insurance payments—and who are either dead or permanently and totally disabled—by reason of the so-called Benjamin Swartz decision made by the legal division of the Veterans' Bureau, which stated that compensation made retroactive under section 300 of the act could not be regarded as being due and payable at the time of lapse for insurance purposes in the full amount provided by the amendment of December 24, 1919. For example, a man was discharged from the service and was receiving an award of 10 per cent under the act of October 6, 1917. If he had no dependents, that sum amounted to \$3 per month, manifestly not enough to carry on his insurance. Under the amendment of December 24, 1919, the rates were increased so that a man who was suffering from a disability which entitled him to receive a temporary total rating would get \$80 a month. Then the same 10 per cent man would, under the provisions of the amendment, be entitled to \$8 a month. It was decided that even though section 300 was made retroactive as to compensation, it could not be said that at the time when a man was discharged from the service, when his insurance lapsed, that he was at that time entitled to the \$8 a month.

Senator REED of Pennsylvania. Did the Comptroller General ever pass on that decision?

Mr. MILLER. Only informally.

Senator REED of Pennsylvania. Did he sustain it fully?

Mr. MILLER. I believe he did not pass upon it after it was rendered, but he passed on it informally beforehand.

General HINES. The so-called Swartz decision was submitted to the comptroller informally, and he held it about three or four days and then informally, and with the caution that it was an informal decision, he approved the opinion. We have a test case in court now, where briefs have been submitted on both sides, and we hope that the decision will be made in a very short time.

Senator REED of Pennsylvania. In which court, General?

General HINES. In the Federal court in St. Paul. The director of the bureau is on record, and I have recommended to both committees, this committee and the House veterans' committee, the putting back into the law of enough to take care of this Swartz decision; that while technically, and I think legally sound, there is grave doubt in

the minds of the director and some of his assistants that we are fully carrying out the intent of Congress.

Senator REED of Pennsylvania. That may be the law, but it certainly was not the intention of Congress. If it is necessary to put anything in here to cure that, I hope you will do it.

General HINES. We have a proviso ready for your attention.

Mr. MILLER. The unfortunate conditions brought about by the Benjamin Swartz decision should be righted. The Senator would probably feel that there should be similar provision in the law for similar cases coming up to-day.

General HINES. There are about 250 cases that we know of, right now.

Senator WALSH of Massachusetts. Why do you not give us the amendment, and have it printed in the record?

Mr. MILLER. I have written such an amendment, but it is possible that the language is somewhat clumsy and therefore it is subject to revision.

General HINES. We have one prepared to submit to you. I am not sure whether it is in accord with the idea of the Legion or not. It covers the point.

Senator WALSH of Massachusetts. Very well.

Mr. MILLER. No. 15 limits the time at which vocational training may be undertaken, and limits the time under which applications for vocational training may be accepted. We feel that those time limits are also arbitrary, and should be extended. There has been a good deal that is unfortunate in the training situation. Some of it is attributable to the old Vocational Training Board. Some of it is attributable to the lack of understanding of the training employees of the Veterans' Bureau. But, by and large, they are proceeding with the problem in a way that seems best to them, and the Legion thinks we have a duty to these men to restore their habilitation, no matter how long a time it takes, but that the future attitude toward the training situation should be a progressively intelligent one. It appreciates that it was a tremendous problem, one that no other country has had to face before. I have seen some of these men in the last three days, a group of men who were placed by the Vocational Training Board prior to the consolidation of these efforts, in business institutions, where an attempt was made to teach them stenography and typewriting, and where they also were taught the academic and related courses. Many of these men had worked only with their hands before, and two years was the average time they had spent in the graded schools before entering the service in the Army or the Navy.

They have spent four years trying to learn shorthand and typewriting. Most of them admitted that they did not know whether they were appealing for more training or just what to do with themselves. One of them held up his hands and said: "Look at those big fingers. How could I ever be expected to operate a typewriting machine? And yet I have lesions in my stomach which make it impossible for me to work in the mines." It was proved that he had, from shrapnel wounds, that will make it forever impossible for him to do lifting, at any rate, such as is necessary in the work he was formerly doing in the coal mines. He does not know just what to do with himself. Another man was put in this institution for learning salesmanship.

Senator REED of Pennsylvania. Is this the Pierce School?

Mr. MILLER. It is the Wilkes-Barre Business College. He did not know just what he wanted; because he had not been able to get very far. He was not making any claims, but was just throwing up his hands. He felt that not only had his time in the Army gone, but four years subsequently in training and in the hospital was gone. In that we agreed with him. I asked the chairman of the appeals board which was listening to this case to have him write a letter to the appeals board telling what he thought he ought to have. That man could spell very common words of one syllable, but he could not spell such words as "complaint" and "course" and he used double negatives; and that was a man whom we had been training for four long years. We owe a duty to those men. They ought to be carried some place; so that we ought not to curtail the time in which application can be received favorably, or the time in which training can be entered. You have a lot of men in the hospitals that you have got to deal with yet. But while these men have applied for vocational training at the time they signed their original Form 526, for compensation, if you tell them you can not put them in training after June 30, 1924, there are about 25,000 of them are going to be out of luck, because you have got to do something with them after they get out of the hospitals.

Senator WALSH of Massachusetts. The objection was to 18 more than 15.

Senator REED of Pennsylvania. You are speaking more as to the dates in No. 18. The dates in No. 15 are the dates of the beginning and the end of the war. The only change there is the change of one month. We thought we had better systematize it and make it all war dates.

Mr. MILLER. The change in No. 15 is a little more than one month, is it not? The present law would provide, by inference at least, that application for training must have been received within two years.

Senator REED of Pennsylvania. In the case of origin of the disability I think the present law is—

General HINES. December 16, 1922, is the last date for the filing of applications.

Senator REED of Pennsylvania. We have extended it six months. Then we have extended the term insurance time to make it five years after the war, which would bring it up to June 30, 1926.

Mr. MILLER. Ought there, as a matter of fact, to be any date set where men must either relinquish their term insurance or convert it, as long as we have the Government in the insurance business?

Senator REED of Pennsylvania. As it struck us, term insurance ought to be ended as soon as possible. It is going to cost the Government a tremendous amount of money, far more than Congress ever dreamed of. In 10 or 15 years the appropriations that will have to be made for term insurance will stagger the whole country, and it ought to be put on a business basis. I am not competent to discuss this whole subject of insurance, but I have been very much impressed with this matter of term insurance.

General HINES. It is running at the rate of about \$90,000,000, and the prospects are that we will have that for 17 years.

Senator REED of Pennsylvania. \$90,000,000 a year?

General HINES. Yes.

Mr. MILLER. The cost of term insurance is very great, and the payments made already are in excess of the total amount of premiums on term insurance which have been received. But the Government started out with the highly correct intention of trying to provide some humane method of caring for the casualties of war. These men were instrumental in discontinuing and ending a bloody war 18 months before the most sanguine of you gentlemen in Congress thought it could be discontinued, at a saving of between thirty billion dollars and forty billion dollars, and at the saving, of course, of the imponderable loss of life—something that you can not measure. If the war had so continued, the American people would have paid the added cost with hymns of praise on their lips. I think we ought to go through with this thing as far as possible and see that the casualties of that war are taken care of through the insurance system now in vogue. Many men have not yet effected a status in their domestic and civilian occupations in life. They are not able to take on the converted insurance as yet. In my own case, I converted my insurance immediately after leaving the Army, but I find that instead of its costing me \$96 a year it costs me \$420 a year. I am able to pay it. But the youngster of 23 or 24 or 25 who is trying to get himself started and is just now being able to surround himself with the obligations and requirements of civil life is not able to go into converted insurance yet, and I do not think you ought to make it obligatory that he should. Of course it is going to cost the Government money. All wars cost money. But you were not trying to effect much economy when you were sending these men into the trenches. When I say "you," of course I am speaking of the American people and not of the committee.

Senator REED of Pennsylvania. What we would like to do if we could would be to get more men to take insurance.

Mr. MILLER. If you will permit the Director of the Veterans' Bureau to inaugurate insurance campaigns, which he can do only in a limited manner now because he has not felt that he was justified in going to any great lengths, you would have a lot of reinstatements, and in a short time you would have these men on the converted side of insurance, which is better than having money in the bank. If a man can carry his converted insurance only four or five years, and then has to discontinue, he will have that much and more in extended insurance. I hope you will leave the provision in the law by which our younger boys can gradually work up to the insurance, which means better conditions and an increase in the national wealth.

Senator WALSH of Massachusetts. There has been an intention on the part of Congress to discourage Government insurance. The members of this committee know that, and they have been trying to correct it. I think that one year the Appropriations Committee refused to appropriate money to send out the notices of lapsed insurance.

General HINES. The only time, I think, that appropriation has been refused was in the appropriation bill of 1921, when they refused an appropriation for salaries or expenses to carry on a campaign for soliciting reinstatements of lapsed insurance.

Mr. MILLER. I was, if you please, referring especially to provision 18; and may I now refer to 16, which I think is the proper one. The Legion is in agreement with that. But I think we have a feeling, and I think this is shared by the Director of the Veterans' Bureau, that men who are injured in the course of their training, or become ill or have aggravated or added disabilities without fault of their own, when they become nonfeasible for training by virtue of these diseases—added diseases—should receive additional compensation therefor; and it has not felt that the compensation in any event should exceed the rate laid down in article 302 of the act; and that when a man in a hospital receives injuries without fault of his own, or is the victim of unskillfulness—things that may occur from time to time—he ought to be compensated in an added way during that period.

Senator REED of Pennsylvania. I think we are all in accord on that subject.

Mr. MILLER. Yes.

Senator REED of Pennsylvania. I wanted to go back to No. 15. You will notice the committee put in that misconduct provision.

Mr. MILLER. Yes; on vocational training.

Senator REED of Pennsylvania. It does not agree with the vocational training act at present. We want to put the whole thing on the same basis.

Mr. MILLER. We have this feeling about the venereal boys. You took these fellows out of their homes and sent them to a camp. You removed them from all the natural restraints and obligations of their firesides. You did more than that. We sent them to a foreign country, and to a Latin country, where people eat different things, drink different things, and think different thoughts, and look at different sorts of pictures. A chap under those circumstances goes out and under all the normal and entirely understandable reaction of youth, gets syphilis, for example. We seem to be all against him. But the boy who drinks too much vin blanc and lies all night in the gutter in a rainstorm and has his lungs affected and acquires tuberculosis, we are all for him. Something ought to be done for these men who have venereal diseases, particularly under the aggravation that many medical authorities tell me results from the strenuous exercises of training and warfare. Many of these men were not treated for their disease during service, even though it was noted at the time of their entrance thereto; and there are actual progressive results from syphilis that I believe we ought to take care of.

Senator REED of Pennsylvania. The law does take care, and the code does take care, of men whose venereal disease was enhanced by the service.

Mr. MILLER. Many of these men were drafted with syphilis. They did not go into the Army of their own free will; probably many of them did not. Most of the draftees, I believe, regarded the proposition as that of the Nation volunteering; but certainly some of these men who were taken into this Army by draft would have received treatment in due course of time for their syphilis in civil life if they had not gone into the service. It is a close medical question, the payment is for aggravation; but it is very hard to prove the aggravation, and yet we have them with us; and I think we ought to be considerate and understanding with them, and I

do not think they ought to be eternally denied the benefits of compensation or training. What is the next, Senator?

Senator REED of Pennsylvania. No. 19.

Mr. MILLER. The Legion is in full sympathy with the provision as to guardians, and we have, as has also the Veterans' Bureau and other organizations, I think, an amendment to suggest which will give the director of the bureau blanket authority to retain payments when the guardians do not function properly, and when they do not submit reports at request. Doubt has been expressed to me by a legal authority as to whether or not the director could require reports from guardians who are appointed under State laws, and it may be he could not; but if you gentlemen say that in the absence of these reports when asked for the director can retain the money it would cover the point.

Senator REED of Pennsylvania. That was our idea in putting it this way. While he has no power to order the reports directly, he can say: "No money if no report."

Mr. MILLER. That is fine.

As to No. 20, the Legion feels that provision should be made by which judgments properly effected in the courts of competent jurisdiction may be paid out of current funds of the bureau instead of having to go to Congress for an appropriation. It is perfectly apparent to all that war-risk insurance is paid under the law in 240 continuous installments, and if Congress was disposed to do so it could only provide for the current payment.

Senator WALSH of Massachusetts. Of course, you all objected to the next one.

Mr. MILLER. I was going to pass that for the moment. In cases of disputes over insurance claims the Legion would like to have the cost of successful suits paid by the Government. It seems unfair to at first force a man into the courts to prosecute his claim, and then, having won the case, to have him pay for the costs of the court action out of the proceeds of that judgment. The present law provides that in case a judgment is handed down, and in case it should become effective in the way of an award by the director, the attorney may be allowed 5 per cent, and that that 5 per cent shall be paid the attorney by the claimant at the rate of not more than 10 per cent of each current payment; so that in the case of a \$10,000 claim the attorney would thus be entitled to \$500, and under that 10 per cent arrangement he would be entitled to \$5.75 a month, because the monthly payments would be \$57.50, and it would take 7 years and 3 months for the claimant to be able to pay the attorney for his services in prosecuting that claim. That seems utterly foolish.

Section 22 provides that midshipmen and cadets shall not be included. That is proper, because they are not so included in the law. In conclusion, gentlemen, the Legion has, beyond the legislative proposals, suggested in this outline 20 or 30 more which it would like in a proper way to get into the record; and may I, without any suggestion or inference of offense, make an observation? To me it seems quite proper that the results of the investigation of this committee should appear visually in the form of suggested amendments to the law or to the codification of the present law, but it is going to be just a little bit difficult, I think, for all of the service groups to follow in the way of amendments this codification of the committee's,

because of its strangeness to them. For example, none of us who is not a lawyer and in active practice in the bureau can tell, except that the bill begins in a proper manner and states what the act is and ends in a proper manner where penalties and repealing clauses are provided, whether or not it is a sound administrative document. I think perhaps it is, but of that I am not sure. But we do know the practice and effect of the present law, and I think, speaking for the Legion, at least, we would like it if we might be permitted to place our legislative proposals in the form of amendments to the old law, because we have been working on these amendments—for example, the Legion has—since last October. We have hardly had time to write acceptable and effective amendments to this act.

Senator WALSH of Massachusetts. We have thought of having a reprint made that would show the proposed amendments by different types. For some reason we slipped up on it. We may decide to do that later.

Senator REED of Pennsylvania. I think so. At any rate, we can easily accommodate your suggestions to this new form, and we would be glad to have them in either form.

Mr. MILLER. The Senators know that there is a committee in the lower House on legislation for World War veterans; and could the Legion have a suggestion as to the manner in which this committee or subcommittee proposes to work with the House committee, so that in our perfectly palpable desire always to get some legislation in effect for the relief of the disabled men we will not get in conflict? If we understand each other, of course there is no chance of a conflict.

Senator WALSH of Massachusetts. What we want is to get this out over here and get it through and get it over to that committee at the earliest possible moment, so that they will have a longer time to work it over; and I think you will find when this comes out of the committee that we have included a great many suggestions made to us here, and there will be less for that committee to criticize or even to discuss.

Mr. MILLER. There is, moreover, this, Senator, if you please: As the representative of the Legion I have only gone over sketchily the outlines of these 22 suggested corrections or clarifications of the act. We have a number of additional amendments that we have to suggest, and at the proper moment we would like to have an opportunity to state our case.

Senator REED of Pennsylvania. Surely. You have gone over the act itself, have you not, in addition to the preliminary report?

Mr. MILLER. Yes, sir.

Senator REED of Pennsylvania. Of course, there are many minor changes in the act that were not worth mentioning.

Mr. MILLER. I understand that the Senator is perfectly willing to consider amendments as suggested, and by daily contact we know what the old law has done and we think we know what the old law has not done that it should have done; and thus, because we have had time to do it and because we have had experience with the effect of the old law, we have been able to write, and write with convenience and understanding, amendments to the existing act. But there is, sir, perhaps a little difficulty in our being able to do the same thing with this new act which was perfectly strange to us. I do not

mean to say that it is not intelligible, and I appreciate the fact that it should have been brought out. It is the proper thing to have done. Senator WALSH of Massachusetts. Do you believe that we ought to wait and try out all the amendments to the older law and try to incorporate them in this bill and get it through this Congress, or do you think we should proceed with this codification which we believe we can get through speedily and then try each of the others as a separate issue?

Mr. MILLER. Senator Walsh, it is my opinion that it would perhaps be better, if we, recognizing as we do, the amendments necessary to the existing law, provided amendments to the existing law, and wrote them into the statute and perhaps give them a few weeks of operation to find out whether they are faulty or have administrative imperfections; and then, if we could, we all might get together in a serious manner and effect codification. I am afraid if we go through the codification now we will all leave out things that are important to the disabled man; and that is the man, after all, in whom we are interested.

Senator WALSH of Massachusetts. Senator Reed and I thought we would not have much trouble in getting this codification through the Senate and getting it over to the House, so as to get these many reforms made and incorporated in the law; but if we attempted to incorporate some of the others that we tried to agree to, we would get into turmoil and difficulties that might hold the whole thing up for this session of Congress. For instance, there are one or two recommendations of General Hines that I am inclined to favor, and yet I know they would provoke great controversy right in the committee. We have here the things that we felt we could get through without any controversy, and this much being accomplished, we could try to do the other things one at a time. Is that your feeling, Senator Reed?

Senator REED of Pennsylvania. Yes.

Mr. MILLER. Is it your feeling that this legislation should originate in this committee of the Senate?

Senator WALSH of Massachusetts. This much would be out of the way and cleaned up; yes.

Senator REED of Pennsylvania. There is very strong hope throughout Congress that we can adjourn on June 1, if the appropriation bills are out of the way. The pressure for adjournment will be terrific, and if we let this veterans' legislation get held up until the last jam there is not a chance for it.

Mr. MILLER. That, of course, concerns us very greatly, because we realize that the legislative program of the administration is not progressing very rapidly, and that this session may come to an end at the time suggested.

Senator REED of Pennsylvania. Nothing is progressing except investigations at the present time; and I am not finding fault with that. But I mean, seriously, that it would be a great misfortune, from the standpoint of the veterans, should anything hold this up too long.

Mr. MILLER. It would be a manifest misfortune to the veterans if this bill was passed—and this is said without asperity—without amendment, and the Senator appreciates that.

Senator REED of Pennsylvania. Yes.

Mr. MILLER. Are we not almost spontaneously running a sort of a race between the House committee on this legislation and this committee? Would it not be better to try to consolidate interests so that these officials of the Veterans' Bureau will not be forced to make arguments before two committees?

Senator REED of Pennsylvania. That is what we would be glad to do, and then when this goes to them, if they find some desirable changes in this, of course, they will make them. There is no pride of authorship in this.

Mr. MILLER. If that is the case, that is the most intelligent manner of securing hearings and considering these amendments on which we will all have to appear. Most of them parallel each other, and some of the legislation we have to suggest will probably be highly controversial if it was submitted to extended hearings, and we are not asking for that.

Senator WALSH of Massachusetts. I should think you ought to push this in the House in a separate bill, and try to get that over to the Senate. I doubt if Congress will adjourn or can adjourn without some action on this codification. I think we will be able to get through this legislation, and perhaps we will get through more in separate bills. But if we are loaded down with things on which there is going to be a big fight, that are in sharp controversy, we will have difficulty.

Mr. MILLER. Do you believe, for instance, that there will be any controversy over the presumptive clause for tuberculous patients and neuropsychiatric patients of five years.

Senator REED of Pennsylvania. That means that we give an extension for five years for tubercular cases.

Mr. MILLER. In that case I am prepared to produce a number of eminent neuropsychiatrists for the support of this legislation for neuropsychiatric diseases—internationally known experts. I hoped that it would not be controversial.

Senator REED of Pennsylvania. The committee will have to discuss the question of that extension. Neither Senator Walsh nor myself is firmly wedded to the three or five year period; but when our investigating committee was sitting, we had submitted the legislative program of the Legion, of the Veterans' Bureau, and of the Veterans of Foreign Wars, and we made up lists of those—General Hines helped to make up the lists—which showed parallel recommendations together, and I think there were in all 117 recommendations.

General HINES. There were over 200 resolutions, altogether.

Senator REED of Pennsylvania. There were 117 different items.

Senator WALSH of Massachusetts. And we each went over that, paragraph by paragraph, before this was written, and among those suggestions we agreed to ourselves there were many we thought we ought to leave out because they would arouse such controversy that they would tie up this thing and prevent the passage of other things that are very important, and to which there would be no objection.

Mr. MILLER. I should think we ought not to defer too much to controversy—the matter of impending controversy—in the matter of legislation for the disabled veterans. If there is undue controversy and it becomes unjust or sharp or acrimonious, it will have its effect in the constituencies.

Senator WALSH of Massachusetts. I think we emphasize that too much, the importance of codification and simplifying the law. This simplifies it very greatly—the old law.

Mr. MILLER. Yes; but could not that be done after amendments were accepted and written into the present act?

Senator WALSH of Massachusetts. Yes.

Mr. MILLER. It seems to me that would be a highly desirable thing to do, if it can be done. I wish, if you please, to place in the record the opinion of the American Legion with respect to those suffering from tuberculosis. We feel that medical and surgical cases will, early or late, yield to treatment; the line is coming on down sharply; and we feel that the man who is suffering from a neuropsychiatric disability ordinarily does not suffer great physical pain and he is not the victim of mental discontent. The man who is afflicted with tuberculosis has a long, hard, and sometimes a twilight and losing fight.

I would leave with the committee the idea that tuberculosis patients should receive treatment of a special character. In brief, that the tuberculosis beneficiaries who are in any stage of the disease less than that of complete arrest should be denominated as totally and permanently disabled; that if the disease should be apparently arrested, and if this apparent arrest should be continued for a full year of 12 months, the rating then should be "temporary total"; but if the condition of arrest further continues for two full years, that the beneficiary should be awarded a rating of not less than \$50, to continue for the balance of his natural life.

Senator REED of Pennsylvania. That could be done by an amendment to the rating schedule, could it not?

Mr. MILLER. Yes, sir.

Senator WALSH of Massachusetts. Another thing that we have in mind is the necessity of getting some hospital legislation.

Mr. MILLER. Yes, sir.

Senator WALSH of Massachusetts. Including an appropriation for new hospitals.

Mr. MILLER. Added hospitals. We have to present figures that have convinced the Legion that 10 of the districts require added hospital facilities.

Senator ERNST. What do you say your figures show as to the necessity of added hospital accommodations?

Mr. MILLER. In 10 of the Veterans' Bureau districts there should be new hospitals, the program of the Director of the Veterans' Bureau parallels that of the Legion in four of these districts, and we have yet to prove to him and to the committee that the other six districts actually should have added United States Government hospitals.

Senator WALSH of Massachusetts. Then, on the whole, you would have this committee deal with these propositions separately rather than present this codification and run the risk of trying to get it through?

Mr. MILLER. I do not want to be too definite about that, Senator.

Senator WALSH of Massachusetts. Think that over. If we really want to get all that we can, that is the thing to do, if we want to avoid controversy. As Senator Reed says, we are in favor of several propositions which we have eliminated from this, because we know that

right in this committee controversies would arise, and it would hold us up here indefinitely.

Mr. MILLER. I think perhaps more intelligent conclusions would be reached if you had an opportunity to consider the specific amendments of the Legion and the Veterans' Bureau and their particular relations to the construction of this bill. If that is your opinion, then, after considering a number at least of these amendments, that they can be properly and successfully injected into this bill, I can see no further objection. I would like to ask the committee to canvass the opinion of General Hines as to the convenience of administration of this bill, properly amended, as against temporarily, at least, the administration of the old law amended by such regulations as may be approved.

Senator WALSH of Massachusetts. Do you want his opinion now—would you like to have it now?

Mr. MILLER. As it pleases the committee. We are on the point now.

General HINES. The Veterans' Bureau is prepared, gentlemen, to either submit to you at this time amendments to the old act covering the constructive work which this committee has done, and the other recommendations based on those made by the Government service organizations and from the study in the bureau by the director and his assistants, or to offer to you such changes in this codification as we believe will make it workable; and we feel that it is a matter which should be decided by the committee, having in mind what Captain Miller has said of the necessity, which I am sure is apparent to the committee, of certain modifications. In other words, I consider that 17 recommendations made to the committee during the investigation or immediately following the close of its hearings are vital to good administration. There is much in what Captain Miller has said regarding the administration of the old act amended, and the new codification, because with this new bill it will be essential that many regulations be changed. It would take a longer time to put it into effect, necessarily. We could do it and would undertake to do it promptly, but in my judgment amendments to the old bill would give the quickest measure of relief, probably, to the disabled.

Senator REED of Pennsylvania. Then your judgment would be that we should suspend action on this code bill?

General HINES. No; I think the committee should get the suggestions as to this act and be prepared, when you know the action being taken by the veterans' committee, then to determine which proposition can be put through the quickest. It would be gratifying to me, and it would certainly conserve time, if there was some way of holding joint hearings, so that the arguments could all be presented at one time. That may not be possible, but if it is at all feasible, it would certainly expedite action.

Senator SIMMONS. It never has been feasible up to this time.

General HINES. Yes, sir; we have prepared a study of this bill with great care. We have every section and paragraph of it with our comments and suggested changes. With practically all of the measures which the Legion has advocated we are in accord, and there should be no controversy of any serious nature on those suggestions.

Senator REED of Pennsylvania. Have you your suggestions already written so that they could be put into the record of this hearing?

General HINES. It will require a little explanation and I think if you proceed with the policy that you have just adopted, that is, of hearing the ex-service organizations on this, I can then follow; or I will present them at any time you wish.

I was going to suggest that, if the hearing of the ex-service organizations is not concluded this evening, I should leave with the committee a memorandum that I have prepared, covering this investigation, because that memorandum points out many of the questions that we may reach in it. The great danger I see in the new bill, more than any other, is the question of what the effect of the repeal of a large number of the measures now existing would be, and unless that is handled with great care we may find there is somebody forgotten. I am sure that a codification such as this bill will be highly desirable if we could get it out in the right form. Most certainly it is a very constructive piece of work, and I think the committee is entitled to great credit for it. It is something that should have been done a long time ago.

Senator SIMMONS. Does this statement you have there call attention to any omissions?

General HINES. Yes, it does; but it is a discussion of the provisions.

Senator SIMMONS. It is rather comment on the provisions that are there?

General HINES. We have also prepared suggested provisions for clearing up practically every point made by the Legion, and a great many other points.

Senator REED of Pennsylvania. If you can leave that with us we will go over it.

General HINES. We will be glad to leave this with you; and further, I will be glad to have Colonel Boughton, who is working on this and nothing else, take that up with anyone you say, and get it in such shape that at the next hearing, or when I testify, these provisions will be before you in copies before each member; and there is no objection on the part of the bureau to letting the ex-service organizations see exactly what we believe should be done.

Senator REED of Pennsylvania. Would it not be a good plan, then, to have General Hines prepare those copies, one for each of the five members of the subcommittee?

General HINES. We would be glad to do that.

Senator REED of Pennsylvania. So that we can take up the bill, section by section, with him and Colonel Boughton, when we next meet. With that understanding, I suggest that we now go ahead and hear from the disabled American veterans.

Mr. MILLER. May I interject, without offense, one thought. I believe, sir, that the Committee on Veterans' Legislation in the House, if it follows the plan laid down at the initial meeting, will be working on amendments, clarifications, and changes in the present law, and in that we are advised of the possible adjournment of Congress at an early moment, I hope we will not get into conflict.

Senator REED of Pennsylvania. We will do our best to avoid it; and the work that we are doing now will help them very much in

reviewing the changes we have made in the present law, when we come to that.

Mr. MILLER. Will there be hearings at which the amendments suggested by the Legion can receive attention and argument?

Senator REED of Pennsylvania. Surely.

Mr. MILLER. May I, then, prepare copies of these amendments for each of the members of this committee?

Senator REED of Pennsylvania. It would be a great help if you would do it.

Mr. MILLER. I can do that by to-morrow morning.

Senator SIMMONS. Could you do this, take the present law and make five copies for the committee with your amendments right where they would come, attached to the present law?

Mr. MILLER. Just physically interpolate them?

Senator SIMMONS. Yes.

Mr. MILLER. They are all numbered, of course, with paragraphs noted.

Senator SIMMONS. Yes, sir; the committee had before it the law and the amendments, so that if they could go over them together it would be a great convenience.

Mr. MILLER. It would be impossible, because of the fact that the present law is drafted in lines very close together, so that you can not get anything between them.

General HINES. Senator Reed, I have a copy of the war risk insurance law here, marked in blue as to every provision left out by the new codification, which is a very excellent guide in following the changes through. I will have other copies marked in the same way.

Senator REED of Pennsylvania. If you would have five copies prepared in that way it would help us very much.

Mr. MILLER. Would it meet the wish of the committee if we were to prepare this in the form of a proposed omnibus bill?

Senator WALSH of Massachusetts. I was going to suggest that you let us have an omnibus bill prepared for the Senate; with the amendments to the old law embodying these general recommendations that there is not much controversy about, and that you agree that no amendments be offered in the Senate to this bill, so as to rush it through and get it to the House, and then let the House do as it pleases, either put on these other amendments to the bill or enact it into law and send over amendments to us, and then we fight them out. The result would be that we would get something, that we would get this anyway, at this session, and perhaps get many private and separate bills which would come over from the House.

Mr. MILLER. I have no objection to that, but I wish to reserve the right to secure the introduction of such bills as may not be approved by this committee.

Senator WALSH of Massachusetts. Oh, certainly.

Mr. MILLER. If I did not do that, I would not have done full justice to my organization.

Senator WALSH of Massachusetts. I think in that way we will certainly get this, and we might get more.

Mr. MILLER. All right, sir. I trust that I have not been tedious, gentlemen.

Senator REED of Pennsylvania. It has been very interesting and we are very much obliged to you.

LEGISLATIVE PROPOSALS OF AMERICAN LEGION.

A BILL To amend the act entitled "An act to establish a Veterans' Bureau" and the War Risk Insurance Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of "An act to establish a Veterans' Bureau and to improve the facilities and services of such bureau, and to further amend and modify the War Risk Insurance Act," approved August 9, 1921, is hereby amended to read as follows:

Sec. 6. The director shall establish a central office in the District of Columbia, and not more than fourteen regional offices and such suboffices, not exceeding one hundred and forty in number, within the territory of the United States and its outlying possessions as may be deemed necessary by him and in the best interests of the work committed to the Veterans' Bureau and to carry out the purposes of this act. Such regional offices and suboffices may, pending final action by the director in case of an appeal under such rules and regulations as may be prescribed by the director, exercise such powers for hearing complaints and for examining, rating, and awarding compensation claims, granting medical, surgical, dental, and hospital care, convalescent care, and necessary and reasonable after care, making insurance awards, granting vocational training, and all other matters delegated to them by the director as could be performed lawfully under this act by the central office. Such powers shall be delegated under regulation to boards, which shall be comprised of representatives of the bureau, and which shall consist of one medical representative, one claims representative, and one vocational training representative, together with such other persons as may be considered necessary, said boards to consider claims and make awards in the regional offices, the suboffices, or at such other places as the director may designate. The director may abolish any regional offices or suboffices when in his judgment this may be done without detriment to the administration of the act, and upon such termination all records and supplies pertaining thereto shall be delivered to the central office, or as the director shall otherwise prescribe.

Sec. 2. That section 13 of the act entitled "An act to establish a Veterans' Bureau and to improve the facilities and service of such bureau, and to further amend and modify the War Risk Insurance Act," approved August 9, 1921, is hereby amended to read as follows:

"Sec. 13. In addition to the care, treatment, and appliances now authorized by law, said bureau shall also provide without charge therefor hospital, dental, medical, surgical, and convalescent care and treatment and prosthetic appliances for any member of the military or naval forces of the United States separated therefrom, disabled by reason of any wound or injury received or disease contracted, or by reason of any aggravation of preexisting injury or disease, specifically noted at examination for entrance into or employment in the active military or naval service, while in the active military or naval service of the United States on or after April 6, 1917: *Provided*, That the wound or injury received or disease contracted, or aggravation of a preexisting injury or disease, for which such hospital, dental, medical, surgical and convalescent care and treatment and prosthetic appliances shall be furnished, was incurred in line of duty and not caused by his own willful misconduct during or subsequent to his service in the armed forces of the United States: *Provided further*, That no claim of willful misconduct shall be set up by the director unless a conviction by court-martial is shown: *And provided further*, That in event of a court-martial conviction, it is thereafter established to the satisfaction of the director that an injustice has been done the claimant in such court-martial, the director may award the benefits of this section."

Sec. 3. That a new section is hereby added to the act entitled, "An act to establish a Veterans' Bureau and to improve the facilities and service of such bureau and to further amend and modify the War Risk Insurance Act," approved August 9, 1921, to be known as section 15, and to read as follows:

"Sec. 15. There shall be no recovery of payments made under the War Risk Insurance Act or the Vocational Rehabilitation Act from any beneficiary who in the judgment of the director is without fault on his part, and where, in the judgment of the director, such recovery would defeat the purpose of benefits otherwise authorized or would be against moral equity: *Provided*, That all payments of compensation and insurance made under and pursuant to Bureau of War Risk Insurance Regulation No. 57, shall be, and are hereby, deemed valid, and no recovery thereof shall be made: *Provided further*, That nothing herein shall operate to validate insurance not in force on the date the award was approved,

unless on the termination of the award, payment of premiums was resumed on the commuted value of the remaining unpaid installments or a portion thereof: *Provided further*, That this section shall be deemed to be in effect as of April 6, 1917."

Sec. 4. That section 13 of the War Risk Insurance Act, as amended, is hereby amended to read as follows:

"Sec. 13. That the director, subject to the general direction of the President, shall administer, execute, and enforce the provisions of this act, and for that purpose have full power and authority to make rules and regulations not inconsistent with the provisions of this act, necessary or appropriate to carry out its purposes, and shall decide all questions arising under the act, except as otherwise provided in section 5. Wherever under any provision or provisions of the act regulations are directed or authorized to be made, such regulations, unless the context otherwise requires, shall or may be made by the director, subject to the general direction of the President. The director shall adopt reasonable and proper rules to govern the procedure of the divisions and to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits of allowance, allotment, compensation, or insurance provided for in this act, the forms of applications of those claiming to be entitled to such benefits, the methods of making investigations and medical examinations, and the manner and form of adjudications and awards: *Provided, however*, That payment to any attorney or agent for such assistance as may be required in the preparation and execution of the necessary papers shall not exceed \$3 in any one case: *And provided further*, That no claim agent or attorney shall be recognized in the presentation or adjudication of claims under articles two, three, and four, except that in the event of disagreement as to a claim under the contract of insurance between the bureau and any beneficiary or beneficiaries thereunder an action on the claim may be brought against the United States in the district court of the United States in and for the district in which such beneficiaries or any one of them resides, and that whenever judgment shall be rendered in an action brought pursuant to this provision the court, as part of its judgment, shall determine and allow such reasonable attorney fees, not to exceed thirty per centum of the amount recovered, to be paid by the Veterans' Bureau to the attorney, said fee not to be deducted from the amount in judgment awarded by the court. Any person who shall, directly or indirectly, solicit, contract for, charge, or receive, or who shall attempt to solicit, contract for, charge, or receive, any fee or compensation, except as herein provided, shall be guilty of a misdemeanor, and for each and every offense shall be punishable by a fine of not more than \$500 or by imprisonment at hard labor for not more than two years, or by both such fine and imprisonment. The bureau shall prosecute all violations of the provisions of this section."

Sec. 5. That section 20 of the War Risk Insurance Act, as amended, is hereby amended to read as follows:

"Sec. 20 (1). All sums heretofore or hereafter appropriated for the military and naval insurance appropriation and all premiums collected for the yearly renewable term insurance provided by the provisions of Article IV shall be deposited and covered into the Treasury of the United States to the credit of this appropriation and shall, where unexpended, be made available for the payment of liabilities of the United States incurred under contracts of yearly renewable term insurance made under the provisions of Article IV, including such liabilities as shall have been, or shall hereafter be, reduced to judgment in United States courts of legal jurisdiction, payments from this appropriation to be made upon and in accordance with the awards by the director.

"(2) All premiums paid on account of insurance converted under the provisions of Article IV shall be deposited and covered into the Treasury to the credit of the United States Government life insurance fund and shall be available for the payment of losses, dividends, refunds, and other benefits provided for under such insurance, including such liabilities as shall have been, or shall hereafter be, reduced to judgment by a United States court of legal jurisdiction, payments from this fund to be made upon and in accordance with awards by the director."

Sec. 6. That subdivision 1 of section 23 of the War Risk Insurance Act as amended, is hereby amended to read as follows:

"Sec. 23. (1) That, except as provided in subdivision 2 of this section, when by the terms of the War Risk Insurance Act and any amendments thereto, any payment is to be made to a minor, other than a person in the military or naval forces of the United States, or to a person mentally incompetent, or under other legal disability adjudged by a court of competent jurisdiction, such payment

may be made to the person who is constituted guardian, curator, or conservator by the laws of the State or residence of claimant, or is otherwise legally vested with responsibility or care of the claimant or his estate: *Provided*, That prior to receipt of notice by the United States Veterans' Bureau that any such person is under such other legal disability adjudged by some court of competent jurisdiction, payment may be made to such person direct: *Provided further*, That for the purpose of payments of benefits under Article III of the War Risk Insurance Act, as amended, where no guardian, curator, or conservator of the person under a legal disability has been appointed under the laws of the State or residence of the claimant, the director shall determine the person who is otherwise legally vested with responsibility or care of the claimant or his estate: *Provided further*, That the director, in his discretion, may suspend such payments to any such guardian, curator, or conservator who shall neglect or refuse, after reasonable notice, to render accounts satisfactory to, and upon request of the director, showing the application of such payments for the benefit of such minor or incompetent beneficiary."

Sec. 7. That section 29 of the War Risk Insurance Act, as amended, is hereby amended to read as follows:

"Sec. 29. The discharge or dismissal of any person from the military or naval forces on the ground that he is guilty of mutiny, treason, spying, or any offense involving moral turpitude, or willful and persistent misconduct, of which he has been found guilty by a court-martial, or that he is an enemy alien, conscientious objector, or a deserter, shall terminate any insurance granted on the life of such person under the provisions of Article IV and shall bar all rights to any compensation under Article III or any insurance under Article IV: *Provided*, That, as to converted insurance, the cash surrender value thereof, if any, on the date of such discharge or dismissal shall be paid the insured, if living, and if dead, to the designated beneficiary: *Provided further*, That an enemy alien who volunteered or who was drafted into the Army, Navy, or Marine Corps of the United States during the World War, and who was not discharged from the service on his own application or solicitation by reason of his being an enemy alien, and whose service was honest and faithful, shall be entitled to the benefits of the War Risk Insurance Act, and all amendments thereto: *Provided further*, That in case any person has been dishonorably discharged from the military or naval forces as a result of a court-martial trial, and it is thereafter established to the satisfaction of the director that at the time of the commission of the offense resulting in such court-martial trial and discharge that such person was insane, or that an injustice was done such person in such court-martial trial, such person shall be entitled to the compensation and insurance benefits of the War Risk Insurance Act: *Provided further*, That this section as amended shall be deemed to be in effect as of April 6, 1917, and the director is hereby authorized and directed to make provision by bureau regulation for payment of any insurance claim or adjustment in insurance premium account of any insurance contract which would not now be affected by this section as amended."

Sec. 8. That section 300 of the War Risk Insurance Act, as amended, is hereby amended to read as follows:

"Sec. 300. For death or disability resulting from personal injury suffered or disease contracted in the service on or after April 6, 1917, or for an aggravation of a disability existing prior to examination, acceptance, and enrollment for service, when such aggravation was suffered and contracted in the service on or after April 6, 1917, by any commissioned officer or enlisted man, or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service under the War Department or Navy Department, the United States shall pay to such commissioned officer or enlisted man, member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female), or, in the discretion of the director, separately to his or her dependents, compensation as hereinafter provided; but no compensation shall be paid if the injury, disease or aggravation has been caused by his own willful misconduct: *Provided*, That no claim of willful misconduct shall be set up by the director, unless a conviction by court-martial is shown: *And provided further*, That in event of a court-martial conviction it is thereafter established to the satisfaction of the director that an injustice has been done the claimant in such court-martial, the director may award to the claimant the benefits provided by this section. That for the purposes of this section every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department who was discharged or who resigned prior to August 9, 1921, and every such officer, enlisted man or other member employed in the active service

under the War Department or Navy Department on or before November 11, 1918, who on or after August 9, 1921, is discharged or resigns, shall be conclusively held and taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities, made of record in any manner by proper authorities of the United States at the time of, or prior to, inception of active service, to the extent to which any such defect, disorder, or infirmity was so made of record: *Provided*, That an ex-service man who is shown to be suffering from a neuropsychiatric disease including encephalitis, or a tuberculous disease, or amoebic dysentery, or an organic disease, or from constitutional psychopathic inferiority, developing a 10 per centum degree of disability or more in accordance with the provisions of subdivision 2 of section 302 of the War Risk Insurance Act, as amended, within five years after separation from the active military or naval service of the United States, shall be considered to have acquired his disability in such service, or to have suffered an aggravation of a preexisting neuropsychiatric disease including encephalitis, or tuberculous disease, or amoebic dysentery, or organic disease, or constitutional psychopathic inferiority, in such service, but nothing in this proviso shall be construed to prevent a claimant from receiving the benefits of compensation and medical care and treatment for a disability due to these diseases of more than 10 per centum degree (in accordance with the provisions of subdivision 2, section 302, of the War Risk Insurance Act, as amended) at a date more than five years after separation from such service if the facts of the case substantiate his claims: *And provided further*, That compensation as hereinafter provided may be paid for disability resulting from personal injury or disease contracted in line of duty prior to April 6, 1917, or for aggravation of a disability existing prior to examination, acceptance, and enrollment for service for such aggravation suffered and contracted in line of duty prior to April 6, 1917, by any member of the military or naval forces in active service on April 6, 1917, who was discharged subsequent to April 6, 1917. With the exception of members of the military and naval forces whose injury was suffered or disease contracted prior to April 6, 1917, this section shall be deemed to be in effect as of April 6, 1917."

SEC. 9. That section 301 of the War Risk Insurance Act as amended is hereby amended to read as follows:

"Sec. 301. That if death results from injury—

"If the deceased leaves a widow or child, or if he leaves a mother or father either or both dependent upon him for support, the monthly compensation shall be the following amounts:

- "(a) If there is a widow but no child, \$50.
- "(b) If there is a widow and one child, \$60.
- "(c) If there is a widow and two children, \$70, with \$10 for each additional child.
- "(d) If there is no widow, but one child, \$35.
- "(e) If there is no widow, but two children, \$55
- "(f) If there is no widow, but three children, \$75, with \$10 for each additional child.

"(g) (1) If there is a dependent mother (or dependent father), \$20, or both, \$30: *Provided*, that the receipt of a gratuity, pension, or compensation by a widow or parent on account of the death of any person shall not bar the payment of compensation on the account of the death of another person: *Provided further*, That before compensation shall be paid under this section the claimant shall first surrender all claim to any gratuity or pension payable under any other law on account of the death of the same person: *And provided further*, That this section shall be deemed to be in effect as of April 6, 1917.

"Such compensation shall be payable whether the dependence of the father or mother or both arises before or after the death of the person, but no compensation shall be payable if the dependency arises more than five years after the death of the person.

"(2) If death occur or shall have occurred subsequent to April 6, 1917, and before discharge or resignation from the service, the United States shall pay for burial expenses and the return of the body to his home a sum not to exceed \$200, as may be fixed by regulation. Where a veteran of any war dies after discharge or resignation from the service the United States Veterans' Bureau shall pay the following sums: For a flag to drape the casket, and after burial to be given to the next of kin of the deceased, a sum not exceeding \$5; also for burial expenses a sum not exceeding \$200, to such person or persons as may be fixed by regulations: *Provided*, That subject to regulations, where death occurs while such person is receiving governmental medical, surgical or hospital treat-

ment or vocational training, the United States Veterans' Bureau shall pay, in addition to the burial expenses, as provided in this section, the actual and necessary cost of the transportation of the body of such person (including preparation of the body) to the place of burial within the continental limits of the United States.

"(3) The payment of compensation to a widow shall continue until her death or remarriage.

"(4) The payment of compensation to or for a child shall continue until such child reaches the age of eighteen years or married, or if such child be incapable because of insanity, idiocy, or being otherwise permanently helpless, then during such incapacity.

"(5) Whenever the compensation payable to or for the benefit of any person under the provisions of this section is terminated by the happening of the contingency upon which it is limited, the compensation thereafter for the remaining beneficiary or beneficiaries, if any, shall be the amount which would have been payable to them if they had been the sole original beneficiaries.

"(6) As between the widow and the children not in her custody, and as between children, the amount of compensation shall be apportioned as may be prescribed by regulation.

"(7) The term "widow," as used in this section shall not include one who shall have married the deceased later than ten years after the time of injury, and shall include widower whenever his condition is such that if the deceased person were living he would have been dependent upon her for support.

"(8) That section 301 of the War Risk Insurance Act, as amended, shall be deemed to be in effect as of April 6, 1917: *Provided, however,* That before compensation thereunder shall be paid there shall first be deducted from said sum so to be paid the amount of any payments such person may have received by way of gratuities or payments under pension laws in force and existence between April 6, 1917, and October 6, 1917, on account of the loss of the same person."

Sec. 10. That section 302 of the War Risk Insurance Act as amended is hereby amended to read as follows:

"Sec. 302. That if disability results from the injury—

"(1) If and while the disability is rated as total and temporary, the monthly compensation shall be the following amounts:

"(a) If the disabled person has neither wife nor child living, \$80.

"(b) If he has a wife but no child living, \$90.

"(c) If he has a wife and one child living, \$95.

"(d) If he has a wife and two or more children living, \$100.

"(e) If he has no wife and one child living, \$90, with \$5 for each additional child.

"(f) If he has a mother or father, either or both dependent on him for support, then, in addition to the above amounts, \$10 for each parent so dependent.

"(2) If and while the liability is rated as partial and temporary, the monthly compensation shall be a percentage of the compensation that would be payable for his total and temporary disability, equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than 10 per centum, except when hospitalized for treatment.

"(3) If and while the disability is rated as total and permanent, the rate of compensation shall be \$100 per month: *Provided, however,* That the loss of the use of both feet, or of both hands, or of both eyes, or of one foot and one hand, or of one foot and one eye, or of one hand and one eye, or of both ears, or becoming helpless and bedridden, shall be deemed to be total, permanent disability: *Provided further,* That for double total permanent disability the rate of compensation shall be \$200 per month.

"(4) If and while the disability is rated as partial and permanent, the monthly compensation shall be a percentage of the compensation that would be payable for his total and permanent disability equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than 10 per centum, except when hospitalized for treatment. Ratings may be as high as 100 per centum. In effecting ratings, full consideration shall be given to the particular industrial handicap of the ex-service men.

"(5) If the disabled person is so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$50 per month, as the director may deem reasonable.

"(6) In addition to the compensation above provided, the injured person shall be furnished by the United States such reasonable governmental medical, surgical,

and hospital services and with such supplies, including wheel chairs, artificial limbs, trusses, and similar appliances, as the director may determine to be useful and reasonably necessary, which wheel chairs, artificial limbs, trusses and similar appliances may be procured by the United States Veterans' Bureau in such manner, either by purchase or manufacture, as the director may determine to be advantageous and reasonably necessary: *Provided*, That nothing in this act shall be construed to affect the necessary military control over any member of the military or naval establishments before he shall have been discharged from the military or naval service: *Provided*, That the United States Veterans' Bureau is hereby authorized, in the discretion of the director, to furnish hospitalization in Government hospitals and necessary traveling expenses including attendants where necessary to veterans of the forces of the United States of any war who have not, or shall not have been, dishonorably discharged from the service, and who in the judgment of the director are in need of hospitalization, without regard to the nature or origin of their disabilities: *Provided further*, That if in event of dishonorable discharge the existence of exceptional circumstances shall be established to the satisfaction of the director, then and in that event the director may grant the benefits provided by this subdivision.

"(7) Where the disabled person and his wife or dependent parents are not living together, or where the children are not in the custody of the disabled person, the amount of compensation shall be apportioned as may be prescribed by regulation, and where the disabled person is in a penal institution or a hospital, public or private, or under domiciliary care, the Director of the Veterans' Bureau may apportion compensation as may be prescribed by regulation to the man, his wife, children, parents, all or any of them, collectively or separately.

"(8) The term "wife" as used in this section shall include "husband" if the husband is dependent upon the wife for support.

"(9) That the bureau is hereby authorized to furnish transportation, also the medical, surgical, and hospital services and the supplies and appliances provided by subdivision 6 hereof, to discharged members of the military or naval forces of those Governments which have been associated in war with the United States since April 6, 1917, and come within the provisions of laws of such Governments similar to the War Risk Insurance Act, at such rates and under such regulations as the director may prescribe; and the bureau is hereby authorized to utilize the similar services, supplies, and appliances provided for the discharged members of the military and naval forces of those Governments which have been associated in war with the United States since April 6, 1917, by the laws of such Governments similar to the War Risk Insurance Act, in furnishing the discharged members of the military and naval forces of the United States who live within the territorial limits of such Governments and come within the provisions of subdivision 6 hereof, with the services, supplies, and appliances provided for in such subdivision; and any appropriations that have been or may hereafter be made for the purpose of furnishing the services, supplies, and appliances provided for by subdivision 6 hereof are hereby made available for the payment to such Governments or their agencies for the services, supplies, and appliances so furnished at such rates and under such regulations as the director may prescribe.

"(10) That the compensation provided for in this section shall be in addition to any gratuity or pension payable under the laws, except that no person receiving a gratuity or pension under the pension laws for injury or disease incurred in or aggravated by service after April 6, 1917, shall receive compensation under this act, unless he shall first surrender all claim to such gratuity or pensions: *Provided*, That this section as amended shall be deemed to be in effect as of April 6, 1917.

"(11) (a) If an ex-service man is shown to have a tuberculous disease in any stage other than that of complete arrest, he shall receive a rating of total permanent disability, which shall not thereafter be reduced except as hereinafter provided.

"(b) Such ex-service man who shall have been rated totally and permanently disabled as above provided, and whose condition shall become arrested and who shall continue in a condition of arrest for 12 consecutive months, shall then be rated as totally and temporarily disabled, provided he appears to the director to show no evidence of probable reactivity.

"(c) If such condition of arrest shall continue without interruption for a further period of two years and at the end of that period shall show no evidence of probable reactivity, such rating may be reduced in proportion as the ex-service man may be able to resume activity in some gainful occupation other than one which may be acquired through vocational training, but such compensation shall not in any event be reduced below \$50 per month during the remainder of his life.

"(d) In the event such disease shall at any time become reactivated in any manner, so that the condition is no longer one of complete arrest, such ex-service man shall again come under the provisions of subdivision (a) of this paragraph, and shall thereafter, be paid compensation in accordance with the foregoing provisions of this paragraph.

"(e) No such ex-service man shall be compelled to take vocational training, but may at his election receive occupational therapy in connection with his treatment, as well as vocational training, in the event the same may be desired by him and can be taken consistently with his proper treatment.

"(f) That any ex-service man shown to have a tuberculous disease of compensable degree, and who has been hospitalized for a period of one year, and who in the judgment of the director will not reach a condition of arrest, by further hospitalization, and whose discharge from hospitalization will not be prejudicial to the beneficiary, his family or the public, and who is not feasible for training, shall upon his request, be discharged from hospitalization and rated as permanently and totally disabled, said rating to continue for the period of five years, at the termination of which he shall then be examined, and upon the basis of this examination, a disability rating for life shall be awarded."

Sec. 11. That section 305 of the War Risk Insurance Act as amended, is hereby amended to read as follows:

"Sec. 305. Upon its own motion or upon application the bureau may at any time review an award, and, in accordance with the facts found upon such review, may end, diminish, or increase the compensation previously awarded, or if compensation is increased, or, if compensation has been refused, reduced, or discontinued, may award compensation in proportion to the degree of disability sustained as of the date such degree of disability began, but not earlier than the date of discharge or resignation: *Provided*, That the effective date of any reduced or discontinued compensation award shall not be less than ninety (90) days after the beneficiary has been mailed by the bureau to his last address of record a notice of intention to reduce or discontinue the compensation award: *Provided further*, That no reduction in compensation shall be made retroactive except in case of fraud in which the beneficiary has participated: *Provided further*, That when a disability has been declared to be of service origin and a compensation award thereon has been made, the same disability shall not thereafter be declared not of service origin upon the same evidence except in case of fraud participated in by the claimant."

Sec. 12. That sections 309 and 310 of the War Risk Insurance Act as amended are hereby repealed.

Sec. 13. That section 408 of the War Risk Insurance Act as amended, is hereby amended to read as follows:

"Sec. 408. In the event that all provisions of the rules and regulations other than the requirements as to the physical condition of the applicant for insurance have been complied with, an application for reinstatement of lapsed or canceled yearly renewable term insurance or application for United States Government life insurance (converted insurance) hereafter made may be approved: *Provided*, That the applicant's disability is the result of an injury or disease, or of an aggravation thereof, suffered or contracted in the active military or naval service during the World War: *Provided further*, That the applicant during his lifetime submits proof satisfactory to the director showing the service origin of the disability or aggravation thereof and that the applicant has not been rated totally and permanently disabled. As a condition, however, to the acceptance of an application for the reinstatement of lapsed or canceled yearly renewable term insurance or United States Government life insurance (converted insurance) the applicant shall be required to pay all the back monthly premiums which would have become payable if such insurance had not lapsed, together with interest at the rate of 5 per centum per annum compounded annually on each premium from the date said premium is due by the terms of the policy: *Provided further*, That where any soldier has heretofore allowed his insurance to lapse, while suffering from wounds or disease suffered or contracted in the service, and was at the time he allowed his insurance to lapse entitled to compensation on account thereof in a sum equal to or in excess of the amount due from him in premiums on his said insurance, and dies or has died from said wounds or disease, or becomes or has become permanently and totally disabled by reason thereof, without collecting said compensation, and at the time of such death or permanent total disability had or has sufficient uncollected compensation to pay all unpaid premiums, then and in that event said policy shall not be considered as lapsed, and the United States Veterans' Bureau is hereby authorized and directed to pay to the said soldier or his beneficiaries under said policy the

amount of said insurance less the premiums and interest thereon at 5 per centum per annum compounded annually in installments as provided by law: *Provided further*, That in determining the amount of compensation found to be due for the purpose of this section, the amount of monthly compensation provided by the act approved December 24, 1919, shall be the basis for such determination: *Provided further*, That in event the monthly compensation found to be due is not equal to or in excess of the amounts due in premiums, then and in that event, insurance shall be payable in the same ratio to the face value of the original policy as the monthly compensation found to be due at time of lapse bears to the monthly premium that would have been necessary to continue such original amount of insurance: *Provided further*, That where any soldier has heretofore allowed his insurance to lapse, while suffering from wounds or disease, contracted or aggravated in the service, and has applied for reinstatement thereof in whole or in part, and where at the time of such application he was not rated totally and permanently disabled, and where he was not allowed to reinstate because of health condition other than total permanent disability, and where said soldier has since died from said wounds or disease or has become permanently and totally disabled by reason thereof, then and in that event the United States Veterans' Bureau is hereby authorized and directed to pay to said soldier or his beneficiaries the amount of insurance attempted to be reinstated less the premiums and interest thereon at 5 per centum per annum compounded annually in installments as provided by law: *Provided further*, That where any soldier allowed his insurance to lapse after discharge from service and thereafter has received or receives compensation from the bureau for a service connected disability, and becomes or has become permanently and totally disabled, then and in that event the insurance shall not be considered as lapsed and the director is authorized and directed to pay to the said soldier (or his beneficiaries in the event of his death) the amount of said insurance, less the unpaid premium and interest thereon compounded annually at five per centum per annum in installments as provided by law: *Provided further*, That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of the disbursing clerk of the United States Veterans' Bureau for all payments of insurance installments hereafter made, without verification of the deduction in the pay rolls, of such premiums as may have accrued prior to January 1, 1921, while the insured was in the service."

Sec. 14. That section 409 of the War Risk Insurance Act as amended, is hereby amended to read as follows:

"Sec. 409. The United States Veterans' Bureau is authorized to make provision in accordance with regulations, whereby the payment of premiums on yearly renewable term insurance and United States Government life insurance (converted insurance) on the due date thereof may be waived and the insurance may be deemed not to lapse in the cases of the following persons, to wit: (a) Those who are confined in a hospital under said bureau for a compensable disability during the period while they are so confined; (b) those who are rated as temporarily totally disabled by reason of an injury or disease entitling them to compensation during the period of such total disability and while they are so rated; (c) those who, while mentally incompetent and for whom no legal guardian had been or has been appointed, allowed or may allow their insurance to lapse while such rating is effective during the period for which they have been or hereafter may be so rated, or until a guardian has notified the bureau of his qualification, but not later than six months after appointment of guardian, the waiver in all the foregoing cases (a, b, c) to be made without application and retroactive where necessary: *Provided*, That such relief from payment of premiums on yearly renewable term insurance on the due date thereof shall be for full calendar months beginning with the month in which said confinement to hospital, temporary total disability rating, or in cases of mental incompetents for whom no guardian has been appointed with the month in which such rating or mental incompetency began or begins, and ending with that month during the half or major fraction of which the person is confined in hospital, is rated as temporarily totally disabled or had or has no legal guardian while rated as mentally incompetent, or until a guardian has notified the bureau of his qualification but not later than six months after appointment of guardian: *Provided further*, That all premiums, the payment of which when due is waived as above provided, shall bear interest at the rate of 5 per centum per annum compounded annually from the due date of each premium, and if not paid by the insured shall be deducted from the insurance in any settlement thereunder or when the same matures either because of permanent total disability or death: *And provided further*, That in the event any lien or other

indebtedness established by this act exists against any policy of converted insurance in excess of the then cash surrender value thereof at the time of the termination of such policy of converted insurance for any reason other than by death or total permanent disability, the director is hereby authorized to transfer and pay from the military or naval insurance appropriation to the United States Government life insurance fund a sum equal to the amount of such lien or indebtedness exceeds the then cash surrender value."

STATEMENT OF MR. THOMAS KIRBY, LEGISLATIVE CHAIRMAN DISABLED AMERICAN VETERANS.

Mr. KIRBY. The Disabled American Veterans are behind this idea of the committee against any delay whatsoever in this legislation. This session of Congress is now half gone, and we know that, regardless of how this bill is really framed, there will be objections and amendments and changes, and our objective is to get something done now, regardless of whether we will be able to get everything we want. Our experience with the Sweet bill last year was horrible. That bill was amended so it was hardly recognizable. Speaking broadly, I think this bill contains many most desirable sections. On the other hand, there are other sections we are against; and, thirdly, there are other sections we would like to amend. I would like to have placed in the record, for the information of all concerned, our legislative program which was adopted at the Minneapolis convention, which covers most of what we want.

(The paper referred to is as follows:)

DISABLED AMERICAN VETERANS' LEGISLATIVE PROGRAM COVERING PROBLEMS OF THE DISABLED.

ADOPTED IN NATIONAL CONVENTION, MINNEAPOLIS, JUNE, 1923.

1. That there be established veterans' affairs committees in the Senate and House of Representatives.
2. That legislation be made for the codification of all veteran laws.
3. That the discrimination against the permanent disabled emergency officers of the Army be ended, and that the same retirement privileges go to these men as are now extended to the officers of the Regular Army, Navy, and Marines, and the naval and marine emergency officers.
4. That a medical corps be established within the United States Veterans' Bureau.
5. That a chaplains corps be established within the Veterans' Bureau, and serve in the Veterans' Bureau hospitals, and that clergymen who served as chaplains during the World War be given preference over other candidates for appointment.
6. That existing acts be amended so as to increase the burial allowance of ex-service men to \$200.
7. That the decentralization of the United States Veterans' Bureau be continued and extended.
8. That all permanent and total cases requiring attendants be allowed the full \$50 attendant's allowance.

COMPENSATION.

9. That total ratings be awarded to men who are entitled to training and declared not feasible.
10. That time limitation upon filing of claims for compensation and vocational training be repealed, and that all limitations upon time which back compensation is paid be repealed so that compensation may be paid from the time of discharge.
11. That the time limit for the presumption of traceability of tubercular and neuropsychiatric cases as diseases incident to service be extended to five years.

12. That the fixing of percentage of disability be by the surgeon or physician who makes the personal examination of the claimant, and that the responsibilities of the rating section be confined to determining these questions which relate to the service connection of each of the disabilities from which the claimant suffers.

13. That all veterans receive disability ratings based upon conditions of acceptance into the service.

14. That a clause creating a presumption of service connection for an organic or chronic constitutional disease, within five years from discharge, unless it is proven that the disability is caused by some intervening injury.

15. That any man who has been in a hospital 12 months or more, and who is discharged with a diagnosis of arrested or quiescent tuberculosis shall be rated at least 50 per cent permanent.

16. That a veteran who has been or shall be hospitalized for a period of 12 consecutive months or more shall be rated as totally and permanently disabled, if condition is unchanged.

17. That a veteran who has been rated permanently and totally disabled shall receive the same family allowance as is now given to trainees.

18. That a veteran who is on home treatment shall receive the same family allowance as is given to trainees.

19. That any applicant for compensation, upon his request, shall be allowed to appear before a rating board in person at Government expense.

20. That statutory provision for permanent and total ratings include total deafness of both ears when loss of bone induction is present.

21. That all claimants who have been recommended for total and permanent disability ratings be carried as temporary total until the permanent total claim is decided.

22. That the Comptroller General's decision on venereal cases be modified.

23. That section 300 of title 2 of Public Law No. 47 be amended by adding, "while in military service or subsequent to," on page 19, line 17, after the words, "wilful misconduct."

24. That hospital care and treatment be provided for former service men of all wars regardless of origin of disability.

25. That women veterans who hold certificates of honorable discharge, and who are ill or in need shall be eligible to enter any of the homes now maintained by the Federal Government for veterans on the same terms as the men, and when a sufficient number of women have been admitted, there shall be provided a separate home for women veterans.

26. That provision for the payment of tubercular disabled veterans of the World War of a monthly living allowance of \$75 in addition to their compensation be made under the following conditions:

(1) A tubercular veteran who is rated as totally and permanently disabled shall be entitled to request and receive home treatment with the above allowance.

(2) A tubercular veteran who has been a patient in a veterans' hospital for a period of not less than 18 months, and who is otherwise entitled to hospitalization, shall be entitled to request and receive home treatment with said allowance.

(3) Any other veteran, tubercular or otherwise disabled compensable under the War Risk Insurance Act, and who in the opinion of the Veterans' Bureau would be materially benefited by home treatment and who would otherwise be entitled to hospitalization, shall be entitled to request and receive home treatment with said allowance.

(4) All patients on home treatment to remain under the jurisdiction of the Veterans' Bureau, as said home treatment is now prescribed.

27. That the Government recognize all effective methods of treatment that prove to be of value in treating disease or injury.

28. That a sufficient sum be appropriated to complete the permanent hospital building program.

29. That decentralization of jurisdiction of all hospitals to district offices be effected.

30. That any hospital center now rated as particularly desirable, and in which men are on contract houses be retained as a permanent center.

INSURANCE.

31. That as disabled men have paid to the Government vast sums accumulated by compulsory premiums on Government insurance during their periods of service, this amount should be supplemented, if necessary, in various ways to stand the risk which is incurred by the Government in reinstating insurance on the two months' premium basis which is allowed former service men who have suffered no ill effects from their service, and that any former service man be allowed to reinstate his Government War Risk Insurance by paying two months' premium.

32. That the Schwartz decision be canceled.

33. That appropriation be provided to conduct sales campaigns to resell veterans' term or converted insurance.

34. That the insurance division be allowed to declare a man permanent and total from an industrial standpoint and therefore make insurance payments regardless of the rating given in compensation.

REHABILITATION.

35. That certain classes of trainees, upon completion of their regular training, shall receive at least six months of placement training.

36. That all trainees declared rehabilitated shall receive from the Veterans' Bureau all equipment, tools, books, and other supplies used during the period of training, and also needed to successfully carry on in the vocation for which they were trained.

37. That any person who shall suffer an injury due to his work or study in line with or caused by his vocational training or placement training shall be compensated to the extent that this disability can be rated.

38. That a plan be effected to assist agricultural trainees financially; to furnish them proper and sufficient instruction; to obtain experienced supervisors familiar with project training and extend the course sufficiently to enable these men to become self-supporting before considered rehabilitated.

Mr. KIRBY. I approach this matter somewhat differently from the others, in that I went through this bill and made the amendments as we would want them.

On page 3, line 24, after the words "Naval Academy," insert the words, "and members of the student Army training corps."

The Disabled American Veterans fail to see why a man who has been a member of this corps should be denied the benefit of the act if they need it; so that on page 3, line 24, after the words "Naval Academy," we wish to have inserted the words "and members of the student Army training corps." One class was naval students and the other was military students.

Senator WALSH of Massachusetts. Did we not have those all included under some of the language here?

Mr. KIRBY. No, sir; I think what may have misled you here is that a couple of lines ahead of that you speak of the training camps. That is different from the student Army training corps.

Senator WALSH of Massachusetts. Were they sworn in as enlisted men?

Mr. KIRBY. The status of all those men, it is my recollection, was a general—

General HINES. They took a certain oath of training, but they were not sworn into the service.

Mr. KIRBY. But those men's status was comparable with that of cadets and midshipmen. They were students. One was a military and the other a civilian student; but these men were under military law to the extent that they were compelled to drill, etc.

Mr. WALSH of Massachusetts. Why should we have put in cadets at the Naval Academy and cadets at the Military Academy, who were

only, during the war, doing what they would have been doing during times of peace?

Mr. KIRBY. That is exactly our point, Senator. We say that the Student Army Training Corps was just as much entitled to the benefit of this act as the men who were cadets or midshipmen.

Senator WALSH of Massachusetts. Yes; or almost any volunteer militia company.

Mr. KIRBY. It seems to me the reasonable conclusion is, if you are going to take in the military cadets and take in the midshipmen—

General HINES. We are taking in all members of the Army and Navy who entered the activity service prior to February 9, 1922.

Senator WALSH of Massachusetts. They were all put on the war basis?

General HINES. Yes.

Senator WALSH of Massachusetts. But the cadets at the Military Academy were not?

Mr. KIRBY. No; they were not put on the war basis. These men in the civilian colleges who came into the Army and Navy have a comparable status to the Midshipmen and cadets. If we are going to extend the law to meet one we ought to extend it to meet them all.

Senator WALSH of Massachusetts. We will consider that.

Mr. KIRBY. On page 5, line 5, after the word "prescribe" insert the words:

There shall also be included a section to conduct a sales campaign to resell veterans' term and converted insurance.

In other words, you make provisions there for the organization of the Veterans' Bureau generally, but I think in view of the view of the committee and of the veterans, and I think of the Veterans' Bureau, there should be something done to encourage specifically this reselling of insurance, and there should also be included a section to conduct a sales campaign.

Senator WALSH of Massachusetts. The difficulty would not be with us so much as it would be with Mr. Madden and his appropriations committee in the House. They will jump on that very hard.

Mr. KIRBY. Is not Congress being converted to the realization of the fact that something has to be done on this insurance proposition? I assumed that that had been pretty well accepted.

Senator WALSH of Massachusetts. We will consider it.

Mr. KIRBY. On page 5, line 9, substitute for the word "authorized" the word "directed." Instead of authorizing the director to establish this advisory board, I think he should be directed to do so, so we propose to substitute for the word "authorized" the word "directed." I think this board should be functioning.

Next, on page 5, line 17, add the following words:

The director is directed to establish a chaplains corps within the bureau to serve in the United States Veterans' Bureau hospitals, and clergymen who served as chaplains during the World War shall be given preference over other candidates for appointment.

This chaplain's corps is a thing that I think ought to be given serious consideration. It is awfully hard to name those men. You can call them chaplains or morale officers, or anything else, but when you get into these hospitals and find the illiteracy among these men who need a friend to take up their matters with the Veterans' Bureau

and need somebody to listen to their domestic troubles and help them in that way, you can readily see the necessity of leaving aside the spiritual, and I think there should be organized in the Veterans' Bureau a chaplains' corps, and our organization is very strongly on record in favor of it.

Senator REED of Pennsylvania. We have thought a good deal about that recommendation. Do you not think that matters could be taken care of by the director having authority to request or designate in each community a volunteer chaplain of the religious denominations? We rather objected to having a large number of paid chaplains who would not have much to do in some hospitals. Some of them have only 150 patients. I know of one such hospital, and in the State hospital near by there are two or three chaplains of different religious denominations that would be glad to go to this hospital, but they ought to be designated in some manner as chaplains. Appointing a large number of chaplains of different religious denominations at these smaller hospitals it seems to me would lead to great abuse.

Mr. KIRBY. I used the word "chaplains" in the absence of a better word.

Senator WALSH of Massachusetts. You do not care for them to be paid, do you?

Mr. KIRBY. I am not particular about that. But you should have some chaplains designated to look after the men's spiritual welfare, and know that they have authority. In regard to the men's spiritual welfare, these men are morale officers, and as you know—Senator Reed, particularly—the service men detest the word "morale." But we do not care what you call them, if we can only have these men to help the men in the hospitals, to come between them and their troubles and attend to their spiritual needs.

Senator REED of Pennsylvania. I think we can work that up from the suggestion.

Mr. KIRBY. On page 5, line 17, I have added this language:

The director is directed to establish an advisory board of three members skilled in the practice of medicine and dentistry for the purpose of assisting the medical division in perfecting a permanent plan for a medical corps within the bureau, compensation for the persons so appointed to be determined by the director but not to exceed \$20 per diem when actually employed. And, furthermore, the director is directed to establish an advisory board on rehabilitation and employment, of nine members, of which the director shall be chairman, and the other members of which shall be the chief of rehabilitation and representatives of the Department of Labor, the American Red Cross, the Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, the American Federation of Labor, and the United States Chamber of Commerce.

You will understand that in trying to get these thoughts over I am not attempting to insist upon my words; but here you take the insurance division, and you make provision for an advisory board and make provision to pay them, and still when you come to the rehabilitation, the most pressing proposition you have, you have no provision for an advisory body; and I took these men, the director of the Veterans' Bureau, the chief of rehabilitation, and the representatives of the Department of Labor, the American Red Cross, the Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, the American Federation of Labor, and the United States Chamber of Commerce, because I assumed that they could

put men there who would probably help a whole lot. In regard to the chaplains corps, I would suggest that the director be directed to establish an advisory board of three clergymen of World War experience for the purpose of assisting and perfecting a permanent plan for a chaplain corps within the bureau, compensation for the persons so appointed to be determined by the director but not to exceed \$20 per diem when actually employed. In other words, we fail to see why it is necessary to have an advisory board for insurance when relatively the insurance proposition of the bureau is good, and still in these other matters of equal or more vital importance, the director does not have the benefit of such advice as these expert boards would give him.

One of the most astonishing things about the Veterans' Bureau is the language of the definitions of what is rehabilitation; a specific definition of when is a man rehabilitated. It has been batted and kicked around so much that it is hard to say when a man is rehabilitated. Within the last week we had a complaint—within the last four days—from men who were rehabilitated as mechanical dentists and public accountants, who were offered jobs at the race track as guards. These are men for whom the Government is spending thousands and thousands of dollars for rehabilitation, and if you are going to take a lawyer and tell him to go out and be a janitor in a school, and then say because he has got a job that he is rehabilitated, you are all wrong; and unless and until we will approach this thing in a definite, specific understanding of what rehabilitation is, the work will not be properly done. We do not want a man trained up to employment; we want him trained into employment; and this rehabilitation proposition is in horrible shape, regardless of the improvement that has been made in it.

In regard to that—and I say this in fairness to the present director and even to the director ahead of him—that while there is a great deal of criticism going on, the fact of the matter is that these men are reaping the harvest of inefficiency going back into 1920 and 1921. I was just reading to General Hines before the meeting a few cases that I have picked out. These cases stand out almost like the basis of a comic opera, if they were not tragic. I have a number of these cases but I will only mention a few:

A colored man recommended for a course in a white college in South Carolina.

A man who has vertigo upon stooping, weakness, and limitation of left arm to 75 per cent and right arm at shoulder to 60 per cent of normal, who could not reach up and could not stoop over without getting dizzy, recommended for training as automobile repair man. He could not look at the engine and could not reach the top.

Here is a man who lost the grip of hand made a coal miner.

Here is a jockey for 11 years, 8 years' elementary education, A. W. O. L. 18 months while in service, recommended for a course of one and one-half years in the University of California, to make him a Chinese interpreter.

Here is a man who loses the strength of his right arm when it is raised above the waistline to become a barber.

These are bad cases and not the average cases. But men who can now get along and have been trained at the enormous expense by the Government have now got to be tested in some way as to whether

they will be rehabilitated, and they can not be railroaded into these jobs into which they are being put.

There has been misleading information on this thing from the outset. It crept out here not long ago and at the Senate investigating committee's hearing our organization gave a list of names of men after man, showing that the reports that had been gotten were unintentionally misleading. And I do not think that there is a real understanding of the proposition of when is a man rehabilitated.

Senator REED of Pennsylvania. It is a fact, is it not, that there are about 2,000 men now out of positions?

Mr. KIRBY. I would say that that is an extremely conservative estimate, Senator. The situation has been a constant source of trouble to us. The men do not know what rehabilitation is, and I do not think the man telling them knows, and they have just got to go out regardless of the man's condition. Now, we have to get the idea some way, and if anybody has a better substitute for employability, we will take it, but there has to be a specific standard of when a man is and when a man is not rehabilitated.

Senator WALSH of Massachusetts. Is it not possible for some few ex-service men to refuse employment?

Mr. KIRBY. It is according to the employment, Senator.

Senator WALSH of Massachusetts. I was talking on Sunday to a business man of Boston, who gives every Saturday of his life with a group of other business men to these cases and trying to get employment for them, and he told me that one of the greatest difficulties they had was the fact that the income these men received from the Government was sufficient to give them and their family a comfortable living and when it came to employment a man had difficulty in adjusting himself because he had gotten his standard of living up to a point at which he could not keep it in his employment.

Mr. KIRBY. Do you not think, Senator, that the Government is *particeps criminis* in the way it has been done? Now, within this week a man came into my office with a list of 80 people whom he had applied for training, and I thought it was a mental case; thought such a thing was impossible, but he brought back a typewritten list—he is a one-armed man who lost his arm in the service—he brought back a list of such places as the Veterans' Bureau of Employment, Standard Oil Co., the Municipal Employment Agency of New York, some of the best places you would expect a man would go to look for employment, and there is a man with his arm gone, and 80 efforts to get employment, and he impressed me as though he was trying. Now, employability and rehabilitation is a mighty serious thing.

On page 7, line 1, insert after the word "labor" "and other agencies."

This is apparently intended to perfectly——

The CHAIRMAN. Where is that, Mr. Kirby?

Mr. KIRBY. Page 7, line 1, after the word "labor," insert the words "and other agencies," so that the director will be empowered to call on these different agencies to assist.

On page 9, line 13, after the word "act," strike out the sentence beginning "nothing" and ending with "employed."

Senator WALSH. What word "employed" do you mean—on line 16?

Mr. KIRBY. Yes; that would prohibit your shifting your help from district to district, as I understand it, General. For instance, if the fourth district had a good man that they wanted to send to New York to look into conditions up there, they could not send him up there, according to my understanding of that.

General HINES. We recommend the omission of that.

Senator WALSH. We may not.

General HINES. I will explain the purpose of it.

Senator REED of Pennsylvania. The purpose of it is obvious.

General HINES. The only effect it can have is to require the districts to come to the central office for authority.

Mr. KIRBY. It is unnecessary, General, is it?

General HINES. It will be under the new setup.

Mr. KIRBY. On page 10, line 16, add the words:

Decentralization of jurisdiction of all hospitals to district offices be effected without further delay.

We have had complaints that while that is supposed to have been gone through, it has not really been done. I do not know so much of the detail of it, but there have been complaints.

Senator WALSH of Massachusetts. Is not that likely to result in some hospitals being improved in certain districts and others grossly deteriorating by reason of poor central management in the district office, and would we not get better results by uniform management of all the hospitals throughout the country from the central office? I want your opinion about that. I can see an improvement that might follow in some districts, but I can also see a very sharp deterioration in other hospitals in other districts.

Mr. KIRBY. That would be a test entirely, Senator, would it not, of your district manager? You know they now have a rule where the district manager has to periodically visit all the plants, so it seems to me that if a deterioration took place it would be because of inefficiency of the district manager.

Senator ERNST. Suppose there is an efficient manager, which plan would you prefer?

Mr. KIRBY. Decentralization. Place the burden on the district manager and make him do it. I have been around these districts and in New York they used to claim that if you wanted a man you had to wait for the central office to get him. It was a pitiable excuse, but if you assign certain obligations to your district manager and make him live up to them, I think you will have a better standard of efficiency.

Senator WALSH of Massachusetts. The district manager may be a very efficient man in the matter of contact with the ex-service man seeking a vocational training and compensation and insurance, but may be absolutely inefficient in directing the management of the hospitals.

Mr. KIRBY. Well, General Hines has made a very sensible change, I think, in the appointment of these business managers in hospitals. A man may be a very highly efficient surgeon and know little about the physical management of the plant, and they are working out a system of putting in business managers whose experience is more business than medical, and in that there should be an improvement in the general management of the hospitals.

Senator WALSH of Massachusetts. Would you let the district manager name the commanding officer of a hospital in case of a vacancy?

Mr. KIRBY. I think the district manager should be absolutely the skipper of his district.

Senator WALSH of Massachusetts. Would not that lead to the very thing we are trying to avoid here, personal favoritism and political favoritism and close corporation connections between the officials running the Veterans' Bureau affairs in these various districts?

Mr. KIRBY. Well, you have a decentralization of that favoritism, at least. You would not have a man in Washington putting his favorites out, assuming that such a man were to be here. In other words, if you had a district manager of a certain State or certain States and told him that he is responsible for everything in his district, he is in closer touch, and assuming he is efficient, I think the efficiency along the line of management of the hospitals would be improved. It would be easier for the manager at Minneapolis to know the condition of the hospitals in Minnesota than for General Hines or his subordinates here in Washington to know, because it takes a long time for reports to get back here.

Senator WALSH of Massachusetts. But do you not think with a central organization complaint can be made to the President of the United States and General Hines can be charged with the responsibility for the way the veterans are treated in that hospital, and for the management of it, while if the district manager is responsible, you have got to make your complaint to General Hines to get rid of that district manager, and it is a more direct way of getting action, is it not?

Mr. KIRBY. I do not think so. I think the stories that percolate to the President about conditions around are relatively negligible. I think the first complaint is made to the district manager, and if there is not improvement General Hines, either through his organization or very often through our organization, will have it called to his attention and make every effort to improve it.

On page 11, line 6, after the word "otherwise," add—

but no part of any appropriation for hospital building or extension in the Veterans' Bureau appropriation shall be used in the building or extension of any Regular Army or Navy hospital establishment.

Senator WALSH of Massachusetts. We have covered that.

Senator REED of Pennsylvania. That is Walter Reed.

Senator WALSH of Massachusetts. Yes; we have taken care of that in the Langley bill.

Mr. KIRBY. We made a very vigorous protest against that because we do not think there is any justification for using the funds for these disabled service men to build these Regular Army establishments.

Senator WALSH of Massachusetts. We are in sympathy with you.

Mr. KIRBY. On page 11, line 25, after the word "act," add—

Any hospital center now rated as particularly desirable, and in which men are in contract houses, shall be retained as a permanent center for at least three additional years.

The object of that is that we find in certain places, notably Saranac, they have the cottage system and the men are contented, and we feel that closing that up there you are going to cause a lot of discontent.

Senator REED of Pennsylvania. Has that been ordered closed?

Mr. KIRBY. No, sir; but I assume it will be gradually absorbed by the other hospitals that it is proposed to build. Those places are relatively few, and as long as we teach a tubercular man that 90 per cent of his cure is contentment, and he is contented, I say leave him alone; leave him alone for three years anyhow.

Senator REED of Pennsylvania. There are a great many patients in contract hospitals now.

Mr. KIRBY. I would not attempt a defense of all those contract hospitals, but I would defend, as I have stated, these places where they are particularly desirable. That would be discretionary with the director, or course, and might result in closing all of them, but I think he should be empowered to continue these places where these men are contented. It is not an easy matter to sit around a hospital and look at a battalion of beds for months and see men who competed with you in civil life going past you professionally or industrially and having the atmosphere of a hospital around you all the time. And particularly you do not want to be changed to that condition when you are contented where you are. You are preaching contentment to your tubercular men, and it is up to you to leave them where they are contented. Tubercular men of all men in the world have the time on their hands to find fault, not intentionally to find fault, but the hours hang very heavily, and I know what the attitude of these men is. All their talk, every line of discussion around the hospital is compensation or Veterans' Bureau or something of that sort. You have all classes of men, and anything that will bring about mental contentment in a tubercular man ought to be given every possible encouragement. It requires the stiffest sort of moral stamina for a man to sit in a hospital knowing that his lungs are going back. It is one of the severest tests to which a human being can be submitted for months.

Senator WALSH of Massachusetts. We have two big hospitals in that district now, Tupper Lake and Chelsea.

General HINES. Tupper Lake Hospital, if I may interrupt, is within 30 miles of Saranac, and the policy of the bureau will be to take men out of such places as Liberty and other contract hospitals prior to taking them out of Saranac Lake, and then see how we take care of the load.

Mr. KIRBY. What is your impression of the number of places that are particularly desirable?

General HINES. Saranac Lake is about the only one I know of.

Mr. KIRBY. I think there are very few. I have in mind principally Saranac Lake.

General HINES. There are very few. I think you could leave it with the medical division. I do not think they would recommend disturbing men who were getting along there.

Senator REED of Pennsylvania. You are keeping that in mind?

General HINES. Yes.

Senator WALSH of Massachusetts. A great many of those men at Liberty are in houses that are not fireproof and where the people who have taken them in are not giving them anything like as good care as they receive at Saranac, and the sooner we get them out of those places the better.

Senator REED of Pennsylvania. I have not been there.

General HINES. I have been there. Of course Saranac looks very acceptable to men because it is nearest to home treatment that we have anywhere. It differs simply in the fact that more than one patient is in the house or sanatorium. The results, though, I believe justify what we are doing at Saranac Lake, and if they continue to do that most certainly the medical division will give that attention.

Mr. KIRBY. I had particularly Saranac in mind when I spoke of that, because if the men are contented they ought to be left alone.

On page 12, line 23, after the word "regulations," insert the words:

There shall be established in each district of the bureau a board of appeals on disciplinary matters to which beneficiaries of the bureau who have been ordered to forfeit portions of compensation for breaches of discipline may present their cases, and the decision of this board shall be final. The board shall consist of three persons, one of whom shall be named by the district manager, the second by the beneficiary who has been ordered to forfeit his compensation, and those two shall select a third man.

Senator REED of Pennsylvania. It is the same provision that is now in the law under the Reed amendment. Senator Reed of Missouri put in a provision for an appeal board in the district.

Mr. KIRBY. I think those cases are rare and justify a special board. I think the tendency of the bureau is not to take the man's money away for disciplinary reasons. I think this is perfectly right. You are not making a higher class citizen out of a man by just depriving him of his money. There should not be any man or any board in a hospital who shall see fit to take away a man's pay, without the man having some form of appeal.

Senator WALSH of Massachusetts. How about an appeal to the director?

Mr. KIRBY. You mean after the appeal to the board of appeal?

Senator WALSH of Massachusetts. No.

Mr. KIRBY. I doubt very seriously if it would be advisable, for two reasons: First, it would add more work here; and secondly, I doubt very seriously if the director could get the real status of the case, because you know it is awfully hard here in Washington to get the real conditions of affairs in California.

Senator REED of Pennsylvania. Do you think he would be embarrassed by having to decide between his employees and his patients?

Mr. KIRBY. I do not think so. I can see why an officer of a hospital might take an extreme dislike against a particular patient.

Senator REED of Pennsylvania. I say do you think the director would be embarrassed in having to decide between the commanding officer of the hospital and a patient?

Mr. KIRBY. Yes; but if the district manager names one man and the second is appointed by the beneficiary and those two select a neutral, at least the man thinks he has a say in the decision, and that is worthy of consideration.

Senator REED of Pennsylvania. I would rather provide that there should be no reduction in pay. It seems to me it is against good discipline to have an appeal to a board of arbitration from a disciplinary order. I would rather strike out the discipline altogether. However, that can be considered more at length later.

Mr. KIRBY. On page 13, line 17, after the word "persons," strike out "commencing" and substitute "entitled to."

Here you have a fund of half a million dollars for men about to commence training, but you have other men who are not about to

commence training, who are a constant source of worry to any veterans' organization as well as to the bureau, and these men can not touch that money because they are not about to commence training. You approach another awful situation in the bureau, I think. A man sufficiently improved to get out of the hospital but still with his health or mind sufficiently impaired to prevent his training or working. It is that very type of people that constitute the reservoir of the so-called ex-service criminal class. It is composed of the men who are out of the hospital and not able to work. So if you will change that word "commencing" to "entitled to training" and leave it to the discretion in the handling of that fund, you will find a whole lot of most desirable emergency relief.

On page 14, line 21, after the word "Act," insert the words—

But no part of any appropriation for the Veterans' Bureau for hospital building or extension shall be used in building or extension of any permanent Army or Navy hospital establishment.

That, I understand, the committee has settled.

Senator REED of Pennsylvania. I do not mean to imply by my silence that I am opposed to fixing up Walter Reed Hospital, because I am not.

Mr. KIRBY. We are not opposed to it; we are extremely for it.

Senator REED of Pennsylvania. But you do not want it charged to the Veterans' Bureau?

Mr. KIRBY. We do not want the disabled men to maintain a Regular Army establishment, because there are only a few disabled ex-service men out there, and it is only a question of finishing the hospital when we may take them somewhere else. It is only a matter of common fair play that these disabled men should not be building these Army and Navy hospitals. And I say right there, that I think the conditions in Walter Reed Hospital is one of the horrors in Washington. I doubt if there is a worse fire trap in any city than those wards in which the ex-service men are kept. There is some excuse for that because they expect to improve them. But you have in the immediate neighborhood of Washington, Mount Alto, one of the prettiest places in this town, one of the high spots in the District of Columbia, which has never been finished, and can be finished for a relatively small amount, and yet you spend \$900,000 at Walter Reed with 80 per cent of the men under military discipline and 20 per cent not under military discipline, and you have the proposition of a failure to segregate the races, which is unfair to the colored as well as to the white and causes discontentment. I think the thing is absolutely without any justification. We do want Walter Reed Hospital finished, and we want improvements by the Army, but the former service man should not be asked to stay in that hospital under conditions as they are to-day.

On page 17, line 1, after the word "attorneys," insert—

except the recognized representatives of the American Red Cross, Veterans of Foreign Wars, American Legion, and Disabled American Veterans.

The object of that is this: Our veterans' organizations are maintaining in the Veterans' Bureau our liaison officers—I am describing conditions that exist in all veteran organizations—who act as attorneys for these men without charge. We have one in every one of the 14 districts, as well as in the central office. These men go there

with some of the men who are so illiterate they can not properly present their cases, some of whom become hopelessly enmeshed in this red tape, and our man is their man to fight their battle for them, and I think it should be put in there that these liaison men should be excepted. This service is maintained by us at great expense to our organization, and it has done a lot of good work, just as liaison officers in other organizations have done, and they should be encouraged.

Senator WALSH of Massachusetts. You have read the form of that amendment into the record, have you?

Mr. KIRBY. On page 17, line 1, after the word "attorney," insert the words--

except the recognized representatives of the American Red Cross, Veterans of Foreign Wars, American Legion, and Disabled American Veterans.

Mr. KIRBY. On page 23, line 22, strike out the word "three" and insert the word "five"; and on line 25, after the word "tuberculosis," insert the words "or any organic or chronic constitutional."

Senator WALSH of Massachusetts. Instead of "active"?

Mr. KIRBY. You were just discussing that five-year limit. That is our solution. We are particularly strong for the five-year limit for this reason: We think the man who comes along with the five-year limit will get greater satisfaction having a calendar decision of a certain time than on a discretionary power of the Veterans' Bureau doctor. You will find men coming up four years after service, and doctors may decide he was sick within three years; others decide he was not. By giving definite arbitrary time you do not leave so much discretionary power to the Veterans' Bureau doctor, who may or may not be satisfactory.

Page 26, line 2, after the word "service," strike out the words--

and does not leave sufficient assets to meet the expenses of his burial and the transportation of his body and such expenses are not otherwise provided for.

In other words, you are talking about a man who dies, and you tell his relatives, he can not have \$150 for his funeral. Then you go to work and make them prove he did not have sufficient assets to meet the expense of the transportation of his body and other expenses. That is not practical and is not humane. A man dies and there is an investigation of his whole financial condition.

Senator REED of Pennsylvania. I am inclined to think you are right, but I do not think we ought to strike out the words "and such expenses not otherwise provided for," because then you would have a double payment. A man who was a veteran and still in the service, would be entitled to burial under the Army law and this would make a double sum.

Mr. KIRBY. I think that is a fine suggestion, Senator. But what I am striking at is to have these men die and then say "stay there until we find if you have money to bury you." It is impractical and inhuman. This will require some reports from the Veterans' Bureau. I think they can tell you more about that than any other combination could.

In the matter of expenses of funerals, on page 26, line 9, after the word "exceeding," strike out the figures "\$150" and substitute "\$200." It is a question what those funerals are going to cost. There has been a lot of talk, some of which I think is unjustified, but still there is some justification for a more liberal allowance.

Senator REED of Pennsylvania. This is an increase over what is in the present law. It is not much, but in the aggregate it means nearly \$6,000,000.

General HINES. Our study of the situation indicates that \$150 will be all that is needed to furnish a proper funeral. We have been operating on \$100, and the policy was to receive proposals. In many cases awards were made to the lowest bidder without proper investigation of his facilities and the type of funeral. We now propose to get the best that can be furnished for the sum of money allowed, rather than to get the cheapest, and I feel that this allowance is sufficient, and I take it that the committee followed the recommendation of the bureau in this respect. We recommended \$150.

Mr. KIRBY. Gentlemen, you will understand the policy of the bureau prior to this has been to get a funeral for less than \$100.

General HINES. \$100.

Mr. KIRBY. If General Hines's attitude is, and I understand it is, to get the best for \$150 that you can get, or \$100 rather, in other words, instead of getting within the limit a funeral not to exceed \$150, trying to get the best for \$150, it is, of course, most commendable.

Senator REED of Pennsylvania. How much are you spending each year on that?

General HINES. To December 1, 1923, there had been expended from the 1923 appropriation \$207,543 for funeral expenses, not including transportation of the body.

Mr. KIRBY. On page 28, line 7, after the word "amounts," add "this compensation shall be paid semiannually."

That is one of the utter inconsistencies of the bureau from the outset, in my judgment. As you know there is more or less trouble over disciplinary matters as indicated by this report. Still you are giving a man \$80 every month, instead of giving him \$40 every two weeks. A man with \$40 is not going to have as much trouble as a man with \$80, and there will not be half as much poverty in the hospital in the latter part of the month, and you will have a more equal distribution, and will be working up to stimulating contentment. I have yet to see why they should be paid only once a month. You pay your trainees and Government clerks twice a month, and I think that is a mighty step forward if we pay twice a month instead of once a month.

Senator REED of Pennsylvania. It means 180,000 checks more a month.

Mr. KIRBY. That is a relatively small matter, is it not?

Senator ERNST. It means a great deal of clerk hire.

Senator REED of Pennsylvania. However, we will consider it.

Mr. KIRBY. Take into consideration morale and discipline, and I think you will come to the same opinion we have.

General HINES. I think it is well worth a trial and there is no reason why it should not be tried out.

Senator REED of Pennsylvania. It could be tried without changing the law?

General HINES. It says monthly now.

Senator REED of Pennsylvania. It says monthly compensation, but it could be paid in semimonthly installments.

General HINES. If the comptroller will agree with that I might try it.

Mr. KIRBY. Do you not think it is desirable, General?

General HINES. Yes; it means trouble, but anything that will get results is worth trying.

Mr. KIRBY. Do you not think it will help the morale?

General HINES. Yes.

Senator REED of Pennsylvania. Suppose we put it in "payable monthly or semimonthly as the director may see fit?"

General HINES. That will cover it.

Senator WALSH of Massachusetts. You have a great many more suggestions?

Mr. KIRBY. I do not want to bore you by this long recital, Senator.

Senator WALSH of Massachusetts. We will have to come on another day anyway.

Mr. KIRBY. We have some very important points. I will make them as brief as I can. I do not want to hold you now, but if you will appoint another time, I would be very glad.

(Whereupon, at 5.25 o'clock p. m., the committee adjourned until Monday, February 25, 1924, at 10.30 o'clock a. m.)

VETERANS' BUREAU CODIFICATION ACT.

MONDAY, FEBRUARY 25, 1924.

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

The subcommittee met at 11.45 o'clock a. m., Senator David A. Reed presiding.

Present: Senators Reed of Pennsylvania (acting chairman) and Walsh of Massachusetts.

STATEMENT OF MR. THOMAS KIRBY, LEGISLATIVE CHAIRMAN DISABLED AMERICAN VETERANS—Resumed.

Mr. KIRBY. In the course of the preparation of a number of bills for presentation to Congress our office received a great many suggestions, and unfortunately in reading into the record the other day I read a bill which I did not intend to read; I read one bill when I intended to read another. Major Jeffers has introduced, at our suggestion, in the House, a bill covering the test of rehabilitation, and I would like the Senate committee to substitute this bill for the one that I unfortunately got in the other day through an oversight. This new bill, S. 2257, should read, on page 6, in line 23, after the word "occupations," as follows. Insert the following words:

The test of rehabilitation shall be employability, and no trainee shall be considered rehabilitated unless he shall be actually placed in a suitable and gainful occupation by the employment section of the bureau or some other agency. All trainees who have completed or will complete their institutional training under the bureau shall be placed in placement training immediately following their institutional training and shall be kept in that status until it is mutually agreed by the employer and the bureau supervisor that the trainee is rehabilitated and the trainee is placed in permanent employment, or it is mutually agreed that the trainee is not in the proper vocation. Furthermore, the trainee shall be paid the maintenance and support allowance that he has received while in institutional training during the time he is in placement training status: *And furthermore be it provided,* That in the event of the placing of a trainee in the wrong vocation, the trainee shall be granted a change of objective and be allowed to complete the subsequent course.

I think that the horrors of this rehabilitation are just beginning to dawn on everybody. Our office is fairly deluged with complaints about the ruthless throwing of men out of training. In many cases they have been ill advised in the start, and we are now reaping the harvest of it. Something will have to be done in this matter. I do not think it can be evaded.

The 1st of last July the director compiled a list, which I have here, of approximately 20,000 men who should have been declared rehabilitated by January 1 last. Now these men are being thrown

out of training. You can support that by any investigation. Something will have to be done to meet this. These employers will not take men from institutional training, for they require experience, and the only way to get the thing straight is in placement training. The thing can not be avoided much longer, because it is on the increase now and it has reached the place where it is an acute situation. In our judgment there are three separate periods in this whole Veterans' Bureau. There was, first, in 1919 and 1920 the word sent out about training, and if you will follow the curve you will see a terrible rush up; 110,000 men placed in training. That is, they were not placed, they were hurled into training. These men have been placed on that roll, and you have now reached the point where you have to make a decision. Then you have a third period of this thing, which is the most acute of all. As long as a man had a chance to get training he was well contented. When he got in he was well contented. Now you have reached the place where you are ruthlessly and summarily throwing them out. The situation is bad all over the country. I have a complaint with me to-day which I will not read into the record, except to say that it is from San Francisco, saying that three members of the personnel of the Veterans' Bureau have quit because they refused to grant some of these men training. I think it is impracticable and unwise.

Senator WALSH of Massachusetts. It has not been so bad in New England as throughout the rest of the country, has it?

Mr. KIRBY. I do not know about that.

Senator WALSH of Massachusetts. I have heard more complaints from New York and Pennsylvania and other places than from New England.

Mr. KIRBY. I would say that the third district is probably the worst to-day, but it is all over the country. As I told you the other day, I think there has been a marked improvement in the Boston office, as far as I can learn.

On page 11, line 9, strike out the words after the word "Bureau" extending to the word "Act" on line 16. This is a provision to turn back to the various departments of the Government, the Navy Department, the Interior Department, the Treasury Department, etc., these hospitals, when they are completed. I think that clause is inconsistent. I do not think the situation exists now, and there may be something to do with these hospitals that is more vital to the sick and disabled men than turning them back to the various Government bureaus. I think that decision is inconsistent with our amendment, that no appropriation should be made out of Veterans' Bureau money for Regular Army and Navy use.

On page 13, line 15, substitute the word "shall" for the word "may"; in other words, making it mandatory that the director use this fund.

Senator REED of Pennsylvania. There are only something over \$70,000 now being used by the bureau for that purpose.

Mr. KIRBY. Senator, that is another very acute situation.

Senator REED of Pennsylvania. The whole amount is still available, but less than \$80,000 is, at the moment, actually used.

Mr. KIRBY. That is the very reason we are stressing the point that the bureau should be mandated to use this fund. You have non-feasible cases that under this law would be barred from it until they

are about to commence training. As we suggested the other day, we want that made so that any man who is entitled to training shall get it.

On page 23, line 6, is the next amendment. Before I read this I would like to say this, that everybody that is here is familiar with the horrible difficulty in this venereal proposition, and we offer this as a solution. On page 23, line 6, after the word "misconduct" add the words—

and the burden of proof shall be on the Veterans' Bureau in determining willful misconduct and it, the Veterans' Bureau, shall specifically and conclusively prove that willful misconduct was performed by the claimant in all cases where misconduct has been and will be charged in the adjudication of a claim against the Veterans' Bureau for compensation or vocational training; *And provided, further,* That it shall be also specifically and conclusively proven that the willful misconduct was the cause of the disability or the aggravation thereof where such a charge is made.

In other words, the attitude of the bureau now is to assume that this man was guilty of willful misconduct in this case. I will concede that it is an awfully tough proposition, but, roughly, that is about the amount of it, and you have got to take care of that in this case. As has been pointed out, a man went out and got drunk when he was overseas and got tuberculosis, and he was looked out for; but if a man got a venereal disease, he is an outcast.

Senator REED of Pennsylvania. As a matter of fact, if it was clearly shown that a man went out and got drunk and contracted tuberculosis from lying drunk in the gutter, I think that would be willful misconduct, would it not?

Mr. KIRBY. Not unless you could conclusively prove that tuberculosis was the result, directly, of willful misconduct. But there is latitude in the N. P. and in the T. B. provisions, but in this venereal proposition which no one wants to talk about, the screws have been turned down entirely too tight on these men; and as far as the venereal disease itself is concerned, the disease itself is all right, but the aftermath and the development of it is what is causing the trouble. These men are going insane; and as soon as gonorrhoea or syphilis is noted on their discharge, the assumption is that it is all their fault, and they are hurled out.

Senator REED of Pennsylvania. You take cases of paresis; I guess it is proven that every case of paresis has a syphilitic origin. There is no doubt that those men are incapable of self support, and they need institutional care. Under this bill as it now stands such men would be entitled to hospital care. All that they would not get would be compensation. And under subsection 10 on page 33, a man who had insanity which was traceable to venereal disease would be entitled to hospitalization. The misconduct does not apply to that. The question we have got to settle, and the question you are raising, is whether we shall make some change in the law providing for compensation in those cases; and as you say, it is one of the toughest questions of the whole business.

Mr. KIRBY. We have labored a great deal over this proposed amendment, and we are still wide open to any suggestion. We can not conscientiously leave these men as they are. I do not think that is the attitude of the country or of Congress, that those men should be left as they are.

Mr. IRWIN. If I may interject a few words, I would say that thousands of men were enrolled in the service without the formality of having a blood test taken, and thousands of men were discharged without a blood test being taken. Therefore, under the present act, the bureau or the Government has not taken into consideration the fact that in many of these cases the syphilitic taint was hereditary, and it was not the fault of the men themselves, and if they had not been taken into the service it might not have developed into paresis. The fact that they were exposed to the elements and had to go through the exercises of military training has resulted in a great many cases in these men having paresis.

Senator REED of Pennsylvania. That is what the original act and the present bill tried to take care of, where they provide compensation and other relief. It is a hard and troublesome question to administer.

Senator WALSH of Massachusetts. How many such cases are there?
Mr. IRWIN. Literally thousands.

Mr. KIRBY. As I explained a moment ago, the exact disease itself, whether it is gonorrhoea or syphilis, does not concern us so much as the aftermath of it. These men going into general paresis, etc., is a matter of vital concern to us.

Senator WALSH of Massachusetts. And we have been doing a public service in hospitalizing them alone, and we will be rendering a benefit to the whole community.

Senator REED of Pennsylvania. Yes; I think we are all agreed on that.

Senator WALSH of Massachusetts. The difficulty has been about the compensation question, has it not?

Mr. KIRBY. Yes, sir; many of these men are under training.

Senator WALSH of Massachusetts. Under training?

Mr. KIRBY. Yes; you understand these men are not only a pathetic proposition, but they constitute an actual menace to society.

Senator WALSH of Massachusetts. Do you think a good number of them are cases that have developed since the war, and that their service during the war can not be attributable as a cause?

Mr. KIRBY. Of course, as a matter of aggravation, that is what comes up then.

Senator WALSH of Massachusetts. And does not the veteran who has contracted the disease since the war try to put himself on your organization for aid and assistance?

Mr. KIRBY. He probably would try to, but we would be very careful about that. That might be abused, and we would be very careful that such a thing should not happen.

Senator WALSH of Massachusetts. Before you take up their cases you require some information and some evidence that the disease was contracted in service?

Mr. KIRBY. In the service, or was aggravated by the service.

Senator WALSH of Massachusetts. Yes.

Mr. KIRBY. On page 23, line 15, after the word "condition," add the words "mentally and physically." This proposition of examination upon entering into the service we ought to be very specific on. It is mental and physical.

Senator REED of Pennsylvania. Is it not construed that way now?

Mr. KIRBY. It would be; but I think, Senator, it would make it clear, there. That will overcome the possibility of evading it by somebody that was not sympathetically inclined.

Colonel BOUGHTON. You mean the constitutional psychopaths?

Mr. KIRBY. Yes; on page 2^d, line 5, after the word "tuberculosis," add the words "or any organic or chronic constitutional disease." That will conform with the other suggestions we have about the five-year limit.

On page 24, line 11, substitute the word "five" for the word "three," in order to make it conform to our other suggestion; that is, in extending the traceability period of the disease.

Senator WALSH of Massachusetts. In case a patient appears to have contracted a chronic disease, such as cancer——

Mr. KIRBY. Or aggravation, Senator.

Mr. IRWIN. Or diabetes.

Senator WALSH of Massachusetts (continuing). Should he be given the presumption?

Mr. KIRBY. We think so, in a great many cases.

Senator WALSH of Massachusetts. The principal reason for the bestowal of this presumption was because it was pretty apparent, from the percentage of increases of those cases among young men that they should be traced to the service, and does the same thing exist in other chronic diseases, so that you could say that the number is so large among young men that it shows almost certainly that it is traceable to their war service.

Mr. KIRBY. I will put it this way, and I think I will be supported unanimously by all men who were in the service. That is a broad statement, but I think it is so. I will say that any man that was sickly when he came into the service, who was compelled to go through the ordinary routine of the military service, could not do it without any disease that he had being aggravated. I can not conceive that it would be possible for a sickly man to perform military duties without its bringing on an aggravated situation.

Senator WALSH of Massachusetts. That is the reason we have this presumption in neuropsychopathic cases, because it was thought that the service was liable to aggravate the disease that was latent. You know how bitterly the physicians fought upon that presumption, do you not?

Mr. KIRBY. Yes: I understand there was a strong feeling against it.

Senator WALSH of Massachusetts. It was really put in notwithstanding the opposition of medical authorities.

Mr. KIRBY. Investigation will bear out the statement now that many men are appearing with tuberculosis as long as four years after their discharge, that we have every reasonable and moral certainty is traceable to the service, because it is an aggravation due to existing conditions. Speaking as a layman and not as a medical man, I can not conceive how any man would be able to stand up under military training who was not well. Senator Reed, to go back for a moment to your suggestion concerning traceability of tuberculosis in the case of a man who might have brought that condition about as a result of drinking, I think that that is an awfully good answer to our contention about willful misconduct. In other words, you do not assume in attempting to rate a man for tuberculosis that it came from

anything of that sort. On the other hand, you immediately assume, in the case of a venereal disease, that it did come from misconduct.

Senator REED of Pennsylvania. There is a cynical belief prevalent among doctors, at least, that syphilis is never acquired except in case of willful misconduct. Theoretically, I suppose it is contagious.

Mr. KIRBY. And you recognize that in the fact that the Veterans' Bureau in cases does rate men for venereal diseases.

Senator REED of Pennsylvania. I did not know that it did. Does it?

Mr. KIRBY. Yes, sir; I think so.

Senator WALSH of Massachusetts. I think that the best argument there is for this is, that the Government did put these men in an environment which they would not ordinarily have gotten into, where they contracted this disease.

Mr. KIRBY. I think that is a good, broad statement, Senator, and I think it represents the sentiment of all veterans' organizations, that these men would not have had such an environment, not such an intensive environment, if they had been in their ordinary pursuits instead of in the military or naval establishment.

Mr. IRWIN. The present theory of compensation is that a man must specifically prove that the disease was contracted innocently.

Mr. KIRBY. On page 25, line 5, after the word "amounts," add the following subsections:

- (a) If there is a widow but no child, \$50.
- (b) If there is a widow and one child, \$75, and \$10 for each additional child.
- (c) If there is no widow but one child, \$35.
- (d) If there is no widow but two children, \$50.
- (e) If there is no widow but three children, \$60, with \$10 for each additional child.

Senator WALSH of Massachusetts. How does that compare with the Civil War benefits? Have you made a comparison as to that, or as to the Spanish war?

Mr. KIRBY. I do not know; I am inclined to believe that this is up.

Mr. JONES. We have \$30.

General HINES. It is almost double. It is very much increased.

Senator WALSH of Massachusetts. That is one of the things we are up against; the moment we make a move here, we get it all along the line.

Mr. JONES. That is one of the things that President Harding vetoed.

Senator WALSH of Massachusetts. This \$50?

Mr. SEELYE. Yes.

Mr. KIRBY [continuing reading]:

- (f) If there is a dependent mother (or dependent father), \$50; or both, \$75.

On page 25, line 14, eliminate the sentence starting with the words "The amount" and ending with the figures "\$76."

On page 27, line 21, strike out the entire proviso, beginning with the words "That before." I will develop that in a later suggestion. Here is what you have here. You deny to a service man, or you deduct from his compensation, what he is getting as a gratuity or pension. Now, you immediately, by that, unintentionally no doubt, but the effect would be this, bar all these men who are getting the Civil Service bonus. You have got hundreds of them, I imagine, in

the Veterans' Bureau, who could not get the bonus and take that compensation. The bonus is certainly a gratuity from the Government.

Senator REED of Pennsylvania. But it is not a gratuity under a pension law.

Mr. KIRBY. A gratuity or payment under a pension law. You will have to cut out the word "gratuity." It appears later in this bill, too. You can not pay the men that \$20 a month which the Government is now allowing clerical employees, and pay them the compensation.

General HINES. Under the reclassification the bonus will disappear. Many employees of the Government are drawing the \$240 bonus. I can not quite follow Mr. Kirby that it would in any way affect the compensation. I think it would affect pensions or any gratuity under the pension laws or under this act, but I doubt that it would in any way affect the bonus.

Mr. BATTELHEIM. It might affect retired pay?

General HINES. It might affect the retired pay.

Senator REED of Pennsylvania. It would affect the retired pay?

General HINES. Yes; it would affect the retired pay.

Mr. BATTELHEIM. If a man drew retired pay from the Pennsylvania Railroad Co., it would not affect him, but if he drew retired pay from the Government it would affect him. A pension is different, but retired pay—

Mr. IRWIN. This particular section refers, I think, to dependents particularly.

During the war some of these widows received a gratuity in the form of an allotment, and we are very much afraid that if this language was not eliminated it might be interpreted as interfering with their receiving the allotment they received during the war.

General HINES. We have an amendment on that. It may not do it in just that way, but it does clear up the whole proposition so that there is no doubt about the construction.

Mr. KIRBY. We do not figure that a man who was in the Spanish war and who gets a disability allowance or a small pension should come along in the World War and get another disability and be denied his prior pension. It is small, and if he had not gone into this war he would have gotten it anyhow, and we fail to see the logic of depriving him of the Spanish war pension and giving him this one here. He has got two disabilities.

On page 28, line 2, substitute the word "decreases" for the word "changes." It says that there shall be no changes in the rates of compensation made by this act. If the bureau rates a man 10 per cent, and his condition gets worse or there is further investigation and they find out that he is entitled to more, under this he can not get more. This says there shall be no changes in rates of compensation made by this act. If you change that to the word "decreases," I think you will get what was meant.

Senator REED of Pennsylvania. No; this would not affect any change in the rating by the bureau. All that is meant by this is that where we have increased the rates to widows and children, as we have done, there shall not be a large lump sum now in order to make up the difference from the time of the man's death to the time this act was adopted. These are all future increases in rates.

Mr. KIRBY. Do you not think it would be advisable to bring that out, Senator, in some way?

Mr. IRWIN. It says "rates of compensation."

Mr. KIRBY. I think the substitution of that word "decreases" would probably change that.

Senator REED of Pennsylvania. In many cases we have raised the rates at which a given disability or loss shall be compensated. We want that to date from the present and not to go back and be retro-active.

Mr. KIRBY. On page 28, line 17, insert the following:

(f) Total compensation ratings shall be awarded to men who are entitled to training and declared not feasible, during the period that they shall continue not feasible.

That is another absolutely acute situation affecting every veterans' organization and the Red Cross and the bureau. You have these men who have reached the maximum, who may be in the hospital, and they may be in a physical condition such that they are not feasible for training, and regardless of what the intention of the bureau might be there is a grading down of their compensation, and those men can not get by it. It is that class that keeps after us constantly for emergency relief, and I think that a man who is not in the hospital, but is still too sick to be trained or to work, should be getting full compensation, because his economic status is the same as that of a man in the hospital; and the Government after all is the gainer from the fact that it is not compelled to maintain him.

Senator REED of Pennsylvania. Does not that follow; if he is too ill to work, he is rated as temporary total?

Mr. KIRBY. It should be. It should be mandatory. The bureau had this complaint, and I do not know that they had any legal right, but at the same time I can see considerable sense in it, that when a man left the hospital he was immediately cut to 10 per cent. Of course, there was no justification physically for that, but the general theory of that was that by cutting him down it would immediately drive him to training—expedite his training. I do not know whether they had any legal right to do that, but there is considerable sense in it, and unless you have a specification in here to prevent it, compelling that as long as a man has a nonfeasible status, there is liable to be a recurrence of some such policy as that.

On page 29, line 6, eliminate the clause "and permanently bedridden." The phrase "permanently bedridden," strictly construed, means that every man in the dying stage of tuberculosis who is able to get around at all would be denied that rating, even though it is conceded that he can not recover. There is no reason why a man should be permanently bedridden. If he can not recover, that seems to be going far enough. If you have men that can not recover but that are able to get about a little, and who would be restless if they could not get around and get a little exercise, this would penalize them; it would deprive them of this compensation if they did take a little exercise which would aid them in sleeping. A man who has to go to bed at a certain hour in the night and get up at a certain hour in the morning, go back to bed at 8 o'clock and stay until 12, and then go back at 1 o'clock and stay until 3, naturally is mighty restless at night because he can not sleep so much. Getting about a little and taking a little exercise will help him to sleep.

Senator WALSH of Massachusetts. You think the words "permanently bedridden" modify the words "becoming helpless"?

Mr. KIRBY. I think there is danger there.

Senator REED of Pennsylvania. Is not every case of terminal tuberculosis now considered a total permanent disability, General Hines?

General HINES. I did not catch your question.

Senator REED of Pennsylvania. I say is not every case of terminal tuberculosis in the last stages now considered to be permanent total disability?

General HINES. In the last stages; yes, sir. I would suggest that if the word "and" between "helpless" and "permanently" in line 6 be changed to "or," it will meet all the conditions.

Mr. KIRBY. We would like to have that, General, and I want to call particular attention to that, because that thing is full of dynamite, it seems to me.

Senator REED of Pennsylvania. That is a good suggestion, to change "and" to "or."

Senator WALSH of Massachusetts. We intended to make two classifications, did we not?

Senator REED of Pennsylvania. Yes.

Mr. KIRBY. That will clarify it.

Senator WALSH of Massachusetts. Yes.

Mr. KIRBY. On page 29, line 7, after the word "bedridden" insert the words "or who has been or shall be hospitalized for a period of 12 consecutive months." There is nothing new in that suggestion. It has been advocated, so far as I know, by all veterans' organizations. We take this view. These men went into the service in 1917 and 1918, and they were in the service for a year or a year and a half. They came out and they were sick. They tried to get jobs, and finally got them, and after a while broke down and were sent to the hospital, and after a while finally got out of the hospital and then broke down again and went to the hospital and have been there for 12 months. Such a man is not economically handicapped only for the 12 months he has been in the hospital. That man is economically penalized from the day he enters the service up to this minute. He has never been a real earning power. So that if the committee will take that view of this thing, that it is not the actual time the man spent in the hospital as the result of the war, but that he has been handicapped from the day he entered the service to the present moment, in addition to the time lost and the suffering---

Senator WALSH of Massachusetts. Would not that result in two things happening—a class of cases that would try to manipulate hospitalization so that they would remain 12 months in the hospital so that they would get this rating, and also in another class of men being rushed up by doctors so as to get them out of the hospital before the 12 months has expired to prevent them from getting this rating?

Mr. KIRBY. I think there is danger on both sides, but I think that comes down to a matter of administration.

Senator WALSH of Massachusetts. We can not have too many officers having authority indirectly to make rate increases. It would be possible, by collusion with the commander of a hospital, to arrange such ratings with some unscrupulous men?

Mr. KIRBY. Does not this appeal to you? A man goes into a hospital with tuberculosis and stays there a month, and he gets \$80. Another man who has been in for 12 or 15 months gets the same amount of money. All the time he has been there the parade has been going by, and when he comes out he has to enter into competition with the men who did not go into the service, or those who escaped disability in the service. There is no man who has been in the service and had disability and has been in the hospital 12 months who can come out and go back into active life and compete successfully in his old occupation, unless it is a mere matter of luck. I do not know of any man, in my experience, who has been 12 months in a hospital, in addition to the time that he was in service, coming out and going back, under the law of averages, and successfully competing in his occupation.

Senator WALSH of Massachusetts. I think I know the class of cases you wish to reach, and they have merit; a fellow that has been 12 months in a hospital and is never going to get his health back and earn a living for himself.

Mr. KIRBY. I am looking at the point of getting this man out of the hospital. Do you not think that after a man has been in the hospital 12 months and has been allowed this rating, the added money which the Government is going to give him will be a stimulus to him to get out of the hospital and try to buck this thing again, even knowing all the time that if he falls down he can go back? In other words, you want a real incentive for these men to get out of the hospital, and in this language, you are not getting it. It takes a great deal of courage for a man who has been in the hospital 12 months, knowing that he is sick and practically mortally wounded and will never be himself again, knowing that the whole economic world has been revolutionized in the last six or seven years and that he has lost definite contact with the job and general contact with his profession, to go out and try to buck this thing. There is the greatest temptation in the world for him to remain in the hospital, unsatisfactory as it is; and I think that anything that is done to encourage these men to go out is not only the proper thing to do, but looking at it from a selfish viewpoint, it is an extremely desirable thing to do.

On page 29, line 8, after the word "disability," insert the words "and shall receive the same family allowances now given trainees."

You have the perfectly inconsistent proposition of a man who is temporarily disabled, with probably a prognosis good, who will recover. He is getting more money, in the vast number of cases, than the man you have got permanently disabled. In other words, a man should have family allowances when he is temporarily disabled. As soon as he gets a few more dollars, and gets permanent rating, he loses his family allowances. I think that is inconsistent.

There has been another suggestion made, that this permanent rating proposition be increased to \$150; but I think it is more equitable that the man should be allowed family allowances. It is a more equitable situation, in my judgment. In other words, the man who is permanently totally disabled is not getting what he should get. He is not getting as much in a great number of cases as the man who is temporarily disabled.

Senator WALSH of Massachusetts. Of course, he is getting it for his lifetime.

Mr. KIRBY. Theoretically.

Senator WALSH of Massachusetts. Yes; and the other man is not.

Mr. MILLER. I think the Senator ought to know that outside of your application, and so on, the words "total disability" are only academic; that when a man becomes less than that and the bureau discovers it, his ratings are withdrawn.

Senator WALSH of Massachusetts. Are there frequent revisions of the conditions of total disability?

Mr. KIRBY. That is the reason I said that it is permanent only theoretically. The present intent, on which the bureau is functioning, is to give a man a permanent rating, and the word "permanent" means four months or two years. It may be renewed at the end of the term, but there is not the meaning that the word "permanent" ordinarily would possess.

Senator WALSH of Massachusetts. In the case of a man who has met with the loss of both feet or both eyes, or one foot and one hand, or one foot and one eye, that would be true, would it not?

Mr. IRWIN. Yes; that is not subject to revision.

Senator WALSH of Massachusetts. It would be a fact and not a theory, would it not, in such cases?

Mr. KIRBY. Even that, Senator—

Mr. MILLER. It would be under your classification here, except in the case of a man's eyes. A man might regain his eyesight.

Mr. KIRBY. When the statutory provision is when a man becomes helpless, his condition can be proved.

Senator WALSH of Massachusetts. General Hines, that aviator that I sent to you actually recovered his voice and the power of speech and the functioning of his palate, for three days. He came around here to see me, the happiest man that I ever saw; and then after three days he went back again to the same condition, as bad as ever.

General HINES. That is too bad.

Mr. KIRBY. Page 29, line 10, after the word "mouth" insert the following words:

and provided further, all claimants who have been recommended by examining medical examiners for total and permanent disability ratings shall be carried as temporary total until the permanent total claim is decided.

That requires this explanation, and I think General Hines will back me up, that one of the causes of unrest and dissatisfaction with the bureau is to have an examining surgeon tell a man that in his judgment he is permanently and totally disabled, and then to go down to a rating board and have the rating board tell him to get out of the hospital, or to have it cut him down to almost negligible compensation. I have seen that thing occur repeatedly, when an examining board came up and looked a man over and told him that he was, in their judgment, permanently and totally disabled. It is a chance that the examining board did not know what permanently and totally disabled meant, but that aroused in the man an expectation of getting a permanent rating, and when he did not, it broke him up. I think that General Hines will agree that when these examining surgeons tell a man what is the matter with him it causes

a lot of unrest when they do not get what they think they are entitled to.

Senator REED of Pennsylvania. That will be cured by having the men rated by the people who examine them.

General HINES. Of course I know it has occurred in the past by having these doctors who examine a man indicate the degree of disability but not to the man whom they are rating what the degree of disability is. But, as Senator Reed has well stated, there is only one real cure, and that is a board that will examine and rate a man and give some form of relief immediately, without depending on somebody to go over the examination and state the rating.

Mr. KIRBY. On page 30, line 13, after the word "reasonable" insert the following words:

any compensable veteran, tubercular or otherwise disabled, who, in the opinion of the Veterans' Bureau, would be materially benefited by home treatment and who would otherwise be entitled to hospitalization shall be entitled to receive home treatment with a monthly living allowance of \$75 in addition to his compensation, but all patients on home treatment shall remain under the jurisdiction of the bureau as now provided by bureau regulations.

That brings up the matter of home treatment. When is a man better off at home and when is he better off at the hospital? There is no general law that can decide that. It would require a great deal of argument, of a doctor or otherwise, to convince me that certain men in certain home surroundings and environment are not better off than they are in the environment of a hospital.

On the other hand, I am ready to concede that many men are better off, unfortunately, in a hospital than they are at home, because of domestic unrest, or whatever it might be. I think a man who is given this home treatment should be given an allowance; and in the matter of bookkeeping you will find that the Government is benefited by it. If you allow a man \$75, his compensation, to go home, the Government is better off than if you kept that man in a hospital. On the other hand, if the man can prove after investigation—and this amendment would give the bureau authority to decide—that he is better off at home, let him go and give him this additional compensation.

This home-treatment matter has been battled on both sides for a long time, and I do not think a general rule will cover it. I could not be convinced that certain men with specified family surroundings are not better off at home than they are in the hospital, assuming that they have reached a certain stationary level. The bureau is adopting a policy toward this home treatment, and in case it should be allowed, and the bureau, as this amendment says, has the discretion of saying who shall and who shall not get out, these men should be allowed money to live on.

On page 31, line 2, after the word "necessary," strike out the sentence beginning with the word "*Provided*" and ending with the word "service." I fail to see what is the particular reason for that. I do not think there is any particular damage in it. May I ask General Hines what he thinks of that clause?

General HINES. I think it was put in originally on account of the use of naval and military establishments. It was put in the original act.

Senator REED of Pennsylvania. Let us see about that. Suppose a man in the service is permanently disabled before discharge. Suppose

he is sent to an Army hospital. He is entitled to his insurance. He is entitled to compensation.

General HINES. And he is still under military rule. While he is still in the service no compensation can be paid to him.

Senator REED of Pennsylvania. He is still under military rule. Are there any such cases left?

General HINES. Yes.

Senator REED of Pennsylvania. Men who have not yet got their discharge?

General HINES. Yes; of course, they get this disability within a short time. But I have an idea that this was put in originally in the act for the very purpose that you are mentioning. The effect of it now is very small. I can not see that it is very effective, but no doubt the military and naval authorities would like to see it continued for that purpose, to cover men who are still under their jurisdiction.

Senator REED of Pennsylvania. I do not see how it would do any damage in the case of military and naval patients except those that are in the military service.

Mr. KIRBY. The military hospital physicians complain very bitterly of the dual system in housing veterans and patients in the naval and military services. I heard a doctor talking recently about that. It is a very serious problem. They have two standardizations of treatment.

General HINES. They complain because their patients are required to perform certain duties in the hospitals that the other patients are not, and we have agreed on certain regulations that seem to be satisfactory now, after conferring with the naval authorities, whereby a man is not given instructions to do any work around the hospital, but he is allowed to follow the same rules, if he wishes, along with the other men, and it seems to be working out.

Senator WALSH of Massachusetts. But that ought to be taken care of when we get our own hospitals for the veterans.

Mr. KIRBY. Here is the situation. How can you consistently expect, one man lying in bed and another man sweeping the floor, that the latter will be content? How can you expect morale there? A man in the regular establishment is compelled to do certain small, light duties around, and the other fellow is not. How are you going to maintain any morale under those circumstances? That all comes up under the head of using vast funds for the disabled in the regular military and naval establishments.

On page 31, line 16, after the word "patient," add the following words—

the difference between \$20 paid the man in a neuropathic hospital and the sum he would be entitled to were it not for his mental condition, shall be placed to the credit of the affected veteran in the United States Treasury and shall be paid to his nearest relative upon his death or upon his discharge or recovery shall go to the beneficiary himself.

Now, you have this situation: You are going to take these men in the insane asylum for a period of six months, and you are going to put them on a \$20 a month basis, but you are going to deprive them of the difference between the \$20 and the \$80 or whatever else they might be entitled to. There are certain cases of dependency, but if they live they will pile up quite a lot of money, and if a man goes to a hospital and stays there a year there is no reason that I can see

why the difference between \$20 and the \$80 should not be to his credit. It will give him a start. A man with the reputation of having been in an insane asylum is under a terrible handicap, anyway. Why they should put a man who is mentally disabled upon a lower level of compensation than a man who has probably a less trying disability I do not know. I will agree, for the sake of argument, that keeping this money for this man might be satisfactory; but I do not see any justification for permanently depriving that man of his money after his recovery.

Senator REED of Pennsylvania. I think that is a good suggestion, so far as the recovery of the veteran himself goes, but you will agree that it is all wrong to have several thousand dollars going to distant cousins in case the veteran dies.

Mr. KIRBY. I am in sympathy with that idea, Senator.

Senator WALSH of Massachusetts. Or to nondependent relatives.

Mr. KIRBY. I would like to have certain restrictions made, but speaking from the point of view of the mentally disabled man, I think it is an injustice.

Senator REED of Pennsylvania. Before you leave that point I would like to suggest a couple of changes there, to see what you think of them. General Hines, may I ask, as a matter of information, what effect is that likely to have on Perryville?

General HINES. On Perryville?

Senator REED of Pennsylvania. Yes.

General HINES. It will have very little effect on Perryville. There are very few of those men who have funds growing up under guardians.

Senator REED of Pennsylvania. Does this apply to neuropathic hospitals?

General HINES. It does with reference to men who are totally mentally incompetent, and the funds are being paid to their guardians or are being held by the bureau for the men. There is some \$2,000,000 accumulated for those men, and many of them are without relatives. I think the safest thing would be to follow the provision outlined here. We have offered one or two changes, but in the event that a man recovers, of course, the money should be paid to him.

Mr. KIRBY. There is no provision in this clause for that.

General HINES. We have offered a substitute which brings that out.

Mr. KIRBY. The bureau would have no objection to that man getting accrued funds on his discharge?

General HINES. No.

Senator REED of Pennsylvania. Suppose there were added to that subsection a provision that in addition to being confined in such a hospital for six months, the veteran should also be adjudicated by the director to be permanently insane; and then a further provision that in the event of the recovery of any patient whose compensation has been thus reduced, he should be paid the amount of the reduction at the time he is discharged from the hospital as cured. That would pretty well cover the difficulty.

Mr. KIRBY. That is my proposition, I think, in different words. General Hines is sympathetic, as I understand, to that.

Mr. BETTELHEIM. There ought to be a saving clause in that, then, because there is a general provision in the law that you can not pay a compensation for a period further back than two years.

Senator REED of Pennsylvania. We will take care of that.

Mr. KIRBY. On page 31, line 24, strike out the sentence beginning "In case such patient," and ending with the words "the bureau," on page 32, line 20. We desire to file a most respectful but vigorous protest against this clause. I do not know anything in my experience since the armistice that has aroused such a strong protest as this attempt to take the money away from these men temporarily and hold it up in the bureau. On the one hand, you are preaching the gospel of contentment, and on the other hand you have what might develop into paternalism running rampant, if these men's money should be held up. I will be broad enough to admit to you that there may be an occasional case where a man, by having his compensation held up, will be better off; but I am not prepared to admit that that is true of anything approaching the majority of the men. I watched that situation personally, and only last week I called in from the hospital here a man for whose judgment I have considerable respect and I asked him what proportion of the men in this particular hospital were, in his judgment, causing trouble, by either drinking or gambling, or anything else, and he said less than 5 per cent; and I think so, too. Now, if you are going to take 95 per cent of the men or more and antagonize them because 5 per cent of them are doing something they ought not to do, I think you are going to work an injustice.

Senator WALSH of Massachusetts. It is discretionary on his part, is it not?

Colonel BOUGHTON. It is discretionary with the director.

Mr. KIRBY. It is provided that the director shall prescribe the conditions whereby all patients may allot; and then on further you have, in line 24:

In case such patient has not allotted three-fourths of his monthly compensation.

Senator REED of Pennsylvania. Regulations may be made by the director to provide, etc.

Mr. KIRBY. It says "may provide." I think it is dangerous to allow such a thing. I think these men who went into the service at the average age of 23 and have now reached the age of 30 have judgment enough to be allowed to have this money, and while it is true that occasionally you will find a man who will abuse this and cause trouble in the hospital, why should you penalize the other 95 per cent?

Senator REED of Pennsylvania. There is no intention to penalize the other 95 per cent. All we are trying to take care of are the men who by their own dissipation prolong their illness. If it is provided in there that regulations may be provided in the case of the men whose dissipation has retarded their recovery, would you see any objection to that?

Mr. KIRBY. You have a provision later in the bill for that, by allowing the disciplinary board to take three-fourths of the compensation away from a man.

Senator REED of Pennsylvania. I do not know that that is still in the bill. I think that was stricken out.

General HINES. No; it was not stricken out. It is retained in section 72, on page 12, of this bill. That, however, is punishment, not prevention.

Senator REED of Pennsylvania. I do not believe in finding men in order to keep up discipline in a hospital. That ought not to be done.

Senator WALSH of Massachusetts. In any event, this will not be a fine. It will not be a permanent loss of the money.

Senator REED of Pennsylvania. It will be withholding the money from a consumptive, for instance, who goes out and gets tight every time he gets any money; and I think it ought to be withheld from him. But I do not think it should be withheld from the other men in order to reach the dissipated men.

Mr. KIRBY. You know there are a lot of men in these hospitals that are really saving money.

Senator REED of Pennsylvania. They ought to be allowed to. From the telegrams and letters that I have had I think that the majority of the men in these hospitals have misunderstood the whole intention of this section. They have, all of them, assumed that thrifty, intelligent, sensible men were going to be penalized and were going to have the Government nurse their savings for them. That is not the intention at all.

Mr. KIRBY. The unfortunate thing is that they have not only got that idea, but in some way they have decided that the Disabled American Veterans suggested that to you, which makes our part doubly hard.

General HINES. I think it was brought about by the way the newspapers carried the preliminary report made by the committee. It gave the wrong impression; and of course these men have not seen the whole bill, many of them, and have nothing more to go by than the newspaper reports on the preliminary report.

Mr. KIRBY. They have gotten so far in the protect, Senator, that at Fort Bayard the Veterans of Foreign Wars, the Disabled American Veterans, and the American Legion have combined, and they are not writing letters, but the letters are printed. We have a telegram from Whipple Barracks, which I have in my grip, of four pages; and we have a special delivery from Walla Walla; and these men are bitter about this.

Senator REED of Pennsylvania. They had better learn the facts before they indulge in any further bitterness.

Mr. KIRBY. I think Congress has been deluged with protests against it, and I think it would be extremely unfortunate to have anything of that kind in there.

Senator WALSH of Massachusetts. The purpose was most kind and the desire was to be helpful. It may be on the wrong track, but the purpose was really to help these fellows. You and I know that there are some fellows to whom it is kindness to put away \$75 a month for them and not give it to them.

Mr. KIRBY. Do you not think this should be confined to the men who most need the guardianship, rather than to make it possible to have such a broad application of this principle?

Senator WALSH of Massachusetts. Does the director apply for a guardian on the ground that they are spendthrifts?

Senator REED of Pennsylvania. No; I think what Mr. Kirby means is that we should insert some words saying that this power is to be applied only where a man is retarding his own convalescence through his misconduct.

Mr. KIRBY. Through repeated violations of the disciplinary regulations.

General HINES. Could we read the proposal suggested for that, and see if it comes anywhere near covering it?

Senator REED of Pennsylvania. On what page is that?

General HINES. It is on page 26 of the analysis. It is under recommendation 9, concerning subdivision 8 of the section.

Mr. KIRBY. Does not that concern exclusively the mentally disabled?

General HINES. No; you are reading 7. Read 8.

Senator REED of Pennsylvania. I think something along that line can be done. I believe it could be done by inserting in the bill as we have it a provision that where the director shall find that convalescence has been retarded by continued misbehavior, or some such phrase as that.

General HINES. I would not be disposed to give that power to the medical officers of the hospitals. I think I would require reports from them, and evidence, before steps were taken to require it.

Senator REED of Pennsylvania. That would be covered by your regulation. You say it shall be where the director shall find that convalescence is retarded?

Mr. KIRBY. I can readily see that a medical officer can take certain feelings against certain of his patients; and that is an awful power.

Senator REED of Pennsylvania. We will put the burden on the director, and it is up to him, under the regulations.

Colonel BOUGHTON. You can only make it go to one-fourth of his pay. If you will read the beginning of the paragraph on page 41, it starts by saying in case the patient has allotted three-fourths of his monthly compensation.

Senator REED of Pennsylvania. Yes.

Colonel BOUGHTON. You still leave him the power to handle three-fourths of it?

Senator REED of Pennsylvania. He has the power to allot three-fourths.

Mr. KIRBY. Yes; and if he does not, you still have the compulsion there.

Colonel BOUGHTON. As long as that power exists, you have not accomplished anything. He can allot three-fourths of his compensation, and have it given to him.

Senator REED of Pennsylvania. If he allots it to his wife and she brings it to him for purposes of dissipation, you will have a remote and unusual case. That will not occur very often. That is a case we can not legislate against.

Colonel BOUGHTON. He can allot it to anyone.

Mr. KIRBY. On page 32, line 21, strike out the sentence beginning with the words "The Secretary of the Treasury" and ending with the words "said funds." If the above is struck out there will be no necessity for such a clause.

On page 33, line 21, it seems to me there is a joker here in this bill—that is, an unintentional joker. The suggestion is, on page 33, line 31, after the words "Veteran of," to strike out the words "the Spanish-American War, the Philippine insurrection, the boxer rebellion, or the World War," and insert the words "any military or naval expeditions since 1897." As that now stands, you are barring the Pershing punitive expedition, the Mexican border

mobilization, any action in Haiti, the Vera Cruz landing, and anything that is not specified. I would make that all inclusive. When we mobilized the whole National Guard on the border there were probably disabilities there that were just as much traceable to the military and naval service as in the Spanish War or the Philippine insurrection, or any of these other affairs.

Senator REED of Pennsylvania. So far as I am concerned, that does not need any argument. I had not thought of that.

Mr. KIRBY. I thought it was probably an oversight. What do you think of it, General Hines?

General HINES. We have a recommendation in relation to that which reads as follows:

(10a) The United States Veterans' Bureau is hereby authorized, in the discretion of the director, to furnish hospitalization in Government hospitals and necessary traveling expenses to veterans of any war who have not been dishonorably discharged from the service and who, in the judgment of the director, are in need of hospitalization, without regard to the nature or origin of their disabilities.

Senator REED of Pennsylvania. How about the Civil War veterans? They have all that, and have a separate provision.

Mr. KIRBY. I think a slight amendment there is necessary. I think you would have to go far afield to construe the Mexican mobilization and this Haitian expedition or the Vera Cruz landing as coming under that.

Senator WALSH of Massachusetts. We are agreed upon what is desired to be brought out.

Senator REED of Pennsylvania. Do you think we ought to include Civil War veterans there? They are already taken care of in the National Board for Volunteer Soldiers, and I think it is a great mistake to mix Civil War men with World War men.

General HINES. They have facilities available now. I did not give that much thought when we drew this. We thought we would include them all wherever they needed hospitalization. A condition might arise where a Civil War veteran might not be at a point near a soldiers' home, and one of our hospitals might be available to him. Of course it is discretionary in the whole matter; that is, where beds are available, etc.

Senator REED of Pennsylvania. Why do we limit it to a war? If a man has lost his leg or has got tuberculosis as a result of his service in a war, he is no worse injured than a man who is in the military service at any other time.

Mr. KIRBY. I would go this far, Senator; I would say "any military or naval expedition."

Senator REED of Pennsylvania. Why limit it to that? Why not make it "any honorably discharged soldier or sailor"?

Mr. KIRBY. Then you would have to put it between certain years?

Senator REED of Pennsylvania. Since 1918.

Mr. MILLER. It was put this way because a war did cover the Philippine Insurrection and the others.

Mr. KIRBY. I think by changing it again so that you will get in these various mobilizations and instances of active service it would be more satisfactory.

Senator REED of Pennsylvania. I think that we had better consider that more fully.

Mr. MILLER. The Senate has passed a law stating that that matter of Vera Cruz was not a war. As a matter of fact, it was quite a sanguinary conflict for a time.

Mr. KIRBY. On page 34, line 11, after the words "to retain," insert the words "or sell," and after the word "same," strike out the clause beginning with the words "or by" and ending with the words "were purchased." You have this proposition there: You have men in the hospitals who are making small things—trinkets or basket-work, etc.—who are allowed to retain these or to sell the articles and transfer the money to the credit of the Veterans' Bureau fund. Now, as a matter of fact, it is known that keeping these men sufficiently busy is actually helping them in their recovery, and as an encouragement to that I would allow these men to sell these things. I can tell you unofficially that they are selling them anyhow. I think that will be borne out.

Senator WALSH of Massachusetts. How would it read then?

Mr. KIRBY. "To retain or sell." That is the language of the paragraph.

Senator WALSH of Massachusetts. Then beginning with the words "or by selling the articles and depositing the money," you leave out the rest of the paragraph?

Mr. KIRBY. Leave it out, so that instead of turning the money received from selling the articles over to the Veterans' Bureau they will retain it.

Senator REED of Pennsylvania. Are there any men employed in making jewelry?

Mr. KIRBY. Yes.

Senator REED of Pennsylvania. Where the labor is the principal value of an article, I quite agree with your suggestion, but suppose that a man was being given vocational training at manufacturing jewelry, where the metal and jewels were the principal part of it. I do not know whether there is such a case.

Mr. KIRBY. There is a difference here. It says "patients," It does not say "trainees." This applies to men in the hospitals. These men make small basketwork trinkets, etc., and sell them.

(At 12.55 o'clock p. m., the subcommittee took a recess until 2.30 o'clock p. m.)

AFTERNOON SESSION.

The subcommittee reconvened at 3.10 o'clock p. m., Senator David A. Reed presiding.

Present, Senators Reed of Pennsylvania (acting chairman) and Walsh of Massachusetts.

STATEMENT OF MR. THOMAS KIRBY—Resumed.

Mr. KIRBY. On page 36, line 1, eliminate the whole section No. 15. That was the subject of the long discussion that we had a while ago about men getting a gratuity and being barred from compensation.

Senator REED of Pennsylvania. There is no doubt about a gratuity. I would like to have someone explain to me why that is in the present law; but I think there is no reason for doubling up on pension and compensation, is there?

Mr. KIRBY: We feel this way. We have a very few examples of men who served in the Spanish War who got their compensation and now are eligible, under very severe disabilities incurred in the line of duty in the World War, being forced to give up the other one.

Senator REED of Pennsylvania. That applies only to compensation under this section, and it would not apply to widows of Civil War veterans who have lost a son in this war.

Mr. MILLER. We have notable instances of women who lost a husband and a son or sons in the World War.

Senator REED of Pennsylvania. We have provided for them. They get double compensation now.

Mr. MILLER. Yes; but what I think Captain Kirby is thinking of is, if you are going to provide for a widow compensation for more than one person there is little reason why we should disallow the soldier compensation for the disabilities of two wars.

Mr. KIRBY. That is exactly my position.

Senator REED of Pennsylvania. You take a man who is 100 per cent disabled, and you give him compensation for 150 per cent disability.

Mr. KIRBY. I do not think you should do that. But take a man who was in the Spanish War and got a disability which was practically negligible, and who got a small pension, and who goes and gets a real disability in this World War; are you going to deprive him of what he gets for the injury he suffered in the Spanish War? It seems to me somewhat inconsistent.

Senator REED of Pennsylvania. We will mark that.

Mr. KIRBY. On page 36, line 19, strike out the subdivision starting with the words "that no changes," and ending with the words "in effect," on line 20. We are afraid of reduction in compensation there.

On page 37, line 6, after the word "shall" insert the words "at his own request or."

We find that these men are satisfied very often if they can prepare for these examinations, and personally I think, of course, we can very readily see that the director would be disinclined to call a man unless it is absolutely necessary. Of course, in a way you are going to lessen that compensation; but as long as it is provided here for the man to be called for examination by the director, I think that a man might be called at his own request.

Senator REED of Pennsylvania. As a matter of fact, at the present time, are not claimants always examined when they request it.

Colonel BOUGHTON. Yes; I think so. You would take up in determination as to the request whether it is reasonable or not. The matter of traveling expense comes into it, and wages, etc.

Mr. KIRBY. On page 37, line 12, strike out the sentence beginning with the words "no compensation" and ending with the words "intervening period."

Very often a man's compensation is cut because of his failure to notify the bureau of his change of address. Very often through clerical mistake in the bureau a man does not get the notice to report. Under this it would be possible to construe it that no compensation shall be payable for the intervening period, and cut that man off of this compensation. In other words, if you want to hold the compensation up until a man does appear for examination, all right, and

then give it to him; but this thing would serve to cut him out of the compensation which is admitted to be due were it not for his failure to appear.

On page 39, line 10, strike out the clause beginning with the words "within five years," and ending with the words, "from the service," and substitute the words, "one year after the enactment of this act," and on page 39, line 16, strike out the clause beginning with the words, "within five" and ending with the words "such disability," and substitute the words "one year after the enactment of this act." This is an extension of that eligibility for training.

On page 39, line 16, strike out the clause beginning with the words "within five years," and ending with the words "such disability," in line 17, and substitute the words "one year after the enactment of this act."

On page 46, after line 24, insert the following:

The director shall declare a man permanently and totally disabled from an industrial standpoint and thereby make insurance payments regardless of his rating for compensation.

That is the matter we were discussing a while ago. That will serve to provide for these men who have been hospitalized for long periods in which the insurance payments are denied.

On page 48, line 3, eliminate the sentence beginning with words "As a condition" and ending with the word "policy," on line 12. That will fit into a larger suggestion I have got.

On page 48, after line 3, insert the words:

Any beneficiary who is not rated permanent and total shall be allowed to reinstate his insurance in whole or in part by payment of two months' premium as is now allowed able-bodied veterans.

My explanation of that is very brief. In case of disability the act compensates a man as far as possible; that is, on the side of disablement. On the side of insurance, on which it was started, that is for the disabled man, you are penalizing him. You are allowing an able-bodied man to reinstate his insurance on certain conditions which you deny the disabled man.

Senator REED of Pennsylvania. Are we not allowing the same privileges to disabled and able-bodied men?

Mr. KIRBY. No, sir; you certainly are not. On the one side you have made it to the benefit of the man who might be disabled, but in the way that it is being administered now you are penalizing the disabled man and rewarding the able-bodied. In other words, for insurance it is better that a man should escape without injury of any sort; and that is one of the high spots in this insurance.

Senator REED of Pennsylvania. Any man is allowed to reinstate under this, if he does it within the stated period, unless he is permanently disabled.

Mr. KIRBY. Permanently and totally disabled.

Senator REED of Pennsylvania. Permanently and totally disabled.

Mr. KIRBY. But he must pay all his premiums back. Now, take the able-bodied man. If his condition is good he can go down and pay two months and get all his insurance back without paying the interval.

Senator REED of Pennsylvania. Where do you find that?

Mr. KIRBY. That is the law as it stands.

Mr. MILLER. It is the regulations.

Mr. IRWIN. That is exactly the way the thing is functioning. Senator REED of Pennsylvania. That is the regulation, is it? Colonel BOUGHTON. That is the present law.

Mr. KIRBY. That, to us, is a marked penalty on the part of the bureau for the men for whom the bureau was created. Now, one of the problems which is being discussed constantly here and elsewhere is the matter of encouraging the reinstatement of insurance. A man who has been in the hospital or is attempting to restore himself economically is not in a position for four or five years after he is out of the service to pay, and his insurance has lapsed, and he can not go back and pay that whole bunch of money, and he will not do it. Your figures now, I think, show that only one out of nine men that took out insurance still maintains it, and the only way you can get them back is to cut out this unfair penalty against the disabled man on the part of the agency which was created for his relief; and if you will do that, from the experience I have, I think they will be glad to flock right in and have their insurance reinstated, and possibly help us out on this troublesome feature of insurance in the bureau, which will do infinitely more than all the selling and reselling campaigns you can possibly make.

Senator REED of Pennsylvania. We have not put in a provision for the reinstatement of the able-bodied under such terms as you speak of?

Colonel BOUGHTON. No; it is regulatory. All reinstatements were in the beginning a matter of regulation. There is no provision for reinstatement, whatever but by regulation it was provided and it was developed that way, and this is the only statement in the law which has ever been recognized.

Senator REED of Pennsylvania. What we wanted to do was to provide for reinstatement by healthy and by disabled men on the same terms, and we wanted to provide that any service injury short of total permanent should be no bar to reinstatement; and that a man who is temporarily or partially disabled might reinstate on the same basis as a healthy man. That was our intention; but we did not know about this regulation you have got in force about the two months' premiums. We certainly did not intend to discriminate against a man with service injuries.

Colonel BOUGHTON. You see, when Congress acted, it acted only with regard to the disabled. Then it provided for their reinstatement, which the bureau had not done by regulation, only the healthy ones were included in the regulation; conditioned by the statement that all the premiums must be paid. That is how it came about.

Senator REED of Pennsylvania. I think Mr. Kirby is right, that the present condition is a discrimination against the disabled.

Mr. BETTELHEIM. They require a medical examination also, do they not?

Colonel BOUGHTON. Yes; surely.

Mr. KIRBY. I think that clause there covers exactly what you think should be done. In other words, I think that the institution that was founded for the relief of the disabled and the insurance that was started for the relief of the disabled is now being held back from them through an absolutely unfair discrimination; and you can readily see that a disabled man who allowed that insurance, through

no fault of his own, or possibly through his own fault, to lapse, has never been in an economic condition to reinstate it, and the further he goes the worse the delay; and that has had a very distinct bearing upon the fact that eight-ninths of the insurance has lapsed. Had the men been healthy, had they had an earning capacity, they would possibly have reinstated that; but as things exist, you will never get that insurance upon a reasonable proposition until you do away with this discrimination, which I believe was really never intended.

Senator REED of Pennsylvania. If we had known of these regulations we would have written the section differently.

Mr. KIRBY. It is one of the highest spots in our program, and has been much debated, and I think the other veterans' organizations stand solidly behind us.

Senator WALSH of Massachusetts. Aside from this reinstatement section, I think we ought always to bear in mind that this law provides two benefits to the soldier, one in the matter of compensation which should be generously and liberally interpreted, and the other in the matter of governmental insurance at cost price, and in the interpretation of that, I think that ought to stand in mutual accord to this as near as possible to this regular insurance law, and that is on a somewhat different basis from compensation. We owe it to ourselves for many reasons, because we do not want the attempt of the Government to insure under favorable circumstances the soldiers to be such a dismal failure that it will never be invoked again. Let us be liberal, broad, and generous to an extreme in our giving of compensation; but when it comes to insurance, for the sake of making it a satisfactory experiment in that domain, let us adhere as much as we can to the insurance law. That is something you men ought to keep in mind, that our generosity and our broad construction of the law must be in the matter of compensation, but when it comes to the question of insurance, we must as much as possible stand on the insurance law.

Mr. KIRBY. Closely along that line let me call your attention to this. If you are going to adhere as closely as possible to the commercial compensation, you must guard these men who are in the hospitals month after month on the benefit of their insurance.

Senator WALSH of Massachusetts. The benefit of the insurance is not that you have any different benefits from what any insurance company would give, but that your premium will be a cost premium; that you get the lowest possible price in premium rates that could be given by the Government, and that all overhead charges, etc., from the companies will be eliminated, and that the general insurance law will be maintained. That is the way I understand the general theory of this insurance.

Mr. KIRBY. Is it not true that if you adhered to the laws of the commercial insurance companies as closely as reasonable, these men who are in the hospitals month after month and year after year would be receiving the benefits from the insurance? Surely the commercial insurance companies, looking at the permanent or total disability, would have a broader view of it than the Government, which will not compel you to stay in the hospital month after month without paying.

Senator WALSH of Massachusetts. For instance, no insurance company would insure a man who was totally disabled.

Mr. KIRBY. Yes; I will agree to that; but no insurance company would ever have taken the risk at almost any price, and particularly the price at which this Government offered insurance when they went into the service.

Senator WALSH of Massachusetts. That is only a broad suggestion that I think you ought to keep in mind, because we do not want this thing to turn out such a terrible burden that it will never be undertaken again. Let the burden be shifted onto giving the compensation.

Mr. KIRBY. Another thought you might inject there is that a man in the hospital or sick, who has certain responsibilities, has his mind greatly eased if he has insurance; and it has a curative value in it. The man who lies in the hospital and knows that if he dies or continues helpless his wife and children are going to suffer, is not going to be able to get out of the hospital as quickly as if he knew that they were going to be taken care of.

On page 50, line 13, insert the following proviso:

Provided further, That where any soldier has heretofore allowed his insurance to lapse, while suffering from wounds or disease suffered or contracted in line of service and was at the time he allowed his insurance to lapse entitled to compensation on account thereof, or became entitled by later amendments to the law, by reason of their retroactive effectiveness, to compensation on account thereof in a sum equal to or in excess of the amount due from him in premium on his said insurance, and dies or has died from said wounds or diseases, or becomes or has become permanently and totally disabled by reason thereof, without collecting said compensation, and at the time of such death or permanent total disability had or has sufficient uncollected compensation to pay all unpaid premiums, then and in that event said policy shall not be considered as lapsed, and the United States Veterans' Bureau is hereby authorized and directed to pay to the said soldier or his beneficiaries under said policy the amount of said insurance less the premiums and interest thereon at 5 per centum per annum compounded annually in installments as provided by law.

Senator WALSH of Massachusetts. What does that mean, Mr. Kirby, briefly stated?

Mr. KIRBY. I will ask Mr. Irwin to explain it, Senator.

Colonel BOUGHTON. We have a proposition on that which is much simpler.

Mr. KIRBY. This is our cure for the Schwartz case.

Mr. IRWIN. This is where any soldier has heretofore allowed his insurance to lapse while suffering from wounds or disease suffered or contracted in line of service, and was at the time he allowed his insurance to lapse entitled to compensation on account thereof, or become entitled by later amendments to the law, by reason of their retroactive effectiveness, to compensation on account thereof. It will eliminate the Schwartz decision entirely. This was our solution, in order to make it specific.

Colonel BOUGHTON. The language is very involved.

Senator REED of Pennsylvania. Yes; needlessly involved.

Mr. KIRBY. On page 53, line 17, add the following proviso:

Provided, however, That any amount received by any beneficiary of the bureau, under the conditions as outlined in the preceding sentence, shall not prevent him from receiving, in addition, any compensation due him for other disabilities which he has been, is, or will be entitled to under the provisions heretofore outlined in this act for service disabilities; nor shall it prevent him from receiving his vocational training maintenance and support allowance, in addition, if he is in vocational training.

Through a peculiar oversight men disabled while in training have never been compensated for it.

Senator REED of Pennsylvania. You would get the same result if in line 12 you would, after the word "shall," insert the words "in addition to his compensation under title 2."

Mr. KIRBY. That is simpler, Senator. It is the same thought.

On page 53, line 18, after the words "June 30, 1926," insert the words, "unless otherwise provided for in sections 403, 404, and 405 of this act."

That is the act extending the right to obtain compensation or vocational training one year subsequent to the enactment of this proposed law. That is the amendment we suggested, of making men eligible one year after the passage of this, or discharge from the hospital.

On page 54, line 16, after the words "June 30, 1924," insert the words "or within six months after discharge from hospital."

That is the simplest way we see, if this training is to be limited. There are now in the hospitals, as you know, thousands of men, and those men have got to be looked out for in training. These men, in a great many cases, if not the majority of cases, are considerably worse disabled than the men who have already gotten out of the hospitals, have been cured, and have completed training; and under this you would affect the men in the hospitals there, getting training; whereas, if you insert the words "or within six months after discharge from hospital," you will take in this class of men.

Senator REED of Pennsylvania. Yes; and you would also take in any men that were in a hospital for a month.

Mr. IRWIN. That is, assuming that a man had a vocational handicap. You would only take in the men who were eligible.

Mr. KIRBY. Page 54, line 20, after the words "June 30, 1923," insert the words "or within six months after discharge from hospital." That is the same idea.

Senator REED of Pennsylvania. Yes.

Mr. KIRBY. On page 54, line 22, after the words "June 30, 1923," insert the following words:

unless he shall have been declared eligible for training subsequent to June 30, 1923, or having been declared eligible but not feasible for training, has overcome that nonfeasibility subsequent to June 30, 1923.

That is the man who, through no fault of his, through his physical condition, has been unable to get started.

Now, in the conclusion of this we have an addition which we want to offer, which we think will have the most extensive effect on this rehabilitation problem, of the test of when a man is rehabilitated, and getting him on the way.

On page 54, after line 24, insert the following:

The director is directed to establish an advisory board of five members, qualified by their special experience, in the central office of the bureau, and also an advisory board of three members in each of the district offices for the purpose of assisting veterans who have completed their vocational rehabilitation training. It shall be the duty of these boards to assist the veterans in obtaining suitable employment, and loans may be granted to these veterans up to \$1,500 at the rate of 4 per centum for the purposes of establishing suitable businesses upon the following conditions: Upon the security of a first chattel mortgage on the business; that the total amount of the loan shall not exceed 75 per centum of the appraised value of the business; that the advisory board shall at all times have access to the records of the business and may, in its discretion, after a proper hearing recall

the loan; that the benefits shall be available to any disabled veteran taking or who has completed his vocational training and who has presented satisfactory evidence that he is in actual need of the loan and has the capacity for conducting the business selected. That repayment of the loan under the provisions of this act, including the interest, shall be made in installments in accordance with a plan determined and adopted by the director, and must be paid within a period of ten years; that any person who shall be granted a loan shall enter into an agreement in form and under conditions to be prescribed by regulations by the director.

The director shall have full power in his discretion to delegate to these advisory boards such administrative powers as may be deemed necessary by him to carry out the provisions of this section.

That is something new, in a way, but it is our suggestion of getting these men started.

Mr. MILLER. How about paying the members of the board?

Mr. KIRBY. There is no provision there for that. I assume they would be on the pay roll of the Veterans' Bureau. These men are going out of this training. This would only last in certain conditions. If you have a man who is supposed to be a tailor, and he can not own a tailor shop because he has not a pressing machine, he can borrow the \$200 necessary to get it, and the Veterans' Bureau will have a mortgage on the whole thing. It will have his books wide open to it, and the advisory board can keep in touch with the business. Along that line I would like to make one suggestion of a specific experience we have had. The other day I had occasion to talk to Judge Payne of the Red Cross, and one of his assistants was telling at that time that they had in Evergreen a number of totally blind men; the most pathetic cases among the disabled, and in 33 cases where the Red Cross had loaned money, never in excess of the \$1,000, 30 of those men had become self-supporting. That is a specific, definite result of this loan proposition. We know the objection to the making of loans and how there is a certain feeling against it, but with certain worthy cases there should be something available to give these men this start. We are not foolish enough to ask that this be done in all kinds of cases. Many of the men will not need it. But in a case where a man has put up a legitimate business, and that business is checked against by a board of the bureau and after being checked against they keep constant supervision, it is one of the several ways you can help to solve this rehabilitation problem.

On page 59 we would insert a section here which is a very late development. Last week the men at Perryville were taking their training, and a fire broke out in their quarters, and 13 men lost all the clothes they had except what they had on their backs, and to overcome that we would suggest this [reading]:

There shall be set aside, under the discretion of the director, a sufficient sum to meet the following contingencies: To reimburse all beneficiaries of the bureau, to the extent of their financial loss, who have suffered the loss of personal belongings in case of fire, explosion, etc., happening in or to an institution (hospital, training center, school, etc.): *Provided*, That it was necessary for the beneficiary to be in the said institution by reason of regulations, general orders, or any other ruling of the Veterans' Bureau and that due to the said regulations, etc., it would be impossible to have the aforesaid personal belongings elsewhere.

Here this fire breaks out, and without any fault of their own these men lose all of their clothing. They are there with no discretionary power to say whether they shall be there or not, and they have no money; and the appeal immediately came to us. I think it would coincide and is in line with the proposal to compensate men who are

disabled in the line of duty, while training. I think it is thoroughly consistent that some such provision should be made as this.

Senator REED of Pennsylvania. These were trainees?

Mr. KIRBY. Yes, sir; and these men were compelled to live in the quarters which were burned; and they are strapped, they have lost all their clothes, and there is no provision for them. They have appealed to us, and we have appealed back to the Red Cross; but there should be some way to provide for them. You put these men in these schools and compel them to live there, and then when the fire comes and they lose everything and they are strapped there is no provision made. I think it is absolutely justified, and this happened since I talked here to the committee before.

Senator REED of Pennsylvania. In the case of patients in hospitals what clothing is provided by the bureau?

Mr. IRWIN. Night clothes and pajamas, etc., are furnished by Red Cross.

Mr. KIRBY. I stand to be corrected, if it is wrong; there is not a solitary thing given a man. What he has is given to him by the Red Cross.

Senator REED of Pennsylvania. The bureau does not provide pajamas and night clothes?

Mr. IRWIN. No, sir.

Colonel BOUGHTON. There is no legal reason why they should not.

Mr. KIRBY. There is no legal reason but there are other reasons. You must understand that the Red Cross is a skeleton organization planned for sudden emergencies and expansion, and these women, you understand, are kept busy in county units of the Red Cross making these sweaters and socks, etc., to provide the Veterans' Bureau with them. I do not know that there has ever been any provision suggested for the Veterans' Bureau to look out for these people, and as I say, if the fire had not occurred the other day we would possibly have missed this point, and I certainly urge it on you for the most serious consideration. These men did not lose these clothes at home; they lost them because they happened to be in these barracks which did not happen to be fireproof.

Senator WALSH of Massachusetts. A situation like this happened a few years ago at the hospital at Liberty, N. Y., and I thought the bureau took care of it

Mr. KIRBY. Do you know of anything that would justify the expenditure by the bureau to take care of such an emergency, Colonel?

Colonel BOUGHTON. On account of the loss of clothes?

Mr. KIRBY. Yes.

Colonel BOUGHTON. No.

Mr. MILLER. Except that it might be advanced or come from the revolving fund.

Mr. KIRBY. But not to restore them?

Mr. MILLER. Not to restore them.

Mr. KIRBY. Now, I will turn back to page 28, and then I will be about through.

Senator WALSH of Massachusetts. Are you going to increase these penalties?

Mr. KIRBY. Through an oversight I failed to read a suggestion on page 28, line 17, to add the following proviso:

Provided, however, That any man who has been or will be discharged from a hospital and diagnosed as arrested or quiescent tuberculosis, shall be rated and receive compensation to the extent of at least 50 per cent and this rating shall not be reduced during the lifetime of the disabled beneficiary.

That is along the line of the suggestion made the other day. The Veterans' Bureau has been saying that these men are eaten up with tuberculosis and are not going to get well, but they have been putting them in training. They are not getting well, and a man in that condition can not stand up under the strain. If he gets his feet wet or sleeps in a draft he is gone. The tubercular men know that, and the Veterans' Bureau has come to a realization of it. You can give them this 50 per cent compensation under certain conditions, and you will relieve a lot of that situation; but at present it is not satisfactory.

Our convention went on record in regard to provisions for women, the female veterans, and a plan is being worked out by the Veterans' Bureau now that is serving to clarify that situation. A provision has been made to admit the women to the National Home for Disabled Soldiers at Danville, Ill., and at Milwaukee. Those suffering from general disability and old age will be taken care of at Danville, and tubercular patients at Milwaukee; 20,000 women served, and there were 4,000 nurses sent overseas while 15,000 were engaged in this country. We think that these women will probably be better off to themselves than they will be mixed up in these other hospitals.

In my statement the other day I took occasion to explain the apparent oversight of providing an advisory board for insurance, but not having an advisory board for rehabilitation. Relatively, insurance is in good shape in the bureau and rehabilitation is in the worst shape, and we think that this advisory board as we have outlined it in our proposal should be instituted at once. They are all big men, who know the subject and speak the language of the service men, and they could unquestionably be of the greatest assistance to General Hines, and we urge that very strongly. With your permission I will have inserted in the record a statement from the Disabled American Veterans' Weekly which I think covers that point very well.

(The statement referred to is as follows:)

VETERANS' BUREAU DOCTORS.

The time has come when the Veterans' Bureau must settle on a definite policy in regard to the strengthening of the medical division.

Ever since its institution the bureau has experienced difficulty in obtaining the proper class of physicians and surgeons, and, while the situation at present is perhaps no worse than in any other period, there is a decided potential danger that unless there is a forward-looking policy adopted it will be a matter of but a short lapse before the situation will be acute.

The last census shows that against a population increase of 14,000,000 there were 6,000 less doctors practicing than 10 years before, while in 20 years the number of medical schools has dropped from 180 to 60 and the number of students in attendance from 28,000 to 17,000. In 1910 there was a physician for each 608 inhabitants, while in 1920 there was a physician for each 729.

With the ratio between inhabitants and physicians constantly broadened, it is high time that the Veterans' Bureau take some action to formulate a plan to heighten the standards and compel better training for the ones in whose hands is to be placed the man stricken in the country's defense.

Some better inducements must be offered than are now available if the bureau is to have such a medical staff as the people intend. Not only should the salaries be equitable, but there should be other future privileges that will serve to attract the class of professional men so badly needed to solve this national problem.

If General Hines would call a conference of representatives of the Rockefeller Foundation, the Carnegie Foundation, the Disabled American Veterans, and other well-informed agencies, he could probably obtain most valuable intelligence as to how to meet the situation.

Senator WALSH of Massachusetts. How many have you in your organization?

Mr. KIRBY. We have around 100,000. I wanted to make one more statement before finishing, and that is in regard to these hospitals. I think that the Senate investigating committee is going into this thing very deep, but we would like as a matter of record to have our objection to the figures that have been given to the public, that are misleading, unintentionally so, but nevertheless misleading. We find, according to the figures given by the Veterans' Bureau, that 4,619 of the beds listed as among the thousands unoccupied are unsuitable, and are admitted to be so by the Veterans' Bureau. There are reasons for that given in their charts, in their fire trucks, geographically remote, etc. I think that in the discussion of this bill some method should be worked out to bring this to the attention of the people. I do not see how Congress could consistently be asked for further appropriations for establishment and extension of the hospitals in view of the fact that the President has said there are 9,500 beds that are available; but out of those 9,500 beds there are thousands that constitute a permanent fire hazard, and a perfect dread of the veterans' organizations is that some terrible holocaust will hit one of these hospitals and then bring to the attention of the people their condition. Now, I know the good intentions that the President had when he brought this to the attention of the people. His idea was to further the legislation and open the hospitals which were available, but the time has come, I think, when the people should be told very pointedly that these 9,500 beds are not the kind of beds that the man in the street thinks of when he speaks of a hospital. He means a permanent institution.

Senator WALSH of Massachusetts. Now, your statement is that over 4,000 of those beds are in hospitals that are condemned. How many beds are being occupied in these hospitals that are condemned?

Mr. KIRBY. Here are the figures. There is a total of 16,205 beds according to this Veterans' Bureau statement. Of those, there are unsuitable, 4,619; and there are suitable, 11,586. Now, how many of the men who are in the hospitals are in suitable beds and how many are in unsuitable beds, I do not know.

Senator REED of Pennsylvania. We can work that out.

Mr. KIRBY. I understand you have made a thorough study of that proposition, but I think in any further statement it is important to differentiate between hospitals as they should be and hospitals in abandoned camps. In the original war risk act, and in every subsequent amendment, it has been understood that the improvement of this measure will be progressive. As I say, at the outset we think there are many features of this bill that should have the strongest support, and some we are opposed to and some we think want amending; but without saying that this should be a cure-all, or that it will solve the problem, we think if this committee will

favorably report this measure as amended by us it will go a great ways toward relieving the situation.

On behalf of the Disabled American Veterans I desire to express my sincere thanks for this opportunity of being heard.

**STATEMENT OF MR. EDWIN S. BETTELHEIM, JR., CHAIRMAN
NATIONAL COMMITTEE VETERANS OF FOREIGN WARS.**

Senator WALSH of Massachusetts. How many members are there in your organization now?

Mr. BETTELHEIM. 125,000, not including the Ladies' Auxiliary. Senators, if I may be permitted, in behalf of our organization, to say that we concur in most of the recommendations that have been submitted here it will shorten my statement and cut it down a great bit, because there is no need of going over all that has been said. Captain Miller and Captain Kirby and Mr. Irwin and myself have been in conference on this bill and we have come to sort of a meeting of minds as to what we desire, so there is no need of going over. But I would like to insert a letter that I wrote to Senator Reed, dated November 5, which gives the outlines of our proposals.

Senator REED of Pennsylvania. We will be glad to have it.

(The letter referred to is as follows:)

VETERANS OF FOREIGN WARS,
OF THE UNITED STATES,
November 5, 1923.

Hon. DAVID A. REED,
*Chairman Special Committee of the Senate
Investigating the United States Veterans' Bureau,
Washington, D. C.*

MY DEAR SENATOR: The Veterans of Foreign Wars congratulates your committee and the work of General O'Ryan and his associate counsels in the thorough manner in which you have gone into and investigated the situation placed under your charge. We feel sure that the outcome will be for a more careful and efficient management of the Veterans' Bureau, and also a lesson and caution to Government officials in charge of other bureaus of the Government.

We also feel that Members of Congress might be urged through your committee to also bring about remedial and beneficial legislation in behalf of the ex-service men.

(1) Therefore, we would urge that your committee recommend the appointment of a committee on veteran legislation in both the House of Representatives and the Senate, to which committee legislation pertaining to ex-service men's affairs, other than pension claim and adjusted compensation, might be referred, and this committee be made up, as far as possible, of Members of Congress who are ex-service men.

Experience has demonstrated that bills on various pieces of veteran legislation have been referred around from one committee to another, and these various committees naturally were devoting their attention to their specific endeavors, and a great deal of delay and lost motion results in acquainting the members with the true state of affairs and conditions surrounding ex-service men's legislation.

A committee, such as a committee on veteran legislation, should be appointed to devote its endeavors to study of veteran affairs and fact, and be unhampered in this.

(2) We would ask you to urge that a codification of the laws under which the United States Veterans' Bureau operates be made by Congress; together with the enactment of necessary legislation to bring about the unification of compensation and vocational training awards, especially as to awards to beneficiaries.

It is recommended that your committee urge that the codification adopted by the Joint Committee on Revision and Codification of Laws Affecting the Veterans' Bureau, which completed their work on October 2, 1923, be adopted.

This committee consisted of the legislative and rehabilitation counsel and two assistant directors of the United States Veterans' Bureau. The committee spent the best part of the summer and fall making a very careful study and working out a codification.

A copy of their report is attached hereto.

(3) That legislation be enacted permitting the Director of the United States Veterans' Bureau to open veteran bureau hospitals throughout the country to all veterans of all wars, regardless of whether or not their disability or illness is of service origin.

This recommendation, originating with the Veterans of Foreign Wars, has been indorsed by the Director of the United States Veterans' Bureau, by the national encampments and conventions of the various veteran organizations; and it is believed that it has the hearty support of President Coolidge, and will be included in his message to Congress.

There are at present over 9,000 vacant beds in Government hospitals, and there are many veterans walking the streets, languishing in poorhouses, and others dying and in need of hospital and medical treatment, because they are unable to show "service origin" for their illness.

It is a known fact that many of the records of the service men were poorly kept, lost, or destroyed overseas; and we do not say this in disparagement to the administration of the Army, but because of the rush in getting men to the front and the unpreparedness for the situation. Many of the men were sent to the hospital or to the rear, and their service records were days and weeks in catching up to them, and there are many instances in which they never did catch up and new service records had to be made up.

It is also common knowledge that very little record of men being gassed was kept overseas, due largely to the men themselves being afraid of being called "yellow" or a "quitter" if they went for medical aid due to gassing.

(4) That subsection 6 of section 302 of the war risk act, as amended, be corrected to provide transportation and traveling expenses for veterans of the Spanish-American War, the Philippine Insurrection, and the Boxer Rebellion, who are granted hospital treatment under the section.

As the law stands at present, the word "transportation" only is used, and this precludes these men from obtaining the usual lodging and meal requests afforded to other veterans, sent to hospitals or transferred from one hospital to another. This matter was undoubtedly an oversight when the previous bill was passed.

(5) A correction in the bureau regulations, and if necessary an enactment of a statute to permit trainee beneficiaries en route to hospitals on orders of the bureau to be furnished with meal and lodging requests.

The position taken by the rehabilitation division of the Veterans' Bureau in the past has been illogical with general bureau procedure in this respect.

(a) A man can be furnished with meal and lodging requests when he is sent to a hospital for examination or observation to determine whether or not he has a compensable disability, while

(b) A trainee who has already established his claim to care and treatment by the Veterans' Bureau can not in the above-mentioned instance obtain this when he is ordered or recommended for hospital treatment.

(6) A correction in bureau regulations so that where a trainee is excused from instruction on Friday no deduction will be made from his maintenance and support allowance for the following Saturday and Sunday (on which days no school sessions are held) providing he reports for class instructions at the opening of school session Monday morning.

It has been the practice of the rehabilitation division of the Veterans' Bureau, in cases where a man asks for and is granted one day leave (for instance, a Friday), to deduct pay and allowances for the Saturday, Sunday, and holidays that intervene between the said Friday and the first session on Monday morning or whenever school starts. This is manifestly unfair to the trainee. If a Government employee asks for leave on a Saturday and is back at his or her desk on Monday morning, no one would ever think of deducting an extra day's pay for the Sunday or holiday intervening, and yet this is just what the rehabilitation division is doing in the case of the vocational trainee.

(7) That legislation be recommended to bring about a modification of the comptroller's decision of April 6, 1923, in the George W. Endress case, which deals with G. U. cases.

Under section 303 of the War Risk Act, as amended, any man, who was enlisted in service and who had at some time prior to the service been suffering with these

diseases and who appeared at enlistment to be sound and no notation was made on his records at the time of enlistment, should be presumed to be physically sound under the above-mentioned section.

It appears that in numerous cases this latent disease which was thought to have been cured (in some cases has been dormant at least five years prior to service), was greatly aggravated by service; and yet the onus was placed on the ex-service man to prove that this aggravation was not the natural progress of such diseases, but was due to the strenuous work that a soldier must necessarily go through in time of war.

If the disease was contracted during service, the onus is also placed on the soldier to prove that it was contracted innocently, and this, in the words of an official in the Veterans Bureau, "is mighty hard to do."

We take the stand that if the man is accepted into service presumably sound, and made to undergo the strenuous work and hardships that necessity of the occasion brought about, and through this the disease became aggravated, this should be considered of service connection, and the burden of proof should be upon the bureau to show otherwise.

(8) That legislation be enacted to prevent insane beneficiaries of the Veterans' Bureau from being prey of professional and inconscionable guardians.

The director should be granted authority to demand an itemized and periodical accounting from all guardians of mentally incapable beneficiaries of the Veterans' Bureau, and if these guardians refuse to make these accountings, or if it appears that from the accountings or otherwise that the funds are not administered to the best interests of the beneficiary, that the Director of the Veterans' Bureau be authorized to withhold further payments.

It has been common talk that one professional attorney was appointed guardian, through legal channels, for over 100 veterans in St. Elizabeths Hospital.

(9) That the presumption of service origin of neuropsychiatric and tubercular diseases be extended to cases when a medical examination has shown them to have arisen within five years from the date of discharge.

The officials of the Veterans' Bureau will undoubtedly tell you that the present restriction of three years has worked hardship upon a great number of men afflicted with these ailments.

This was called to the attention of the Committee on Interstate and Foreign Commerce in the House of Representatives by the chairman of the National Legislative Committee of the Veterans of Foreign Wars last year.

It is also recommended that this 5-year presumption should not only extend to neuropsychiatric and tubercular diseases, but also to other internal orders which might be placed in like category, such as heart trouble, cancer, diabetes, sleeping sickness, etc.

Some of these are even very difficult to ascertain or even see by means of X rays. It is hard to determine just when they did commence. Take the instance of a cancer, it is the general presumption that it must be existent in a small state at least a year before it is found, therefore, it is urged that these diseases be included in the 5-year presumption.

(10) It is urged that legislation be enacted to grant a permanent and total rating to all beneficiaries of the bureau who have been hospitalized for a period of one year or more, and where it appears that further hospitalization will be necessary indefinitely.

The Veterans' Bureau had a regulation to this effect some time back, known as regulation 57(c), but this presumption was overruled by a decision of the Comptroller General, contrary to public opinion and desires of the veteran organizations and the bureau. It is urged that this presumption be enacted into the statutes.

The above are just a number of the more important features of new and beneficial legislation which might be subjects for recommendations by your committee. There are a number of others that will be developed in the course of conversations and hearings on the subject.

The National Legislative Committee of the Veterans of Foreign Wars has been instructed by our commander in chief, Brig. Gen. Lloyd M. Brett, to cooperate with your committee along the lines indicated, and we should be very glad to take up the matter further with your committee at such time and place as you might recommend.

Very truly yours,

EDWIN S. BETTELHEIM, JR.,
Chairman.

Mr. BETTELHEIM. That letter covers most of it. Then, just one or two other things that I would like to mention. One thing is the stressing of that correction on page 33 concerning hospitalizing veterans. We would suggest that that be made to read, "The veterans of all wars, campaigns, and expeditions," and I think that will cover the situation.

Senator WALSH of Massachusetts. Since 1898?

Mr. BETTELHEIM. Just let it read that way.

Senator REED of Pennsylvania. No; we do not want to include Civil War veterans. They are already adequately taken care of and ought not to be confused with the more recent veterans.

Mr. BETTELHEIM. During the lunch recess we discussed this matter by ourselves and we thought that that suggestion reading just that way, adding what you say, would cover the situation. The other thing is that we would like to stress the proposition of the bureau issuing compensation checks semimonthly. Now they do that in the case of vocational training checks and we do not think it would entail any hardship and it would also make a condition that would be less possible for men to have a large sum of money which they would dissipate at one time, and we think it would be a thing economical, etc., for the men.

Then as to this venereal disease proposition; which has troubled us all, it is very difficult for veterans' organizations to go on record as supporting men who have venereal diseases, but there are certain conditions that have arisen. There is one case that I had in mind that came to me during the morning session of a man who had an hereditary condition. He fell backwards off a truck at Bordeaux, with his pack, and his rifle hit his head, and when he came up for compensation examination showed that this hereditary condition of venereal disease cut him off entirely under the George Andros case.

Senator REED of Pennsylvania. Why should it cut him off?

Mr. BETTELHEIM. It does. The bureau has so decided in that man's case. Also the case of a supply sergeant who fell out of a second-story window down here in North Carolina, I think, or one of the Carolinas. He was also injured, and because there was the presence of this venereal disease, although the real cause was this accident, which really brought on an aggravation of whatever latent disease he had, his compensation was cut off entirely. He was not allowed compensation.

Senator REED of Pennsylvania. The reason venereal disease bars recovery is because under the law it bars recovery when the condition results from willful misconduct. No one thinks that a hereditary disease is the result of willful misconduct.

Mr. BETTELHEIM. In the latter case this man acquired it in his younger days and had been cured, had gone through the regular cure and been cured and had no trouble until years after when this accident occurred. Now, there is no doubt about the fact that this man's disability was due to accident incurred in service and was not due to his own willful misconduct at that time. Therefore, we would like to suggest a provision be made to take care of this situation. Of course, if a man acquired venereal disease in the service there may be some reason to say it was willful misconduct, although we believe conditions overseas in the Latin countries are different from what they are in the United States.

Senator REED of Pennsylvania. Conditions in any army are different from peace-time conditions, of course.

Mr. BETTELHEIM. And men are given to a sort of don't-care attitude. I met two boys in Paris coming back from the line and they were going to have a good time, because two-thirds of their squadron were shot to pieces, and they figured that when they got back they were going to get theirs, and they had a sort of lack of appreciation that one would have in ordinary civil walks of life, which may or may not be the right thing to do, but still it was there. What we want to stress mostly are the men who had venereal diseases before they went into the service, were taken in as physically sound, and were physically sound, and this thing was latent, if it existed at all. Now they should not be debarred because of that fact.

Senator REED of Pennsylvania. I do not see why the present law does not adequately take care of those cases.

Mr. BETTELHEIM. I do not think it does.

Senator REED of Pennsylvania. This man who was injured by falling off a truck in Bordeaux, that was clearly an aggravation of a preexisting disease, and the law clearly provides for compensation in this case.

Mr. BETTELHEIM. But that is not the construction.

Mr. BOUGHTON. I think that is true, Senator, but the Comptroller General says that the presumption of soundness, which is made conclusive in the statute, works both ways, and whatever the facts are, he must be presumed to have been sound when he entered the service and not to have had a venereal disease.

Mr. IRWIN. Although he was not examined for it?

Mr. BOUGHTON. Although not examined for it.

Senator REED of Pennsylvania. We in Congress are in a constant race with the Comptroller General, and he is ordinarily about a lap ahead of us. We work all the time trying to correct his rulings.

Mr. BETTELHEIM. Another point I should like to bring up is on page 23, line 24, section 200, after the words "neuropsychiatric disease," we would like to suggest the addition of encephalitis.

Senator REED of Pennsylvania. "Neuropsychiatric disease or an active tuberculous disease or encephalitis"?

Mr. BETTELHEIM. Yes; that is, sleeping sickness. Undoubtedly you will recall that Mr. Kelly, of western Pennsylvania, and, I think, some 15 Congressmen, had a hearing out there, and they introduced a bill, which is given on the first page of the Congressional Record of February 5, which covers that situation. There are a number of those organic diseases which should be included, and that matter was discussed at the time of this combined committee which drew up these recommendations for the codification, consisting of members of the Veterans' Bureau, the American Legion, the Veterans of Foreign Wars, Disabled American Veterans, and the Military Order of the World War.

Senator WALSH of Massachusetts. Is it difficult to show that this disease is due to service?

Mr. BETTELHEIM. Yes.

Senator REED of Pennsylvania. The question in my mind is whether we should extend that for five years, like the others. I can see that the four months prescribed by the Veterans' Bureau is too short, and

that five years is probably too long, and it would be better to leave that to the decision of the Veterans' Bureau. I think they should abolish the four-month rule, because there are cases where it occurs two years after the sickness that caused it, but I do not think we would do justice if we extended it to five years in those cases.

Mr. BETTELHEIM. I think it should go in on the same par with these N. P. diseases. I talked with the Director of the Veterans' Bureau last Monday evening and he was of the opinion that was a sort of an N. P. condition, but yet he was not sure whether it was or not, and in order to be safe we would suggest that it be included. I think that is agreeable to the Director of the Veterans' Bureau. Do you know how that is, Colonel?

Mr. BOUGHTON. I have not talked with him on that.

Mr. BETTELHEIM. I talked with him on Monday evening at the Legion ball and he seemed to think that was so.

Mr. MILLER. May I add a word, Captain?

Mr. BETTELHEIM. Yes.

Mr. MILLER. It may help your case. After the presumptive clause you are permitted to invoke in tubercular and neuropsychiatric disease the director issued General Order 195, in which he listed a very liberal number of things which could be included as functional conditions and encephalitis was included—a very liberal provision made to carry out the reading of the law. The first thing we got against was a man who developed a neuropsychiatric disease which produced paralysis by reason of external force of some kind, and of course, the comptroller did not permit them to pay, although he distinctly had a neuropsychiatric disease developed within the three-year period. Therefore, they found it necessary to make some provision for traumatic neuropsychiatric disease, and they included the fourth-month provision for encephalitis because their evidence was that the germ, while not very well recognized or well isolated, does develop within three weeks of the exposure. As a matter of fact, if we can include pathological encephalitis it will take care of a thousand of the most pitiful cases you ever saw in your life—about a thousand.

Mr. BETTELHEIM. We have quite an extensive brief that I would be glad to send the committee from various physicians noted in that line of endeavor on this subject, and when I get back to my office I will mail it. It was that brief that caused these gentlemen to come together and have a hearing out there and it outlines it very, very clearly and fully.

Senator REED of Pennsylvania. Under Congressman Kelly's bill what is the period that is stated? Does he make it five years?

Mr. BETTELHEIM. It reads that an ex-service man who is shown to have neuropsychiatric disease, including encephalitis, a tubercular disease developing into 10 per cent of disability, etc.—yes; it continues down to five years.

Mr. BOUGHTON. The doctors tell us if you would change the word "considered" on line 2, of page 24, to "conclusively presumed," it will take care of the whole situation so we can administer Regulation 195 and include encephalitis against the objection the comptroller now makes.

Senator REED of Pennsylvania. I certainly would take the word "considered" to mean "presumed;" would not you, Senator?

Senator WALSH of Massachusetts. Yes.

Mr. BOUGHTON. He does not. He makes a distinction between that word and the word "presumed."

Mr. BETTELHEIM. On page 24, at the end of section 200, we would like to suggest an additional proviso to read as follows:

And provided further, That an honorably discharged ex-service man definitely shown to be suffering from epilepsay grande mal as a result of active service shall be rated as totally and permanently disabled.

That is part of the continuation of that recommendation.

Senator WALSH of Massachusetts. They claim that is what they do now. At least, they want more proof. Is not that the story there?

Mr. BETTELHEIM. Yes; so if it is put definitely into the law it covers the whole.

Senator REED of Pennsylvania. That raises a broader question; that is, how far by legislation we ought to undertake to control the rating schedule. It seems to me that if we provide, as we do, that if a man's vocational handicap in occupations like his own is to be taken to be the criterion, that we ought not to undertake to provide particular ratings for particular diseases.

Mr. BETTELHEIM. I agree that Congress should not tie the hands of the bureau too tightly; but still if you do not enact certain presumptive clauses such as this the bureau's hands will be tied by the Comptroller General, and I firmly believe that a clause like that would be of greater assistance to the Director of the Veterans' Bureau than leaving it to the—

Senator REED of Pennsylvania (interposing). We have also done it to some extent in the provision for amputations, paralysis leading to total permanent disability. If you are going to take up cases like epilepsy, ought we not to put the whole rating schedule into the form of a statute; and if we do, do we not petrify it and make it incapable of easy correction as it is now?

Mr. BETTELHEIM. I do not believe we should put the whole rating schedule into statute, but still if situations arise where the director of the bureau is handicapped or embarrassed in making his ratings in cases similar to these cases of epilepsy, then I believe that Congress should come forward and provide a clause to take care of that.

Senator REED of Pennsylvania. Probably the director when he sees that would have something to say upon it. Agreeing then on the general proposition, as we do, take the case of epilepsy, particularly McElroy's case. I do not understand that the Comptroller General would refuse to pass a case like McElroy's case if in the judgment of the Veterans' Bureau people the proof were clear. I do not understand he objects to that item in the rating schedule, but the trouble with McElroy's case comes in that his case is not proven. It is more a case of a particular case than establishing a rule of law. I do not mean to argue with you.

Mr. BETTELHEIM. I understand; but there are cases creeping up like that, and there really is only one way to cover the situation, and that is to include it. Of course, we do not want to write a rating schedule for the bureau, but in cases where there is a total and permanent condition I do not see any reason why we could not make

that provision. Then we want to urge that men who have been found unfeasible for training have the option to apply to take training when it is found that they are no longer unfeasible.

Senator REED of Pennsylvania. That is, after 1926?

Mr. BETTELHEIM. Well, within one year after the passage of this act, or 1926. There are a great many of those boys. There are a great many we know in Pittsburgh. The poppies that are going to be sold on Memorial Day are being made by those boys because they have no way of getting a livelihood, and we have taken it up with the Director of the Veterans' Bureau, and he has approved of that case, and these poppies are being made by those boys. That is the only way they have of making a livelihood. They are not feasible for training and ought to be taken care of in some way. That is about all I have to say, Senator, for our side, except that Mr. Richard Seeley Jones, who is vice chairman of our national rehabilitation committee, was here yesterday and this morning, but could not be here this afternoon, and he would like to have permission to submit what he has to say in writing.

Senator REED of Pennsylvania. We would be glad to have it.

Mr. BETTELHEIM. He was chairman of this committee of the veterans' organization that drew up this codification. In closing I am sure that I speak for the veterans' organizations that we are very gratified at the cordial and very receptive attitude of the members of this committee, where we have been able to discuss these things pro and con without a formal attitude, and it is certainly very pleasant to be able to do that; and on behalf of my organization, and I am sure the other organizations, we want to express our gratitude.

Senator REED of Pennsylvania. We appreciate the assistance you have given us.

Senator WALSH of Massachusetts. How many of the cases that come to you now are new cases and how many are old cases seeking readjustment.

Mr. BETTELHEIM. Well, I guess you can figure that there are about 80 per cent of the old cases.

Senator WALSH of Massachusetts. That is what I thought.

Mr. BETTELHEIM. That think—

Senator WALSH of Massachusetts (interposing). That are dissatisfied with some ruling, or some insurance, or something else, but there are comparatively few cases coming along that have to appeal to you men?

Mr. BETTELHEIM. Yes.

Mr. MILLER. We are maintaining a service office in Washington, Senator Walsh, at a very considerable expense to the Legion. I think there is on my staff there probably 12 employees. It requires the constant time of six stenographers and two girls who do nothing but file and call cases that are set forward awaiting action, either awaiting action in the Veterans' Bureau or where we have sent out for further proof in affidavits to help these men build their cases up. We never set up cases where a man might get illegitimate affidavits, so to speak. I guess there are 5,000 cases in the office and they are divided up into cases where a man has not received complete or even any adjustment of his case, and 80 per cent are cases that are in process of adjustment and appeal cases, and the rest are cases coming under the George Howard Edward decision, the venereal disease decision, and the Ben-

jamin Schwartz. But it is true we are only establishing for the first time something that is all right in many, many cases, where they never had an award before, and that is one of the reasons why we suggest that the function of being able to revivify insurance by means of retroactive payments had not been fully cared for.

Senator REED of Pennsylvania. Senator Walsh I think had in mind also the cases of men who have a long-standing grouch and are practically impossible to satisfy. One of them that we are all familiar with is this Philipppo case. If Philipppo would go and live in some other town where living did not cost so much he could live in perfect comfort on the \$207 a month that he is now receiving from the Veterans' Bureau, but he is spending his time here in an expensive apartment, living rather expensively and running into debt, and he spends every day going around the Capitol here hounding Senators and Congressmen.

Senator WALSH of Massachusetts. Another of those is the Welch case.

Senator REED of Pennsylvania. Yes; there must be a lot of cases like that that make your life unbearable.

Mr. BETTELHEIM. Stephen Barsac.

Senator REED of Pennsylvania. Yes; he is another one.

Mr. MILLER. Each of these organizations has its organization in the field. We never permit a case to come up that has not been adequately carried up to a point that it can no longer be cared for in the district office.

Senator WALSH of Massachusetts. What I wanted to know is whether the bureau is so functioning now that a new applicant can make his application and get his case tried and adjudicated without bothering you very much and without much difficulty.

Mr. MILLER. If he is intelligent and if his case has no complications. Of course, if the case has no complications it ordinarily is a straightaway case, but the function of all these service organizations is to be able to throw new shades of light and meaning between the abstract outlines of the law and the consideration given those outlines by the Veterans' Bureau. If we were not able to do that through our experience as informal advocates for these men we would have no functions except purely legislative ones, whereas, in point of actual fact, the Disabled American Veterans, Veterans of Foreign Wars, American Legion, Red Cross, and others, have all they can possibly do. I expect the three organizations here have, between them, 10,000 or 12,000 live cases to-day.

As to the professional grouch to which the Senator referred—and I do not know that he means exactly those words—we always try to tell a man just where he stands so as to cut down the load of the Veterans' Bureau and cut down the load in our own office. We sympathetically tell a man just where he stands with respect to his prospects.

Mr. IRWIN. I would suggest this, that the committee give serious consideration to the proposal we made there in speaking of attorneys for these men, that you specify these organizations, the American Red Cross, Veterans of Foreign Wars, American Legion, and Disabled American Veterans. That has two reasons: First of all, it overcomes that objection which the law is unintentionally putting in there in knocking these liaison officers out from being an unofficial aid to the

bureau; and second, it will specifically eliminate a group of spurious veterans' organizations that are imposing on these men. I know Senator Walsh is more or less familiar with an organization in Massachusetts where they had to return indictments, and you will give us a standing we never have had, although General Hines has been very liberal in extending all the courtesies he could. But the inclusion of this clause will legalize the right of our liaison officers to cooperate. It was not intended that way, but it will have that effect.

(Whereupon the committee adjourned, subject to the call of the chairman.)

The following letters were submitted for the record by Senator Reed:

VETERANS OF FOREIGN WARS OF THE UNITED STATES.

Founded 1899. National headquarters, Kansas City, Kans.

NATIONAL LEGISLATIVE COMMITTEE,
Washington, D. C., February 27, 1924.

MY DEAR SENATOR: In accordance with the permission afforded to us, I am transmitting to you herewith, for insertion in the hearing a statement by Mr. Richard Seelye Jones who is vice chairman of the Veterans of Foreign Wars National Rehabilitation Committee and who was chairman of the Joint Committee of Veteran Organizations, who during all last summer worked on the codification of the Veterans' Bureau laws, which you are now considering.

Yours very truly,

EDWIN S. BETTELHEIM, Jr.,
Chairman.

Hon. DAVID M. REED,
United States Senate, Washington, D. C.

STATEMENT OF RICHARD SEELYE JONES, CHAIRMAN OF THE JOINT COMMITTEE OF VETERANS' ORGANIZATIONS ORGANIZED TO CODIFY STATUTES RELATING TO THE UNITED VETERANS' BUREAU AND VICE CHAIRMAN OF THE NATIONAL REHABILITATION COMMITTEE OF THE VETERANS OF FOREIGN WARS, BEFORE THE FINANCE COMMITTEE OF THE UNITED STATES SENATE CONSIDERING S. 2257.

FEBRUARY 25, 1924.

GENTLEMEN OF THE COMMITTEE: This bill compiles in one document a large number of separate efforts toward the improvement of the condition of the disabled veterans of the World War. Almost nine months ago a joint committee of the American Legion, Veterans of Foreign Wars, Disabled American Veterans, United Spanish War Veterans, Military Order of the World War, and officials of the United States Veterans' Bureau set about the task of codifying the laws then and now in effect relating to the care of disabled veterans. While that work was in progress the various and separate organizations held their annual conventions and adopted their proposals for the improvement of the existing statutes. At the same time under authority of the Senate a select committee of the Senate carried forward a comprehensive investigation of the operations of the Veterans' Bureau and during the similar period of time the Director of the Veterans' Bureau and his staff formulated their recommendations for amendments and improvements in the law.

The results of all of these very extensive activities are at the disposal of your committee at this time and are to some extent expressed in this document before us, S. 2257. A great many delays have been experienced in bringing these many and important proposals up to their present point of attention from the national legislature. I mention this not in a spirit of criticism, but in order to emphasize the great responsibility which now devolves upon your committee. The delays may not have been by any cause of yours, but the fact remains that you and you alone now have the power to cure these delays by prompt and effective action. The joint committee on codification, the director and his staff, and the respective veterans' organizations have been prepared for months to do what is now being done.

The bill now before us will probably be, in its final form the only enactment of the present session of Congress on this whole broad subject. It is therefore enormously important that this measure shall be genuinely helpful and as completely beneficial as human agency can make it. In this one measure are included three important propositions, namely:

First, the improvement of existing laws relating to the conditions of the disabled veterans so that present injustices may be removed and those sufferers from the consequences of the service who are not now properly and adequately cared for, may receive the benefits to which they are in justice entitled,

Second, the codification of the numerous and sometimes conflicting statutes into an enactment susceptible to simple and direct interpretation.

Third, a correction of abuses which have arisen in the past, as revealed by the investigating committee and improvements in the statutes covering the administration of the act, which will make for efficiency and the elimination of abuses in the future.

I desire to emphasize, and in this I believe that I can speak for all of the organizations which joined in the mutual effort toward codification, our belief that the first of these propositions is by far the most important and should not be lost sight of. The law can be administered, in its present form, with increased efficiency, as has been demonstrated, whether or not it is codified. The abuses which have existed can be to a very great extent corrected and are being to some extent corrected, without legislation. The benefits which a humane and grateful people wish to extend to the veterans who suffered disablement in the national defense can not be extended to those veterans except by act of law and the present laws are in numerous respects inadequate for the conferring of those benefits. I therefore wish to emphasize the belief that it is the first duty of your committee to put this bill into such shape that it will assure to every disabled veteran the full and complete benefits which it is the unquestioned desire of the American people that he shall have.

I shall not discuss the provisions of S. 2257 in detail, but I must respectfully suggest that in its present form there is a serious question whether it does not cut off more proper and legitimate benefits than it confers. I refer particularly to the extreme restrictions placed upon vocational training and to the very extreme disciplinary powers conferred upon the director with relationship to men in hospitals.

Every fair-minded person recognizes the difficulties which have beset the vocational training program. The bill in its present form amounts to a determination to abandon that program as rapidly as possible. I do not believe the results so far attained, inadequate and expensive as they have been, justify any such determination. This Nation undertook a very difficult but broad-minded and humanitarian policy when it decided to assume the duty of restoring the disabled soldier not only in the physical and mental sense but also whenever possible in the economic sense of the word. This effort was a new and magnificent adventure in humanitarian justice, entirely worthy of this great nation and reflecting great honor upon the Congress which enacted legislation for that purpose. It is not surprising that the effort failed of 100 per cent efficiency, but the record demonstrates an efficiency far greater than 50 per cent and our organizations feel that instead of abandoning the effort because of accumulated evidence of partial failure, we should be guided by the mistakes which have been made in a determined effort to bring to accomplishment the fine purpose upon which we originally determined.

In other words, we feel that the plan of rehabilitation should not be abandoned until every disabled man who can be rehabilitated actually has been rehabilitated.

The proposals in this bill to eliminate any appeal from disciplinary decisions of the hospital authorities and to provide additional disciplinary powers over the hospitalized veterans, are based upon difficulties of administration for which a very small minority of hospitalized veterans are responsible. We have every sympathy with the problems of the director and his assistants and with their wish to be given a legal authority for the restraint and correction of that small class of disabled men who are unable and unwilling to exercise self-restraint or to cooperate for their own good. We submit, however, that the vast majority of beneficiaries are grown men and women, possessed of their full faculties and entitled to be treated as free citizens and not as inmates of asylums, and we feel that the treatment as free citizens is essential in bringing about their cure and rehabilitation in so many cases as may be possible.

We therefore submit that no policy of institutional paternalism should be unnecessarily injected into the operations of the bureau.

Capt. E. S. Bettelheim, jr., chairman of the national legislative committee will submit to you the suggestions of the Veterans of Foreign Wars with respect to the measure. You will find that they coincide very largely with those of the other veterans' organizations and to a great extent with those of the Director of the United States Veterans' Bureau. We are always in sympathy with the director in his efforts to simplify and improve the administration of the act and with the Senate investigators in the purposes which have guided their conduct. We are happy to note the spirit of thorough cooperation among all organizations and agencies having to do with the care of the disabled veterans. We most strongly urge upon your committee that it bear in mind our foremost thought in relation to legislation for the disabled in this session of Congress, namely, that the first object of the legislation should be to extend the benefits of the law to those disabled veterans who can not now receive them, but who are obviously entitled to them, and to improve the operations of the law as it affects those who are already its beneficiaries. We are, in other words, wholly in accord with economy, simplicity, and efficiency of administration, but we respectfully call to your attention the fact that the administration must be designed to serve the purposes of the law, and not that the law should be designed to suit the purposes of the administration.

This being the only disabled veterans relief measure likely of enactment by this session of Congress, we urge: First, that it provide above all else an extension of benefits to those entitled to them, but now barred from their enjoyment; and, secondly, that it carry the benefits of simplified administration, through codification and otherwise.

Respectfully,

RICHARD SEELYE JONES.

VETERANS' BUREAU CODIFICATION ACT.

WEDNESDAY, FEBRUARY 27, 1924.

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

The subcommittee met at 10.30 o'clock a. m., Senator David A. Reed presiding.

Present: Senators Reed of Pennsylvania (acting chairman) and Ernst.

STATEMENT OF GEN. FRANK T. HINES, DIRECTOR OF THE UNITED STATES VETERANS' BUREAU.

Senator REED of Pennsylvania. General Hines, the committee would like very much to have your criticism of Senate bill 2257.

General HINES. There are two ways of approaching the bill. One would be to take it up and go through it section by section. Another way would be to take up first the bureau's suggested amendments. I will do it which ever way is agreeable to the committee. If we take it up section by section, some of the changes might not be apparent, although it will give us the logical conclusion as we go along.

Senator REED of Pennsylvania. I think it would be better if you would take up the bureau's suggested amendments first, because that will put us right into the meet of the matter, and it would take a long time to go over all the sections.

Senator ERNST. General Hines has submitted in printed form a criticism of the bill, section by section, which we can read over at our leisure.

General HINES. The first recommendation made by the bureau is with reference to the authorization of general hospitalization; to authorize the hospitalization in the discretion of the director of all honorably discharged veterans of any war who are in need of hospitalization, wherever facilities are available and sufficient therefor.

Senator REED of Pennsylvania. That, of course, was the recommendation of President Coolidge in his message.

General HINES. Yes; in his message. The committee has included on page 33 of the bill, section 10, commencing on line 19, a provision which in effect is the same as that of the bureau, and I feel that it could be made broader, less subject to serious interpretation, if the language was changed somewhat, and I have suggested that section 10 should read as follows:

The United States Veterans' Bureau is hereby authorized, in the discretion of the director, to furnish hospitalization in Government hospitals, and necessary traveling expenses, to veterans of any war who have not been dishonorably discharged from the service, and who, in the judgment of the director, are in need of hospitalization, without regard to the nature or origin of their disabilities.

The language used here makes it discretionary. I believe that there is danger in establishing a provision of this kind where a right is given, for the simple reason that if it is once written into the law I have the feeling that a demand would be made for further hospital facilities. The intent, I feel sure, of the President's message was to utilize the existing facilities, and those now contemplated, to the fullest extent whenever beds were available. Therefore the language should be such as to make it discretionary with the bureau whenever facilities are available.

To make it effective it is necessary, of course, that traveling expenses be authorized; otherwise we would be unable to hospitalize some men, probably in the greatest need of hospital treatment. The language is very broad. It would include many cases that we do not hospitalize now. That is, it would include misconduct cases. But I feel that those men should be taken care of; whether it is strictly a Federal duty or not it is a splendid thing to do, at least, to care for those men.

Senator ERNST. From now to the end of their lives, every time they are indiscreet?

General HINES. No, sir; I am talking now of the men who have served their country in the various wars.

Senator ERNST. I mean, does that apply to them to the end of their lives.

General HINES. Yes; but I feel that it is really a service due first to the men that served. Naturally, there is much that can be said on both sides of the question as to misconduct, but they will require treatment somewhere, and to take them off the street and give them that treatment, provided they conform with the rules, in my judgment should be done.

Senator REED of Pennsylvania. I am curious to know why you include all wars. Are not the veterans of the Civil War adequately hospitalized now by the homes for disabled soldiers?

General HINES. Yes, sir; they are. I include that for one reason only, that frequently a veteran of the Civil War or a man of some other war may be at a location where our facilities are available, and he would be some distance from a soldier's home, so that we can take care of him right there. It is a charge against the Government in either case, and it would probably be better to put him in the nearest institution where there are beds available.

Senator REED of Pennsylvania. In addition to the various wars, General, we have the Vera Cruz Expedition and the Punitive Expedition into Mexico and other military operations that are warlike, although they have never been technically called wars. Ought not those to be included?

General HINES. If the committee desires to go that far, I think there is considerable merit to that. Some of those men will undoubtedly need hospitalization.

Senator REED of Pennsylvania. Is it logical to distinguish?

General HINES. No, sir; it is not.

Senator REED of Pennsylvania. Between a downright war and a punitive expedition?

General HINES. Probably it would be better to change the language to "wars and campaigns."

Senator REED of Pennsylvania. If we are going to include wars and campaigns, many men have received injuries in the line of duty in peace times that were a good deal more warlike in their origin than that of a man catching tuberculosis in a World War cantonment in this country.

General HINES. The committee could make the language very broad, provided it always makes it discretionary. The important clause there is that with regard to the discretion.

Senator REED of Pennsylvania. What occurs to me is the fact that we are distinguishing between disabled men, not by reason of their disabilities, but by reason of the immediate epoch in history during which their disability arose.

General HINES. Yes.

Senator REED of Pennsylvania. And that may lead to injustice.

General HINES. Yes.

Senator REED of Pennsylvania. Now, suppose we do throw it wide open to any honorably discharged soldier or sailor; have you hospital facilities to take care of them?

General HINES. Probably not all; but if you leave it discretionary, we can only use the facilities we have to the fullest extent. I would not attempt to go beyond the regular building program for hospitals at this time, certainly.

Senator REED of Pennsylvania. Then would it not be better to provide in this section that the existing facilities from time to time, in so far as they are adequate, may be in the discretion of the director devoted to such cases?

General HINES. That would strengthen the thing.

Senator REED of Pennsylvania. So as to make it clear that it was not the intention of Congress to construct new hospitals for the purpose of taking care of that class of our citizens?

General HINES. That is my understanding, that there was no desire to establish a new right here, but rather to offer facilities when available for such cases.

Senator REED of Pennsylvania. Only the future can tell whether the demand will be so great as to force Congress to provide new hospitals.

General HINES. Of course, I have felt from the beginning in this measure that the Government has the obligation through the soldiers' homes; that eventually greater demands will come on them than they will be able to handle so far as hospital facilities go. There is no reason why all of the Government's facilities adequate for this type of care should not be utilized so long as it is a charge on the Government. The load that we are carrying in hospitals, as time goes on, will manifestly decrease except for this particular purpose. They will go in and out; and I have a feeling that with the facilities now available, and those building, they will be adequate not only for the next five years but for all time.

Senator REED of Pennsylvania. Then ought there not to be some provision inserted there that in case your facilities are not adequate to take care of everybody, preference shall always be given to those suffering from war-time injuries? Would that be practicable?

General HINES. Of course, we would cover that by regulation. The bureau would feel that the beneficiaries of the bureau under the various acts would have the first preference.

Senator ERNST. Yes; but that would relieve you from tremendous pressure.

General HINES. Yes; certainly. It would strengthen us.

Senator ERNST. There would be no objection to that?

General HINES. Not at all. As a matter of fact, I am in favor of that.

Senator ERNST. Otherwise, you would have every Senator up there for somebody he wanted to get in.

General HINES. Then I will offer this, and modify it if you desire. The second proposal of the bureau is to authorize the exercise of powers granted to regional officers by such of the subdistrict officers as the director may designate.

Senator REED of Pennsylvania. That is already covered, is it not, by our bill?

General HINES. That is covered by section 8 of the bill.

Senator REED of Pennsylvania. So that we need pay no attention to that recommendation?

General HINES. That is adequately covered. The third recommendation is to authorize expressly the delegation of the director's authority in certain cases, and particularly as to making awards.

Senator REED of Pennsylvania. Page 5?

General HINES. That starts really with lines 2 and 3 on page 5, and then again down in section 5. The necessity for that undoubtedly is apparent to the committee. What we are trying to write into the law now is sufficient authority to do exactly what we are doing. Some time the authority of an award may be questioned by the comptroller when it is not actually made by the director himself, and it is absolutely impossible for the director of the bureau to pass upon all matters of that kind personally. The suggestion we make in the way of change is that section 4 be amended by striking therefrom the words "To whom the director may delegate his powers to such extent as to him may seem advisable" in lines 1, 2, and 3, on page 5, and that the first sentence of section 5 be amended to read as follows:

Section 5—

Senator REED of Pennsylvania. Let us just get the changes.

General HINES. On lines 1, 2, and 3 strike out the words—

Senator REED of Pennsylvania. We have that, but down in line 18 your suggestion makes no change.

General HINES. Commencing in line 18, I suggest to substitute for section 5 the following:

The director, subject to the general direction of the President, shall administer, execute, and enforce the provisions of this act, and for that purpose shall have full power and authority to make rules and regulations, not inconsistent with the provisions of this act, which are necessary or appropriate to carry out its purposes, and shall decide all questions of law or fact arising under this act, and all decisions so made shall be conclusive except as otherwise provided herein.

Senator REED of Pennsylvania. What I mean is, the language that you have just read follows our language exactly until you get down to line 24.

General HINES. Yes; I believe it does.

Senator REED of Pennsylvania. Then there is an insertion of a few words. I do not believe there is any profit in discussing the particular wording, if you will just describe your idea in this proposal.

General HINES. There are two important points in the proposal, Senator. One is to be sure that after the bureau has taken action, that action is definite and conclusive, and can not be upset by the comptroller or any one else, if we are making findings according to law. The language that I substitute is language that has been tested by the general accounting act, and I think it is the desire of the committee not to have the acts of the bureau, especially in matters of compensation and insurance claims, upset by any other Government agency.

Senator REED of Pennsylvania. That is why we put in that express power of delegation.

General HINES. And that is the object of this amendment.

Senator REED of Pennsylvania. We can work out the wording. Before we leave the last section to which you called attention, the Civil Service Commission has asked us to insert a provision putting all the employees of the bureau under the civil service, except where the President shall specifically direct otherwise. Have you any objection to that?

General HINES. I have this objection: I have been talking with the Civil Service Commission, and I am wholly in sympathy with their view to eliminate the proposition of special experts, or at least limit it to a reasonable number; but I do find difficulty—for instance, I have had a recent difficulty with the Civil Service Commission even after, in my judgment, I pointed out to them the necessity of having next to me in the executive office there some man that I know and can trust implicitly.

Senator ERNST. I would not interfere with it for one minute.

Senator REED of Pennsylvania. It ought to be quite easy for you to get an order from the President including that man among the other exempted classes.

General HINES. If the language is so drawn, Senator, that the Civil Service Commission will not attempt to interfere when I go to the President, and say that because the Interior Department has 10 people, or the Treasury Department has 8 people, I should not have any more, that will be all right. If the director is to be handicapped by a fight between his office and the Civil Service Commission over the question of appointing an efficient employee when in his judgment he has determined that one is necessary, it will be hopeless to attempt to administer the bureau.

Senator REED of Pennsylvania. The clause that they suggest is:

With such exceptions as the President may deem advisable, all employees of the bureau shall be subject to the civil service law and regulations.

General HINES. Is it not a fact, though, that even under that authority given to other departments they have overruled appointments made under that authority, and it has resulted in a controversy between the head of the department and the Civil Service Commission, and finally the President, feeling that the civil service law should guide, as in most cases, I think, upheld the Civil Service Commission?

Senator ERNST. Is there any practical way of limiting that as to the number and character of those under him whom he desires to have the discretion to appoint?

Senator REED of Pennsylvania: It is practical, I think, to make a specific exception of the assistant directors and——

Senator ERNST. For instance, what number of persons would you like to have the discretion to appoint?

General HINES. Under the personnel as it stands to-day it would be necessary to exempt about 150. I think that is entirely too many for a permanent proposition. I should say that aside from doctors—I think the bureau should be absolutely free in appointing a doctor when they think his services are necessary—with that exception you could well limit the special experts to 50, both in the central office and in the entire field. Of course, all the district managers to-day are appointed in that way, and it would be difficult to get a man—for instance, a manager for the New York office or the Philadelphia office or the Chicago office—to accept that position of responsibility and then take a civil-service examination. I am sure if that had to be done I would not be able to get the right type of man.

Senator REED of Pennsylvania. Where the director reports immediately to the President and not through any Cabinet officer, as you do, it ought not to be difficult for you to make it plain to the President that those cases should be excepted.

Senator ERNST. The President does not like to make exceptions.

General HINES. I have every desire to cooperate with the Civil Service Commission, and I think they will tell you so. I have limited special experts to a minimum, and have even forced many who were special experts either to go out or to take the examination, and will continue to do so. Of course you are familiar with the law now. It reads:

With the exception of the director—

And then the word "commissioners" was in there—

And such special experts as the Secretary of the Treasury may from time to time find necessary for the conduct of the work—

All others will be civil-service employees.

Senator REED of Pennsylvania. We have your thought on that.

General HINES. The bureau's fourth recommendation is to define the director's authority to make decisions under the war risk insurance act. That was included in the last amendment, too.

Senator REED of Pennsylvania. Before you pass on to your sixth recommendation, the Treasury Department has asked us to strike from the bill lines 9 to 16, page 11, beginning with the words "Or of some one of the now existing exigencies," it being their contention that all transfers have already been made to the Veterans' Bureau of hospitals which should be transferred, and that it is not necessary to retain that power.

Senator ERNST. I recall that we had a letter here on that subject.

Senator REED of Pennsylvania. It came up before the full Finance Committee.

General HINES. If any contingency should arise where the President would desire to make further transfers, with that language out he would be unable to do so.

Senator REED of Pennsylvania. That is right.

General HINES. I know of no case now that necessitates it, but of course it is a safe provision and was probably put in during the emergency.

Senator REED of Pennsylvania. On the other hand, this does confirm your title to the transfers heretofore made. It provides that they shall be part of the permanent equipment of the Veterans' Bureau.

Colonel BOUGHTON. Many of the transfers were not of the title, Senator.

General HINES. They were transferred under Executive authority, but not the title.

Colonel BOUGHTON. Only control, operation, and supervision, and yet they have been improved. When it comes to dispose of them, or even to lease them, it has to be done by the old department.

Senator REED of Pennsylvania. But this new law will provide, as you see, in lines 6 to 9, that—

Such new property and structures as may be improved, exchanged, or acquired shall become part of the permanent equipment of the United States Veterans' Bureau.

That will take care of the present difficulty.

Colonel BOUGHTON. If that referred only to the new buildings, that would be all right; but if it refers to improvements on buildings still owned by the Treasury or War Departments—

General HINES. Will the committee give me an opportunity to look into the effect of that before passing finally on it?

Senator REED of Pennsylvania. We might broaden the sentence that I have last read to provide that all hospitals heretofore put in the Veterans' Bureau by Executive order shall be part of it.

Colonel BOUGHTON. That would completely do it.

General HINES. That would do it. If that language is inserted, there would be no objection to the other language going out.

Senator REED of Pennsylvania. That brings us to your sixth recommendation.

General HINES. Number 5 you have taken care of by section 10, page 9.

Senator REED of Pennsylvania. Number 5 we have taken care of: yes.

General HINES. Sixth: To confirm the power to administer oaths on persons detailed by the director, etc. The object of that is to permit the inspection service of the Veterans' Bureau to function as it should. The plan we have to follow now is this: We take a statement, and then have the witness with the statement go before a notary public. We are unable to administer an oath and take down the testimony in the regular way of conducting examinations.

Senator REED of Pennsylvania. But on line 10 of page 9 we have already given power to any person whom you detail to administer oaths and take affidavits.

General HINES. The proviso in the committee's bill, starting with line 4 and ending with line 16, only covers the investigation of compensation and insurance claims.

Senator REED of Pennsylvania. What else would you like it extended to?

General HINES. Any investigation of the administration of a hospital, the administration of a district, a personnel, etc. I have a proviso which covers that which I will hand to the committee. That is the sum and substance of the change.

Senator REED of Pennsylvania. That is the point of your sixth recommendation?

General HINES. That is the point. The proposal we have here is one, Colonel Boughton tells me, which is copied exactly from the pension law, which they found stood the test of time.

Senator REED of Pennsylvania. You want the power broadened, in other words?

General HINES. In order to function properly, we should be able to do that.

Seventh. That was the recommendation for relief from making recoveries in cases of duplicate payments of pension and compensation, and to authorize such payments in certain cases.

Senator ERNST. Where are you now?

General HINES. That is recommendation No. 7, on page 27, subdivision 7. The change desired there is to carry out an agreement which the director made with the Comptroller General along in the early part of April, where the comptroller had directed the bureau, in all cases where compensation had been paid to a person who was receiving a pension, that recoveries should be made, and that if a widow is receiving a pension for her husband, and then compensation as a result of the death of a son, she was called upon to refund the compensation paid by the bureau as the result of the death of the son. The comptroller agreed to suspend action demanding refunds, provided I would take up the matter before Congress and have action on it prior to June 30; so I suggest that authority be given the director not to recover payments made in cases where payments have been made to a widow or those who are drawing a pension. That, in effect, defeats the compensation act. This money is spent, and in most cases it is an impossibility to recover it.

Senator REED of Pennsylvania. I think your suggestion is all right, and I think that is what we have tried to arrive at in our bill.

General HINES. Then the second point, Senator, was to permit in the future payments even although the person may be receiving a pension.

Senator REED of Pennsylvania. You provide here for a surrender of all future payments of pensions.

Colonel BOUGHTON. That is the old law.

Senator REED of Pennsylvania. We have changed that in section 202 to provide for the surrender of future payments of pensions. If you will look at section 15, on page 36, that provides for a surrender of future payments, but not of past payments. You suggest a substitute for that, I see.

Colonel BOUGHTON. Yes; so as to permit the payments.

General HINES. I suggest a substitute which will permit the payment of pension to a widow and compensation for a son or more than one son.

Senator REED of Pennsylvania. In other words, you broaden the suggestion that we have already made?

General HINES. Yes, sir.

Senator REED of Pennsylvania. Recommendation 7A?

General HINES. That is to enable the bureau not to recover payments made under regulation 57. That regulation was held by the comptroller to be void. The regulation, if you recall, was one which was based upon the assumption that tubercular patients,

or certain men who had disabilities, over a period of 12 months would be considered permanently and totally disabled. The comptroller held that that was illegal. Certain payments were made under regulation 57. The comptroller went further and demanded recoupment. On the same agreement he also suspended action in that respect until June 30 of this year to enable the director to come to Congress and ask that the amounts paid out on that regulation, which was made in good faith by the bureau, and the payments received by the beneficiaries in good faith, not be recovered.

Senator REED of Pennsylvania. As a matter of draftsmanship, do you think it is a good plan for an act of Congress to refer in that way to a regulation without saying who made it, or what it provides for?

General HINES. I think probably it will be necessary to broaden the language there so that it will be better understood. In other words, "regulation 57" would not be very clear to the Senate without some explanatory language.

Senator REED of Pennsylvania. I believe the committee is in sympathy with your idea.

Colonel BOUGHTON. In your draft, it says "Bureau of War Risk Insurance Regulation 57." It was not our regulation; it was the old bureau regulation.

General HINES. But the Senator, I think has in mind that even with that they could not tell what it means.

Senator REED of Pennsylvania. The matter is not self-explanatory, and it ought to be as far as possible.

General HINES. We will attempt to make it so.

Senator REED of Pennsylvania. I think the committee, however, is in sympathy with the suggestion. Now your eighth recommendation?

General HINES. That is to authorize the director, in his discretion, to refrain from recovery of payments to a beneficiary where such payments are honestly made, etc.

Senator REED of Pennsylvania. That is pretty broad authority, is it not, to give to any administrative officer?

General HINES. It is broad authority, but I know of no way to get around the proposition. In other words, to date the total of overpayments amounts to \$2,030,000.

Senator REED of Pennsylvania. What is that due to, largely administrative carelessness?

General HINES. It is due to administrative carelessness, due to misinterpretation of the law, and sometimes poor judgment in making a decision based on the facts; but the cases that this amendment is proposed to cover are those where the beneficiary is not at fault at all.

Senator REED of Pennsylvania. Is not that sufficiently covered by the provision that the committee has put in regarding the recovery of back payments?

General HINES. I doubt if that would cover these.

Senator REED of Pennsylvania. That no compensation shall be retroactively reduced in the absence of fraud on the part of the beneficiary?

General HINES. No, sir; these are payments that have been suspended. It covers 15,846 cases, and the disbursing officers' pay-

ments have been suspended by the accounting office, and demand has been made for recovery of those payments. It is an impossibility to collect from a beneficiary large sums paid in the past. The only way in which the bureau can do it is to reduce his present compensation, if he is drawing compensation at this time, or to stop it entirely until the amount due the United States is paid.

Senator REED of Pennsylvania. That, of course, defeats the purposes of the act.

General HINES. That in effect defeats entirely the purposes of the act. On the other hand, I appreciate how Congress would feel in enacting a provision as broad as this, which might tend to further carelessness. I know there is only one way in which it can be cured, and that is by stricter administration of the law; but we have the situation facing us where the comptroller has demanded that this money be collected. To carry out his instructions means to stop compensation in a large number of cases. I can give you a little further information on that. To date recoveries have been made to the amount of only \$141,000 on 1,913 cases.

Senator REED of Pennsylvania. That has been recovered by deductions from current compensation in most cases; has it not?

General HINES. Yes; it is practically impossible to recover in any other way. On October 31 there was due the United States \$1,889,000 on 13,933 cases.

(Thereupon, at 11.40 o'clock a. m., the committee adjourned until Saturday, March 1, 1924, at 10.30 o'clock a. m.)

VETERANS' BUREAU CODIFICATION ACT.

WEDNESDAY, MARCH 6, 1924.

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

The subcommittee met at 2.30 o'clock p. m., Senator David A. Reed presiding.

Present: Senators Reed of Pennsylvania (acting chairman) and Walsh of Massachusetts.

STATEMENT OF GEN. FRANK T. HINES, DIRECTOR OF THE VETERANS' BUREAU, ACCOMPANIED BY COL. EDWARD J. BOUGHTON.

General HINES. I think at the last session I had finished on recommendation 8.

Our recommendation 9 is made up of two parts, and is covered in your present draft of the bill. There are some minor changes which can be straightened out.

The first part pertains to the payment to the mentally incompetent, and that of course pertains to the building up of these large funds for men who may never have a chance to use the money, or their dependents.

The other part is a question of hospital pay, as it is now called, the pay of temporarily disabled patients and men in hospitals; and the bureau agrees, of course, with the committee that the discretion should be left with the director to require men who are not capable of handling their own funds, to use them to proper advantage, to make a deposit, in cases where we have found by experience that those men take their money and spend it foolishly and in many cases to the detriment of health. I believe that by making that provision discretionary in that way, and making it clear that men who do handle their funds properly will not be brought in under the proposition, much of the objection which has been raised will disappear.

The last change there is to bring those two into accord with the existing law. Recommendation 10 is not in the printed report here, but it is designed to clear up the inequalities in medical personnel now in the bureau. I have a statement I would like to refer to.

At the present time, the medical personnel of the bureau is made up of commissioned officers of the public health service—that is, of the reserves of the public health service called to active duty—of civil service physicians, and special experts.

As of January 1, the total number of public health commissioned officers was 680, including 645 medical and 35 dental officers. The

total basic salary with the increases due to length of service amounted to \$1,949,155. Their allowances, which should be added to their pay, amounted to \$1,049,838.

The civil service full-time physicians numbered a total of 796 on the same date, and there were 180 full-time dentists on duty. The salary, including bonus for physicians, amounted to \$2,610,058, and for dentists \$564,128. Of special experts we had 14 physicians and 1 dentist.

Senator WALSH of Massachusetts. How about their allowances?

General HINES. There are no allowances under civil service.

Senator WALSH of Massachusetts. You say special experts?

General HINES. Of special experts, we had a total of 15, and their aggregate salaries amounted to \$67,700, making a total of all medical personnel of 1,455, at an aggregate annual salary of \$5,549,369, and of all dental personnel of 216 at an aggregate annual salary of \$707,422. As a result of having these three grades of personnel performing duties at hospitals or in district offices, we frequently have a condition where the senior officer, due to his grade in the public health reserve, will be drawing less pay than one of his subordinates. That, manifestly, is not good for morale in the institutional activities.

When the civil-service physician is ordered to change his station or to travel, he travels on a per diem of \$4 or \$5, whichever way he elects to travel.

When a commissioned officer of the Public Health Service travels, he travels on mileage.

The commissioned officers of the Public Health Service look, in matters of discipline and of leave, to the Surgeon General of the Public Health Service. While it is true that the Director of the Veterans' Bureau can control the matter of leave and can ask for the relief of a commissioned officer and for his return to inactive status, outside of that he has no other control in the way of discipline.

I have given this matter considerable thought. First, I was disposed to recommend to the committee that they all be commissioned in the reserve of the Public Health Service. I feel that that would not do what should be done in the way of establishing a definite personnel in the Veterans' Bureau that would look to the director in all matters, and I believe that all the inequalities will be wiped out and greater efficiency will result if they are all placed on the civilian status.

The great objection that would be raised to that move would be to requiring them to immediately qualify for civil service. That could be accomplished, however, by appointing them as special experts and giving them a reasonable time to qualify under civil service.

Senator REED of Pennsylvania. It would be quite possible, under the language of the bill, even including the amendment suggested by the Civil Service Commission, for the President to designate as an exempt class those Public Health Service officers now in the service of the bureau.

General HINES. That would be entirely feasible. I am not sure whether the civil service would agree, but it would be almost a case of their having to agree, because the services of these doctors are badly needed. We could not dispense with them.

Senator REED of Pennsylvania. At any rate, it would be discretionary with the President.

General HINES. It would be discretionary with the President. Now, I feel, too, that the next step in bringing about a more efficient medical personnel would be to take up with the civil service the question of raising the standard and at the same time raising the pay of the three classes of physicians we now have.

Senator REED of Pennsylvania. That is an administrative matter, of course.

General HINES. It is a purely administrative matter, and no legislation would be needed. The bureau would then contemplate making a complete survey of all the personnel to determine their qualifications.

Senator WALSH of Massachusetts. That should be done.

General HINES. I feel that we must go over the personnel, because we have some inexcusable mistakes made in the treatment of beneficiaries, and it can only be brought about by lack of proper training on the part of some of the doctors. To cite an example of the danger of the present system, only recently a public-health doctor who had been relieved from one of our activities—that is, he resigned from one of the activities—came in the office and requested to be reinstated. The records of the bureau showed nothing against this man except that he had resigned. His efficiency was not any too high, but he was the average, and we were in need of physicians at that time. I was disposed to reinstate him, but I thought it would be better to get his complete record from the Public Health Service, and in doing so, I found a report from the inspector general of the Public Health Service, of recent date, where it was found that this officer would probably be placed under charges and court-martialed as the result of some doings even while he was in our service. Inspection and investigation had been made by the Public Health Service, but no report had been furnished. How many more of that kind there are I can not say, but I recall a case recently where a doctor holding a reserve commission was one of those discovered by the investigation up in Connecticut to be one of those having a dollar diploma, or something of that kind; and I feel that in all of these matters, to bring up the standard of discipline and morale among them they must look to one responsible head. Any other plan certainly will not give efficiency.

Senator REED of Pennsylvania. In that connection, there is a suggestion made by some of the veterans themselves that the public health officers are required by their regulations to wear a uniform in the hospital, and that in many cases that has a bad effect on patients. How much substance there is in that objection, I do not know, but taking it for whatever it is worth, it seems to go along with your recommendation.

General HINES. There is something in that. It was so strong in a number of institutions that it caused me to issue an order that the doctors should wear white uniforms wherever it was possible, and where they were on duty in the hospitals, and to cease wearing leggings and campaign hats. One of the most striking incidents was at Tuskegee. I went down there on an inspection about the time that the Ku Klux had made a demonstration, and every Public Health Service doctor there was in uniform, Sam Browne belt,

leggings, and campaign hat, and it would make you think that you were going right into a campaign. We feel that these men would welcome the civilian status for that reason.

Senator WALSH of Massachusetts. Do we need legislation for that?

General HINES. Yes, sir; we do.

Senator WALSH of Massachusetts. I think that is a very important matter.

Senator REED of Pennsylvania. The general suggests the elision of section 22.

General HINES. Just wipe it out. That is all that is needed.

Senator WALSH of Massachusetts. That is all that is needed?

General HINES. Yes; putting these men on a civilian status need affect them in nothing else.

Senator WALSH of Massachusetts. You will need the services of those men in the Public Health Service. They could retain their privileges.

General HINES. Yes; we have not any active officers there. They are all reserve officers.

Senator WALSH of Massachusetts. You have no active officers; they are all reserve?

General HINES. Yes.

Senator WALSH of Massachusetts. But they have life tenure, have they not?

General HINES. No, sir; the term is five years, and most of their commissions are running out now.

Senator REED of Pennsylvania. Those who want to retain their commissions may do so. It would not affect the civil-service appointments.

General HINES. No; not at all. We discussed this matter with the Surgeon General of the Public Health Service. He offered no objection to it, except that he felt that probably the men, unless they were sure of the same pay, might object. Any man who is qualified under their pay status now would certainly continue at the same pay; but those that are not qualified, of course, would be eliminated.

Senator WALSH of Massachusetts. I think that is a much needed reform.

General HINES. If the committee desires, this statement can go in the record. I have had it made up.

(The statement referred to is as follows:)

Full-time physicians employed by and detailed to the United States Veterans' Bureau as of January 1, 1924.

Location.	Public Health Service officers.			Civil-service physicians.			Special experts.		Total.	
	No.	Pay.	Allowances.	No.	Pay (including bonus).	Allowances.	No.	Pay.	No.	Pay and allowances.
Central office and insular possessions.....	28	\$95,285	\$51,522	38	\$151,220		11	\$50,600	77	\$348,627
United States veterans' hospitals.....	395	1,140,635	623,503	128	381,064	\$14,592	1	5,000	524	2,164,794
Districts.....	222	623,415	326,259	630	2,077,774		2	8,500	854	3,035,948
Grand total.....	645	1,859,335	1,001,284	796	2,610,058	14,592	14	64,100	1,455	5,549,369

Full-time dentists employed by and detailed to the United States Veterans' Bureau as of January 1, 1934.

Location.	Public Health Service officers.			Civil-service dentists.			Special experts.		Total	
	No.	Pay.	Allowances.	No.	Pay (including bonus).	Allowances.	No.	Pay.	No.	Pay and allowances.
Central office..	1	\$3,150	\$1,848	3	\$12,460		1	\$3,000	5	\$21,058
United States veterans' hospitals.....	20	50,510	27,892	55	171,158	\$1,320			75	250,880
District.....	14	36,160	18,614	122	380,510				136	435,494
Grand total.....	35	89,820	48,554	180	564,128	1,320	1	3,000	216	707,422

General HINES. Recommendation 11 is to authorize the director to sell, lease, or exchange surplus equipment, supplies, products, or waste materials. I understood, Senator, I think, in speaking to you that the other departments could not have the right to sell or lease, and the only reason the Veterans' Bureau asked for that authority was to find some way to dispose of the hospital at Corpus Christi, an old activity that came to the bureau and has never been used, and is of course becoming more dilapidated each day.

Senator REED of Pennsylvania. There is a special bill now pending in the Senate for the sale of that property.

General HINES. That will cure that, then.

Senator REED of Pennsylvania. Supposing that it passes. It has not passed yet.

Senator WALSH of Massachusetts. Is it a general bill?

Senator REED of Pennsylvania. No; it is a special bill authorizing the sale of that hospital.

General HINES. We have a number of plants where we produce by-products, and there are surplus materials that could be disposed of to the advantage of the Government. As a matter of fact, under the vocational rehabilitation act they have found what they consider sufficient authority to dispose of some of those by-products; but I would like the thing to be much more definite than the interpretation which they have drawn, and which they have followed for some time.

Senator REED of Pennsylvania. That power, if given, must be exercised guardedly, because you can see that it is capable of great abuse, and there are possibilities of scandal there, as at Perryville.

General HINES. Yes; of course. We have quite a herd of cattle at Fort Bayard, and right along we have requests for the sale of the surplus products there. They kill cattle and use them in the hospital, but even that does not keep the herd down. I think they had over 500 the last time I heard.

Recommendation 12 is a long one, but in substance it gives the director authority to administer the estates of the insane, in addition to those that we do administer now that are in institutions. I think that that discretion should be given the bureau, because in many cases we would be able to handle those cases much more expeditiously than by the appointment of a guardian.

Senator REED of Pennsylvania. You do not propose to appoint a guardian yourself?

General HINES. No, sir.

Senator REED of Pennsylvania. I doubt our power to authorize you to do that.

General HINES. We could not do that. We only propose to administer their estates.

Senator REED of Pennsylvania. That is, to require accounts from the guardian as a condition precedent to your continuing payment?

General HINES. Yes, sir.

Senator REED of Pennsylvania. The same way that we have provided elsewhere in this bill?

General HINES. Yes, sir; we would have to do that in connection with the State authorities, or we would have great difficulty.

Recommendation 13 is simply making it a crime for the embezzlement of funds.

Senator REED of Pennsylvania. Have you considered the power of Congress to make it a crime for a State-appointed officer to embezzle funds in his hands?

Colonel BOUGHTON. Yes; the Supreme Court has decided that. This is taken out of the pension law. The provision is exactly the same. It is an exact copy of it. That was settled in the Hall case by the Supreme Court.

General HINES. This is taken verbatim out of the existing pension law. The case referred to is the case of Hall v. the United States (98 U. S. 343). This is on page 7 of the letter to the President.

Colonel BOUGHTON. It is the same letter that was addressed to your committee, Senator Reed, containing the general proposals.

General HINES. Recommendation 14 would authorize the payment of compensation for an injury or aggravation of an existing disability where a man is in training.

Senator REED of Pennsylvania. Why do you give him compensation as if for a military injury? Is not his status very much the same as that of a Federal employee?

Colonel BOUGHTON. He has not that status, as I understand it.

General HINES. He has not the status of a civilian employee. I am not sure we could bring it under that compensation. As a matter of administration it would probably be easier, but if there is any danger of establishing a precedent there we would not care to do that. We thought it was the simplest way of administering the whole thing. The man is under our control with a certain disability which we have determined as the result of his training, or while he is in training, as the result of an injury, or we may have aggravated it or increased it.

Senator REED of Pennsylvania. Have you noticed this provision on page 53 of this bill, that any trainee who shall suffer physical injury in and by reason of his vocational training shall receive compensation therefor in accordance with the terms of the Federal employees compensation act; and that, of course, would be in addition to the compensation, if any, that he was then receiving?

General HINES. Yes; in addition to the question of a man in training, we have this situation. A case has occurred before the bureau within the last 10 days where a man submitted to a spinal puncture in one of our hospitals, to determine whether his disability was due to misconduct or not, and as the result of the spinal puncture he was injured for a period, paralyzed practically, on one side, and he is claiming now that he is greatly disabled. There is no

way for the bureau, even though that mistake was made by them, to in any way compensate him.

Could Colonel Boughton tell you why he feels that it is not feasible to administer it under the compensation act?

Senator WALSH of Massachusetts. Certainly.

Colonel BOUGHTON. The compensation act proceeds upon the theory of compensation that is based upon a man's earnings, the percentage of a man's earnings, immediately prior to the injury. The greater proportion of this class of men have no earning capacity at that time. That is why they are beneficiaries at all. You can not make the words of the compensation act apply to them.

Senator REED of Pennsylvania. It would be difficult to apply the standard of earning power.

Colonel BOUGHTON. Yes; then, of course, there is the added objection of compensating a man from two different agencies of the Government.

Senator WALSH of Massachusetts. Just what do you provide in this substitute for our recommendation?

General HINES. It provides, in substance, increased compensation.

Senator WALSH of Massachusetts. In other words, a man who is getting 25 per cent disability and was injured while in the hospital, would be given more; you could change the rate of compensation up to the maximum?

General HINES. We could not now, if that injury made him totally disabled. The only disability we could pay him for would be that incident to his service, and this disability is not incident to any service; it is really incident to his care and training.

Senator WALSH of Massachusetts. That seems to be sound.

Senator REED of Pennsylvania. I think this suggested substitute is well written.

General HINES. The next recommendation is a slight modification of the burial expense provision. This recommendation is practically in accord with the existing burial feature. I am not sure but what, in the administration of the provision for burial expenses, the determination of whether a man has any assets or not, costs almost as much as it does to go ahead and pay the funeral expenses, and it would be my suggestion—

Senator REED of Pennsylvania (interposing). What we had planned to do was to strike out on page 26 all of line 3, and all down to and including the word "body," on line 4.

General HINES. That will correct it.

Senator REED of Pennsylvania. That will comply with your suggestion, will it not?

General HINES. Yes, sir; it will. One of the most important provisions, I think, is the question of that old section 408, and the whole subject of insurance, and I would like very much to discuss at length with the committee just where we are going on the insurance proposition.

Senator WALSH of Massachusetts. You are now discussing recommendations 16 and 18?

General HINES. Yes; they all run together.

Senator REED of Pennsylvania. Let us read over the text of your proposal. [After examining recommendation.] That will correct the Schwartz case, will it not?

General HINES. It will bring in under the provision of section 408 about 250 cases that have been disallowed as the result of the Schwartz opinion. It does another thing that I think was probably overlooked originally by Congress. In other words, if it is found that a man has a certain amount due in premiums, but not sufficient to reinstate, say, the full insurance of \$5,000 or \$10,000, it would permit the reinstatement of \$1,000 or \$2,000 or \$3,000, depending upon the amount of the premiums. In some cases we have found that a man has almost enough, and may probably lack only a few cents of reinstating his whole \$5,000 policy, but there is no provision whereby, instead of reinstating \$5,000, we can reinstate \$4,000. This provision will allow that. But, on the whole subject of whether it is desirable to go any further on the question of insurance, I think the committee should give very careful consideration to where we will finally land on this insurance. This year we are asking for \$88,000,000 to cover the difference required to pay claims, and the amount that we receive in premiums plus such balances as may be available. It requires that much more to be appropriated by Congress to pay claims for 1925. That was the estimate which was presented and defended yesterday. As best we can predict now, it will cost us on the average \$90,000,000 a year to pay claims for this insurance—that is the term insurance.

Senator REED of Pennsylvania. And that applies only to permanent disabilities—permanent and total disabilities?

General HINES. And deaths.

Senator REED of Pennsylvania. And deaths.

General HINES. In other words, the premiums received to January 1, 1924, amount to something like \$412,000,000.

Senator REED of Pennsylvania. You are speaking now of term insurance alone?

General HINES. Yes, sir; I will take the figures from this, and we will get it right. The total amount received of term insurance premiums to January 1, 1924, was \$412,712,952.29. The payment of insurance awards amounted to \$478,907,657.84. During December—that is, this last December—premiums received amounted to \$1,495,988.47. Insurance payments for awards amounted to \$8,379,594.01. The disabilities and deaths are going to increase under those.

Senator REED of Pennsylvania. But, stop a moment; those policies must be converted within the next two years.

General HINES. Yes.

Senator REED of Pennsylvania. So that once your maximum loss on term insurance is reached as of July 1, 1926, you have reached your peak?

General HINES. We will have reached the peak.

Senator REED of Pennsylvania. And you can not go on increasing further.

General HINES. It will not increase after we reach that point.

Senator WALSH of Massachusetts. That will continue for some time.

General HINES. Seventeen years is the estimate they have worked out down there on the average of \$90,000,000 a year. The net total value of commuted claims active, minus the total of premiums received, leaves a bill, to be paid some time, of \$891,321,395.40; pretty nearly a billion dollars.

Senator REED of Pennsylvania. That is very large.

General HINES. Yes.

Senator REED of Pennsylvania. But that, I observe, is the type of bonus or pension which is above all things defensible, if any kind of compensation to an army is.

General HINES. The bureau agrees with that, except that we feel that it should be that whatever language is used in this bill should be very clear and should not be an incentive to an increase of ratings and the dating them back to bring policies into effect. As soon as they discover that a man is getting to the point of total disability, then, why, that has been in the past, a favorite way it seems of reinstating insurance. If Congress desires to cover all of these men, then I would urge that they draw the language exactly that way, so that the bureau will know how to act, and there will be no incentive for anything of that kind.

Senator REED of Pennsylvania. Very well, then; this proposed insertion which you ask to have put in section 304 applies only to lapses that have heretofore taken place?

General HINES. That is right.

Senator REED of Pennsylvania. It applies only to lapses—

General HINES (interposing): Held up by the Swartz decision.

Senator REED of Pennsylvania (continuing). Held up by the Swartz decision. Now, what is it that limits it to cases that are held up by the Swartz case? Why does it not apply to any man who comes in and says, "I have heretofore allowed my insurance to lapse; I want you to date back my disability to the times of the lapse"?

General HINES. That will not do it, and I hope that the other provision that you have in your bill about the dating back of compensation will be put into effect. I think that none of these awards should be restorative.

Senator REED of Pennsylvania. In other words, to get the effect of this upon the public treasury you have got to word your suggestion in connection with the other suggestion that retroactive award shall not be made beyond a certain time?

General HINES. That is it. That is the safeguard. In order to get a provision in and avoid retroactive awards I would be in favor of recommending to the committee that wherever we have a service connection and started paying compensation, unless we discover fraud, that those should not be disturbed. It would be better for the bureau than to have this constant change in awards, and the cutting off, and all that sort of thing.

Senator WALSH of Massachusetts. Is the convertible insurance working out pretty well?

General HINES. That is self-sustaining, and will sustain itself, and so Congress intended. We feel sure that that will work out all right.

Recommendation 17 covers outlines of procedure relative to suits that we have under the insurance provisions, and other features as well, and in effect authorizes that whenever a judgment is granted by a court, it be paid out of the appropriation.

Senator REED of Pennsylvania. We have already put that in.

Colonel BUGHTON. The committee's bill perpetuates the use of the word "judgment," and a judgment can not exceed in amount

the amount that is found due at the time that it is entered; and these insurance payments are installments, and continued 240 months at the outside, and judgment is not sufficient. In the bureau proposal it is provided that the court shall enter a decree in which the rights and the parties are fixed, and upon that decree the director shall make an award which is payable, as all other awards are, out of the appropriations of the bureau. But it is also provided that there shall be an interpleader in proper cases; for instance, if a receiver was necessary, in order to bring in all interested parties to the insurance, and have the adjudication once for all.

General HINES. Recommendation 19 is on the question of codification. That is covered by the bill of the committee, which is itself a codification. Recommendation 21 brings in under section 300 the cadets and the midshipmen at the Military Academy and the Naval Academy.

Senator REED of Pennsylvania. That is already the case; is it not?

General HINES. Yes; I believe you had some discussion about bringing in some other agencies.

General WALSH of Massachusetts. Yes; the young men who are in training at colleges.

General HINES. The military training corps.

Senator REED of Pennsylvania. The Reserve Officers' Training Corps.

General HINES. Yes; the Reserve Officers' Training Corps and Student Army Training Corps.

Senator REED of Pennsylvania. Section 300 of this bill gives insurance to every commissioned officer and every enlisted man, and every woman nurse.

General HINES. Yes.

Senator REED of Pennsylvania. In section 3 of the bill the terms "commissioned officer" and "enlisted man" are defined, and they include midshipmen and cadets, noncommissioned officers and petty officers, and members of training camps authorized by law, and every person enlisted and enrolled or drafted into active service.

General HINES. I think the words "active service" is the only place we differ. You would have to work in there somewhere in the active service in order to set the limit.

Senator WALSH of Massachusetts. Do you not think it ought to be limited to men in active service?

Senator REED of Pennsylvania. That would exclude the cadets.

General HINES. I have been disposed to give it for active service only.

Senator WALSH of Massachusetts. Why should a cadet at Annapolis, who was sent there in 1916, before the war broke out, and happened to have been there during the term of the war, be included in that?

General HINES. Practically all of the activities of the war were active service. That was the excuse for the proposition.

Senator REED of Pennsylvania. It is worth while noticing at this point that the provisions of section 93 apply not only to war time but to the present time; that all the other sections of the bill apply only to the war dates; but this system of insurance is continuous, as converted insurance—not any more of this term insurance. The privilege of converted insurance continues as to all persons in the military service. I should like to suggest to Colonel Boughton that

the difficulty he calls attention to might be cured by striking from page 43, lines 23 and 24, the words "when employed in active service under the War Department or Navy Department." That would throw you back to the definitions of "commissioned officer" and "enlisted man" that you find in section 303.

General HINES. That would correct it; but would it do anything else, I wonder?

Senator REED of Pennsylvania. I think not.

Colonel BOUGHTON. Of course you want to identify the commissioned officers and enlisted men as they are of the Army or Navy.

Senator REED of Pennsylvania. No; because on page 3 we have defined the words "commissioned officer" as they occur throughout the act, and including a warrant officer, but including only an officer in active service in the military or naval forces of the United States.

Colonel BOUGHTON. Yes.

Senator REED of Pennsylvania. So that definition carries over into Title III.

Colonel BOUGHTON. Yes.

Senator REED of Pennsylvania. And if we strike out these words in lines 23 and 24 on page 43, that broadens it to include all these persons in active service of to-day.

Colonel BOUGHTON. Yes. Are you not bringing in the Naval Reserves and the War Department reserves?

Senator REED of Pennsylvania. No.

Colonel BOUGHTON. Then you have your active service right in the figures on page 3.

Senator REED of Pennsylvania. Very good; but we have broadened it to include cadets and midshipmen on page 3. It includes the commissioned officer and enlisted man in active service and midshipmen and cadets.

General HINES. That will correct it. As to recommendation 22, section 410 is omitted from the Reed bill.

Senator REED of Pennsylvania. That is intentionally omitted?

Colonel BOUGHTON. Yes.

General HINES. That is desirable. Recommendation 23 relates simply to adding in section 28 of the bill the words "or after being called into Federal service as a member of the National Guard." I think the committee has covered that.

Colonel BOUGHTON. Yes.

General HINES. Our recommendation 24 relates to protection of the files of the Veterans' Bureau, providing that all files, records, reports, etc., of the bureau shall be kept confidential and privileged in the same manner as the draft records. We find that that is desirable, as the bureau feels that the physical examination and all the evidence in the files of the claimants is of a personal nature and a confidential nature and should not be given out on the request of insurance companies or at the request of other agencies. That gives us the legal right to refuse it.

Senator REED of Pennsylvania. What is your objection to that, Senator?

Senator WALSH of Massachusetts. I do not object to the files being kept confidential, but it seems to me that the public ought to have a right to know what compensation was being paid to a man; that the amount of the award ought to be public information. I think

that anybody who is drawing anything from the Public Treasury puts himself in the position where the public have a right to know. Any voucher or any bill paid by the Government on any contract for building or for maintaining any institution or to an individual as a pension or compensation, ought to be accessible to the public.

General HINES. As a rule, I think that is the rule of the Pension Bureau not to publish it.

Senator REED of Pennsylvania. It ought to be, I believe.

General HINES. Senator Walsh says that he has no objection to this except as the awards of compensation.

Senator WALSH of Massachusetts. Why should not a wife going into court be in a position where she could go to a representative of the Veterans' Bureau and give testimony as to the amount of compensation a man is receiving?

General HINES. Under a court order of course the files are brought into court.

Senator WALSH of Massachusetts. Do you say that here?

General HINES. Yes, sir; on any court order they could be brought in.

Senator WALSH of Massachusetts. It ought not to be necessary to go to that trouble.

General HINES. That is one of the troubles we have now, of course, on that very thing, in controversies between husbands and wives.

Senator WALSH of Massachusetts. You have to make a report on it?

General HINES. We have taken the stand that we will bring the records in on a court order, and if anybody questions our legal right, we might be in an embarrassing position.

Senator WALSH of Massachusetts. If anybody is honestly accepting compensation from the Federal Government they ought not to be afraid for the world to know it. If anybody is getting any payment under false pretenses or without deserving it, I can understand how they would like to keep it secret, can not you?

General HINES. Of course, we would have it in mind at the time. So far as I know, with very few exceptions, there has never been a call for that information, but, of course, it is not published; although it is pretty generally known among the ex-service organizations.

Senator WALSH of Massachusetts. What men are getting?

General HINES. Yes; they tell it themselves.

Senator REED of Pennsylvania. If there has been no call for that kind of information, there is not much necessity for this action, is there?

General HINES. This action protects the files. There have been a number of calls for the files and for information. We get requests, of course, daily, from insurance companies on a man's examination, for a copy of the examination, and that sort of thing; and we get requests from many other sources. But I can recall only one case since I have been director where the request was made for information as to the amount of compensation a man was drawing, and that was from some individual inquiring about one of the ex-service men, having in mind that he thought he was not entitled to it.

Senator REED of Pennsylvania. How about putting a proviso in, saying, "The name of any beneficiary and the amount of compensation paid him shall at all times be furnished on request," or words to that effect?

General HINES. Another thing this proviso would do. In many cases it is not desirable for the man himself to have that information.

Senator WALSH of Massachusetts. That is true.

General HINES. It really works a detriment to their health to tell them the facts.

Senator REED of Pennsylvania. How would it be, General, to add a proviso to your suggested section 35, reading as follows:

Provided, however, That the name and amount of compensation or training allowance of any beneficiary shall be made known to any person who applies for such information.

General HINES. That would be satisfactory. Recommendation 25 looks long here, but in effect the committee has covered it fully on page 49, line 20. The object of the recommendation was to give a longer period where an incompetent could pay premiums on his insurance or until his guardian could be appointed. In this case you allow six months, which is ample. We were recommending "not more than six months." That covers all recommendations we have.

Senator REED of Pennsylvania. That protects the interests of any insane man, I think, in regard to his insurance.

Senator WALSH of Massachusetts. That covers all your recommendations?

General HINES. Yes, sir; now, a number of statements were made to the committee at previous hearings which are not exactly in accordance with the information in the bureau. I am not sure whether you desire to take this up now or at the time that you go finally over the bill.

Senator REED of Pennsylvania. What kind of suggestions have you in mind?

General HINES. For instance, in the statement of Mr. Kirby, of the Disabled American Veterans, he made certain statements which might tend to mislead the committee and cause some legislation which is not needed. For instance, I recall that it was stated by Mr. Kirby that the bureau had not taken steps whereby the Government could employ beneficiaries rehabilitated, as accountants, and so on, under the civil-service rules. That is a matter that we have worked on at quite some length, and the United States Civil Service Commission has been contacted by the Veterans' Bureau relative to the employment of men who have completed training and are applicants for positions in the Government service. Special arrangements have been made whereby applicants for trade positions, such as blacksmiths, mechanics, carpenters, masons, etc., who have completed a course prescribed by the rehabilitation division of the Veterans' Bureau will be accepted as having regular journeymen status. Trainees who have completed a course in drafting will be accepted as having met the requirements of the lower grades of position in the War and Navy Departments without requiring the applicant to be rated only for apprentice or copyists draftsman before employment. The policy of accepting as experience the training prescribed by the rehabilitation division of the United States Veterans' Bureau obtains in many of the technical and scientific positions, such as bacteriologists, dental surgeons, physicians, etc. The commission requires four years' experience in certain types of bookkeeping and auditing for the position of auditor in the Bureau of Internal Revenue. However, two years' placement training as an accountant or auditor

is accepted as meeting the requirements for the position mentioned above. So that I think that we have covered fully all that can be expected if the civil service law is not to be impaired entirely.

Senator REED of Pennsylvania. Mr Kirby made one point with great force, that the only test of rehabilitation is the employability of the man. Is there any such test applied in the bureau?

General HINES. That is exactly the test that has been applied since March 1, and many of the complaints have been brought about by our endeavors to apply the law in that respect. The language used by Mr. Kirby is that used in law, but a man will be trained until he has reached the point of employability. The law sets down no limit of training. It sets down that test, and the bureau has tried, and is still endeavoring, to apply that when the man has reached the point of employability; and if he makes an effort and can go ahead in employment he certainly has been rehabilitated. We feel that without carrying the man to the point of rehabilitation employability he really is not rehabilitated.

Senator REED of Pennsylvania. What attitude has been taken toward your trainees by the labor unions? Will they admit them to full membership?

General HINES. They are cooperating with the bureau in every way that is reasonable. In other words, they are willing; and the local unions, after the matter was presented first to the national convention of the Federation, have all endeavored to assist us by taking these men who are in placement training, and giving them credit for previous training—that is practical training, not theoretical—as applying on their apprenticeship period before the issuing of cards; and as long as the bureau will carry out the policy of not permitting, for instance, a nonunion shop to take a man in and pay him almost a union wage, and then the bureau on top of this paying him an allowance, why, they are perfectly willing to take these men and give them cards and work them into employment.

Senator REED of Pennsylvania. They do not enthuse over the situation whereby a trainee goes into a nonunion shop and as a result of his pay there, plus the veterans' allowance, gets more than a full-fledged union journeyman?

General HINES. They object to that seriously, and I think with very good reason, because they are upsetting the standard of wages in that community, and the standard of living of those men, and it results in dissatisfaction of the union men; and that is what they term the exploitation of trainee labor; and we are trying to work with them in curing that.

Senator WALSH of Massachusetts. Could you not go through the testimony submitted by the representatives of these veterans' organizations and make comments on what they say?

General HINES. I would like very much to do that, and probably it would give the committee information in a much more logical way than for me to make this statement here now; and if I can receive either a printed copy or a typewritten copy of their statements, I will do that. Our object is to place before the committee accurate information on what we are doing, and what has been done, and wherever possible to state the logical effect of changes in legislation.

Senator WALSH of Massachusetts. We will look through these recommendations and check them up in the record. We have these

recommendations and the committee's report, and this comment, in addition as to what is embodied in the bill.

Senator REED of Pennsylvania. In addition to that there is one question that was very striking in the testimony of the men of these service organizations, and that was as to the number of trainees who are now unemployed. From our Veterans' Bureau Committee hearings I had the impression that there were about 2,000 trainees unemployed. It has been implied, I do not know by whom, that the number is very much greater than that. Can you give us enlightenment on that?

General HINES. Of course, they may look at the question of the employment of ex-service men a little differently than the bureau. The bureau feels that it is obligated to place into employment—although the law does not put that obligation, we feel the moral obligation—those men who have completed their training. The records as I recall, not having them before me, show that as, say, of the 1st of January, approximately 1,200 men who were bureau beneficiaries rehabilitated, were out of employment, and an analysis of that 1,200 shows that 71 of those men could not at that time work because of physical reasons; 257 would not cooperate with the bureau; and for the balance opportunities had not at that time been provided.

The ex-service organizations, particularly the Disabled American Veterans, feel that some of these men have been rehabilitated as the result of training for a particular objective, and are now employed not in that objective; that they are employed in some other way. Therefore the training was not successful because the man is unable to gain employment in the objective for which he was trained. In that way they will, of course, be able to show a greater number of men unemployed for the particular objectives for which they were trained, and I believe that a certain canvass is being made by them on the matter right now. Of course, it is rather difficult for the bureau to assume forever the obligation of keeping these men always employed. They may, of their own accord, change their desire of what kind of employment they wish.

We have, at the suggestion of Senator Reed, taken the matter up with the chambers of commerce and a number of them have appointed special committees for the very purpose of not only assisting the bureau in placing into employment these men as they are rehabilitated, but to keep ex-service men in employment, and the cooperation offered in that respect has been, I think, very much more than the Government had a right to expect. Many large corporations have gone out of their way to assist in taking these men in, and we are furnishing almost every month a list of men whom we expect to rehabilitate over certain periods, where they are located, and the vocations they will be rehabilitated from, in order that these various companies may have something to guide them in offering positions.

Senator REED of Pennsylvania. I suppose in some jurisdictions the amount is greater than in others, on account of business conditions.

General HINES. Principally in New York; New York and the larger cities seem to be the places where there are the greater number. Of course, it is at the point where the greatest load is. I feel that the bureau has really done very well in the last year, when you consider that on March 1, 1923, there were 93,000 men in training, and

I inquired as of March 1 of this year, and it is estimated there are 60,000 men in training. I furnished to the committee during the investigation a statement which showed almost as many men employed as has been rehabilitated. Of course, there may be a difference there in respect to the particular men. Some of the total number of employed men may have been the same men rehabilitated. There is always a lap.

Senator REED of Pennsylvania. We understood that when you gave us the figures.

General HINES. Effort is made, however, to find employment for these men before we take them off the Government pay roll.

Senator REED of Pennsylvania. There was a mention made of a detachment of your rehabilitated men who were given employment, who were sent to a race track to act as guards for some portion of it. Some emphasis was laid on that. The implication was, at least, that that was considered by the bureau to be finding permanent positions for these men, and they were stricken from the list.

General HINES. I do not recall anything like that happening.

Senator REED of Pennsylvania. Do you recollect any such instance?

General HINES. No, sir; it has not come to my attention since I have been there.

Senator REED of Pennsylvania. Of course, such employment as that should be omitted from consideration. It does not mean anything.

General HINES. We desire to give the committee a little information as to the possible load that may result from the change of section 300 by the elimination of the examination within the three years, the presumption clause. This memorandum was made up by my planning service. I think if I read it into the record it will give it to you as well as I can state it [reading]:

In accordance with your request for an estimate of the number of tuberculosis cases and neuropsychiatric cases which under section 300 of the act were disallowed as not proving the origin or existence of the condition within the three-year period, you are advised that there was made this morning a study of 100 cases in each district where the claim had been disallowed because the disease could not be connected with service under the existing limitations. Of these 1,400 cases reviewed, 206 or 14.7 per cent were cases of tuberculosis; 135 or 9.6 per cent were cases involving a neuropsychiatric disability. Under the assumption that these 1,400 cases are representative of all cases, these per cents were applied to the total disability cases where the reason for disallowance is "not of service origin." The total number of these cases is 193,718.

Assuming that the above basis is reasonable it therefore developed that the number of tuberculosis cases which have been disallowed as not of service origin would be approximately 28,475, and the number of neuropsychiatric cases which have been disallowed because of not being of service origin would approximate 18,595.

It is believed that the above figures can be considered reasonable for the purposes of a tentative estimate.

Senator REED of Pennsylvania. In other words, the change which we have suggested in section 300—

General HINES (interposing). It is 200 in this.

Senator REED of Pennsylvania (continuing). Would add to the monthly outlay of the Government about \$5,000,000.

General HINES. Just about.

Senator REED of Pennsylvania. Now, if we were to increase that period of three years to five years as is very strongly urged upon us, that would include practically every case of tuberculosis that has

occurred up to the present time, and every case of mental disease that has occurred up to the present time?

General HINES. That would be a total of 193,000 cases.

Senator WALSH of Massachusetts. 25,000 and 18,000 make 43,000 as the total number of cases of all kinds?

General HINES. Yes; that is right.

Senator REED of Pennsylvania. But that would include all of the cases which come in during the next three or four years which manage to show an occurrence of the disease within the first five years after discharge. If the ratio is maintained, it would be as 5 is to 3. In other words, it would add two-thirds of the present load.

General HINES. Yes, that is right. I am assuming family allowances. They would either get total permanent or the family allowance, which would bring it up to \$100.

Senator WALSH of Massachusetts. That would not necessarily follow?

General HINES. No; of course, it is a bad thing to guess, and it is hard to estimate, but I feel that that would be a fair estimate of the increase on the change suggested.

Senator REED of Pennsylvania. You have been in office for a year. What do you think of the justice of two suggestions: First, increasing the three years to five years; and next, abolishing the requirement that the symptoms be made apparent to a Veterans' Bureau physician within the period?

General HINES. Based on my experience of a year, I would recommend the striking out of the requirement of the examination by a reputable physician and a Veterans' Bureau physician within that time, giving the presumption, as I think it was originally intended, to cover those cases within that time. I do not feel that to extend it to five years, you are giving compensation for disability due to service. I think that five years is beyond the time when any of those diseases can really be charged to service.

Senator REED of Pennsylvania. In other words, you think that that suggestion so far made by the committee, of allowing the disease to be proved by any evidence within three years, is unjust?

General HINES. It is unjust to require proof within three years.

Senator REED of Pennsylvania. That will mean an increase of, not more than 60 men a year, and perhaps as low as 30 men a year.

General HINES. That is it.

Senator WALSH of Massachusetts. What do you think, in case we have to increase to the five-year limit, about restricting it to those service men who were in service prior to November 11, 1918? Then that would take in every man to November 11, 1923, with tubercular and neuropsychiatric diseases.

General HINES. Of course, with any limitation of that kind we would be charged with discrimination. It is rather hard to say, now.

Senator WALSH of Massachusetts. I know, but it would be limiting the benefit, restricting it to those men who were in active service prior to the armistice.

General HINES. That is true.

Senator WALSH of Massachusetts. They have a right to a different claim, I think, than the men who entered the service after the armistice; quite a different consideration. Their drill or their training, their service, was of a more intense character, the mental strain

was greater, and the physical wear and tear might have been greater. That is the point I am trying to find out.

General HINES. There is much justice on that side.

Senator WALSH of Massachusetts. Assuming that we have to face some compromise.

General HINES. Of course, we must remember that long after the armistice we had an army in France.

Senator REED of Pennsylvania. Senator Walsh's suggestion, though, is to limit it to the men who were in the Army before the armistice.

General HINES. I think that would be fair.

Senator REED of Pennsylvania. He does not date the disability to the time preceding the armistice, and it would not be fair to do so.

General HINES. No; Colonel Boughton has a point here that I think he had better state. It is quite an important one. He has been talking to me many days on it.

Colonel BOUGHTON. It is one of the places, I think, Senator Reed, where you are going to have to alter the law in order to conform to the new theory of the bill, and that is the compensation payable for diseases whose origins are between two dates. Here in this presumption of service origin, while you have a presumption of service origin you have no presumption of service origin before or after any particular time, you see.

General HINES. That can be covered to be in conformity with the general plan of the bureau.

Senator REED of Pennsylvania. In other words, you would date your three or five years or whatever it is with the date of the armistice?

Senator WALSH of Massachusetts. Yes.

Colonel BOUGHTON. Your man has still to prove, after he is aided by this presumption in section 300, that the disability is of service origin at a particular time. He has still to prove that the origin was between April 6, 1917, and July 3, 1921. He is incapable of proving, in fact, whether it is of service origin at all, you see. He is all the more incapable of proving, in fact, that the service origin was within a particular period.

Senator REED of Pennsylvania. No; I do not follow you. If he proves the occurrence of clear symptoms of tuberculosis—

Colonel BOUGHTON. Yes.

Senator REED of Pennsylvania (continuing). Within three years after his discharge.

Colonel BOUGHTON. Yes.

Senator REED of Pennsylvania (continuing). The law says that raises a conclusive presumption of service origin.

Colonel BOUGHTON. Yes, sir.

Senator REED of Pennsylvania. That is, he is entitled to compensation.

Colonel BOUGHTON. No.

Senator REED of Pennsylvania. What else must he prove?

Colonel BOUGHTON. Because under the bill as now drawn, under your 213 he must have not only a service connection but he must have an origin that lies between two points of time.

Senator REED of Pennsylvania. No.

General HINES. Between April 7, 1917, and July 2, 1921.

Senator WALSH of Massachusetts. July 2, 1921.

General HINES. In other words, the theory of the bill is to include all disabilities originating between those two dates?

Senator WALSH of Massachusetts. Yes.

General HINES. Unless the presumption follows between those two dates you would have a distance—

Senator REED of Pennsylvania. Section 212 states that the act is intended to provide a system for the relief of persons who were disabled between the declaration of war and the declaration of peace.

Section 200, creating the presumption, creates the presumption that any man with tuberculosis appearing within three years after discharge—

Colonel BOUGHTON. Within three years after separation from the active military or naval service of the United States.

Senator REED of Pennsylvania. Yes; shall be conclusively presumed to have acquired the disability while in service.

Colonel BOUGHTON. So far, so good; but that is not far enough.

Senator REED of Pennsylvania. That satisfies all the requirements of section 212, does it not?

Colonel BOUGHTON. I think not, Senator. Section 212 says he must have incurred it in the service between April 6 and July 2. That does not take in that far.

Senator REED of Pennsylvania. It says he must have been disabled in the service between those dates?

Colonel BOUGHTON. Yes.

Senator REED of Pennsylvania. All right.

Colonel BOUGHTON. Now, how can he prove it?

Senator REED of Pennsylvania. Section 200 says it shall be conclusively presumed that he acquired this disability in such service.

Colonel BOUGHTON. In the service; but that is not quite far enough.

General HINES. Within three years after his discharge. Now, suppose his discharge fell outside of and beyond July 2, 1921. That might be possible.

Senator REED of Pennsylvania. There were a few cases of discharge after July 20, 1921. I see your point.

Colonel BOUGHTON. Suppose it was before that, even; the three years will not expire until long after.

Senator REED of Pennsylvania. I grant you that. But if, in section 200, the three years is made to date from separation from service, but not later than July 2, 1921—

General HINES. That corrects it.

Senator REED of Pennsylvania. Then we will make the two sections harmonious.

General HINES. That is what you will do. That is the only point I can see. I do not know whether you had another in mind or not, Colonel.

Colonel BOUGHTON. No, sir; I do not think it will correct it at all.

General HINES. Why not?

Colonel BOUGHTON. Here is a man who was discharged on July 2, 1921, and within three years he develops one of those two diseases. He can not prove, in fact, the service connection at all. He wants to bring himself within the act. He comes up and this presumption in section 200 enables him to carry his burden and show his service

connection. Well, that does not aid him to show that he got it after April 6, 1917.

General HINES. Yes; it does,

Senator WALSH of Massachusetts. It enables him to show that he got it before July 2, 1921, in the instance he put. If he got it between April 6, 1917, and July 2, 1921—

Colonel BOUGHTON. He might have gotten it before April 6, 1917.

Senator WALSH of Massachusetts. How could he get it before April 6, 1917?

Colonel BOUGHTON. The whole of the Army that was in service on April 6, 1917, would be affected by that.

Senator REED of Pennsylvania. The Regular Army.

Senator WALSH of Massachusetts. He would not be entitled to it.

Colonel BOUGHTON. Not under this law, he would not. But no one could not show even with the aid of the presumption that he was entitled.

Senator REED of Pennsylvania. The Colonel's idea is that it is incumbent upon him to show that he got it after that date and not before.

Senator WALSH of Massachusetts. Were they not examined by the department?

Colonel BOUGHTON. Yes, sir; but you provide in your presumption here that it will be conclusively presumed to have been acquired in service but not between those dates.

General HINES. Of course, the Regular Army being in the service was not examined on April 6 like the other men that came in. They had had an examination when they entered the service and had had periodical examinations from time to time.

Senator WALSH of Massachusetts. Is not that to be inferred that he contracted the disease between those dates—that is to say, within the service?

Colonel BOUGHTON. Oh, well—

Senator WALSH of Massachusetts. We are only talking about service during the war. We are not talking about cases of contracting diseases in the service before the war or service after the war.

General HINES. I think if the two sections are brought into accord you will accomplish that.

Senator WALSH of Massachusetts. The great bulk of these service men were discharged before what date?

General HINES. Of course, they started to come home in very large numbers right following the armistice, and that kept up and I should say that the bulk of the men were discharged prior to July, 1920.

Senator WALSH of Massachusetts. You mean 1919?

General HINES. Before July, 1919, I mean.

Senator WALSH of Massachusetts. So that five years would be the 1st of July, 1924. The three-year period has expired for most of them already.

General HINES. Yes.

Senator WALSH of Massachusetts. In most of the cases?

General HINES. Yes; in most of the cases.

Senator WALSH of Massachusetts. Under our amendment they can prove that the disease was contracted within the period.

General HINES. If you would call up the specialists on tuberculosis and most of the neuropsychiatric diseases, they would tell you plainly that even three years is stretching it quite a long way.

Senator WALSH of Massachusetts. They said that before.

Senator REED of Pennsylvania. Let us carry the suggestion a little further. The moment of a man's discharge really has not as much bearing on the arising of this presumption as has the moment of his service. A man who stayed in the Army all through the year 1919 ought not to have any greater rights than the man who was sent back early and mustered out in March, 1919.

General HINES. No; I do not think so.

Senator REED of Pennsylvania. There is no reason for giving one a greater presumption than the other, because the time when such diseases were incurred, if there is anything in this presumption business at all, was along during the campaign months, and the winter that followed.

General HINES. Certainly.

Senator REED of Pennsylvania. Now, would we not be doing the just thing if we would fix a definite date up to which time this showing could be made, so as to cause the presumption to arise? Would it not be a good plan to strike out these words, "within three or five years after separation from the service," and put in "on or before January 1, 1923"? That would be more than three years after the time when the diseases were started.

General HINES. It certainly would make it a much better law to administer.

Senator REED of Pennsylvania. Why should a man's rights depend on the accident of his remaining in the service a few months more or less?

General HINES. There is no argument for it.

Senator REED of Pennsylvania. Supposing we adopted that idea, and then in the latter part, where we speak of the conclusive presumption, make it read this way:

Such a person shall be conclusively presumed to have acquired his disability in such service between April 6, 1917, and July 2, 1921, or to have suffered an aggravation of said disability between said dates?

Then we take care of these regulars that Colonel Boughton speaks of who were in the service before, and we give them the benefit of the presumption just the same as all the others, and we do not penalize a man for having been mustered out a few months earlier.

General HINES. I think that is fair. There is one suggestion I should like to offer under the term "neuropsychiatric." Some of the hardest cases to handle to-day are those due to encephalitis. The doctors are, I believe, just as much in doubt as a layman on how the disease originates, and its period of incubation. The bureau arbitrarily, in my judgment—it is based on as good medical advice as they can get—has fixed the period of incubation at four months after discharge. We had a case in New York recently where a man who was working for one of the automobile companies there, a man with a family, a wife and two children, made every effort, of course, not to give in, and according to his own testimony, and I believe the man because he is the type that would try to stick on and work as long as possible, soon after his discharge he had something that was peculiar, and he had to quit work for half a day, say, but then he went on with

his job for another six months. Then he had another attack, and maybe had to leave for a day. The disease progressed until finally one day he was just knocked out, and he is absolutely helpless, and he has sleeping sickness or encephalitis. That case was one which I went into personally and had the medical officer in New York take this man down to Johns Hopkins. They studied his case, and in his case are willing to say, due to the history that he gives them that it is chargeable to his service, although it is a year and half afterwards; but he is able to state these progressive steps of the disease.

But we have a number of cases that we have disallowed simply because they can not cite a history like that and the disease was not developed within four months after discharge.

Senator REED of Pennsylvania. That four months' period is fixed by regulation?

General HINES. By regulation.

Senator REED of Pennsylvania. Why can it not be unfixed by regulation?

General HINES. I think it can. But most of those regulations and the rating table are made up on medical advice, and where there is such a difference of opinion among medical men it could be cured in this way, that rather than having the word "neuropsychiatric," we define the diseases where the presumption will be given. I am only making that suggestion in the event that you are going to call any specialists before the committee that you put that question to them and see what they think of trying to define in that way.

Senator REED of Pennsylvania. I have thought about that, and it seemed to me that it was not necessary to tinker with the law; that it could be covered by a regulation which would say in substance that the occurrence of encephalitis within four months would raise the presumption that it occurred before discharge, and the occurrence of it any time after four months should be subject to reasonable proof showing its connection with the service.

General HINES. Of course, I contemplate putting that, along with many other questions, to this board of specialists in the revision of the rating table. In other words, the rating table is going to be revised by a group of men upon a definite plan. The American Medical Association has agreed to refer the various sections to their boards of specialists in each type of disability to see if they agree with the bureau's committee on the defining of disabilities. That will be one of the problems that will go. I think probably every Member of Congress has had some experience with that type of disease, encephalitis, where the bureau has had to turn them down under their regulation of long standing, and if we change it now we will have to go back and change all the others.

Senator REED of Pennsylvania. I think it ought to be changed by regulation, don't you?

Senator WALSH of Massachusetts. Yes.

Senator REED of Pennsylvania. If we undertake to provide for specific diseases the thing becomes equivocal. We will have to call in doctors to testify, and we must decide, and we are not competent to do it.

General HINES. I can readily understand where you would have difficulty in reaching a conclusion, because I have never been able to find, in my experience in the bureau, where you can get more than

two or three on one side. There will be about as many on one side as on the other in the discussion.

Senator REED of Pennsylvania. That suggestion was made to us about encephalitis, and it was my thought then to ask you to have your medical division take it up, and to modify those regulations.

General HINES. I have it up right now.

Senator WALSH of Massachusetts. The cases are increasing in number, are they not?

General HINES. Yes; I allowed a case here recently because it was a case so close to the four months that I could not help but allow it. It was within a few days. But after making that decision it struck me, why should I go four months and six days and not go six months; and it is a thing which I will correct very quickly.

Senator REED of Pennsylvania. The suggestion has been made that we broaden this hospitalization clause to take into all Veterans' Bureau hospitals any veteran of any war or of any military activity who suffers from any disease whatever.

General HINES. I would concur in that if it is left discretionary; but if it is established as a right, it will bring much grief to the veterans. The Appropriations Committee was very much interested in the question of the liberalization and its bearing on the matter of dollars and cents when I appeared before them yesterday.

Senator WALSH of Massachusetts. The Appropriations Committee of the House?

General HINES. Of the House; and I stated that I thought liberalization would probably come out in the form of being left to the discretion of the director rather than a definite right, and it would not result in starting a building program of more hospitals; that we would go as far as the facilities available would permit.

Senator REED of Pennsylvania. We are very much obliged, General
Senator WALSH of Massachusetts. You are going to prepare a memorandum of your comments upon the testimony presented by the representatives of these service organizations?

General HINES. Yes; as soon as I can get the testimony we will go over it and make comments.

(At 4.40 o'clock p. m. the subcommittee adjourned until Thursday, March 6, 1924, at 2.30 o'clock p. m.)

VETERANS' BUREAU CODIFICATION ACT.

THURSDAY, MARCH 6, 1924.

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

The subcommittee met at 2.30 o'clock p. m., Senator David A. Reed presiding.

Present, Senators Reed of Pennsylvania (acting chairman) and Walsh of Massachusetts.

STATEMENT OF MR. WATSON B. MILLER—Resumed.

Senator REED of Pennsylvania. Mr. Miller, having appeared before the committee previously, has come to-day to submit further suggestions of the American Legion for amendments to Senate bill 2257.

I notice, Mr. Miller, that your second suggestion would place all employees of the Veterans' Bureau under the civil-service law with certain exceptions made by the director from time to time. The Civil Service Commission has suggested to us the insertion of the following sentence on page 5, line 8, of the bill, following the word "Congress" (reading):

With such exceptions as the President may deem advisable, the employees of the bureau shall be selected in accordance with the civil-service law and regulations.

I presume that that would meet the purpose of your second suggestion, would it not?

Mr. MILLER. Yes, sir; section 5, page 6, line 3, insert after the word "Director," the following, "subject to the general direction of the President."

Senator REED of Pennsylvania. I think that all the acts of the director should be "subject to the control of the President." I believe that we all of us want to relieve the President of as much routine detail as possible. Do you think that your suggestion there would add to his burdens?

Mr. MILLER. Perhaps it would.

Senator WALSH of Massachusetts. I thought that this would be submitted for our record to-day, and that we would hear from General Hines, and this would go to him so that he might look it over and give us his opinion; and that after getting General Hines's opinion we would take up the matters in controversy.

Senator REED of Pennsylvania. I thought that Mr. Miller would want to explain some of these suggestions. I think we ought to put these suggestions bodily into the record, and we will give a copy of them to the reporter now so that he may incorporate them in the transcript.

Senator WALSH of Massachusetts. You did explain all of your important suggestions the other day, did you not?

Mr. MILLER. I only referred to the 22 salient and principal points as they appeared in the first preliminary report of the Select Committee of the Senate.

Senator WALSH of Massachusetts. And you want permission to add these?

Mr. MILLER. I am perfectly willing to go along and make this as convenient for you busy gentlemen as possible. I know what you are up against, and we will handle it in any way you suggest.

Senator REED of Pennsylvania. Some of these things are eminently proper. Take the fourth suggestion that you make; it improves the draftsmanship, and it does not take any argument to see that.

Senator WALSH of Massachusetts. I assume that many of these changes would be acceptable to General Hines, and if he had an opportunity to go over them, that would prevent our having to spend any time on matters that we can agree upon. We are not likely to disagree, and on any matters that are in controversy we would probably want to hear you both.

Mr. MILLER. Then you would prefer to introduce these bodily into the record?

Senator WALSH of Massachusetts. That is what we did in the case of Captain Kirby.

Mr. MILLER. And then you would like further anything necessary by way of explanation, and if matters came into controversy you would like to get our side of it?

Senator WALSH of Massachusetts. General Hines has taken the entire evidence with him, and after he goes over it he expects to comment upon every part of it. We ought to have him do the same with this.

Mr. MILLER. There was this advantage in the matter of Captain Kirby's evidence, because as he went along he was given an opportunity of giving his observations on the abstract reasons of the suggested changes.

Senator WALSH of Massachusetts. Certainly.

Senator REED of Pennsylvania. Would not this help you if we were to take these suggestions of yours and go over them; and we will accept many of them, like that fourth one, as soon as we see them.

Senator WALSH of Massachusetts. Yes.

Senator REED of Pennsylvania. It is best that your discussion should not be broken up by having in it these many things that we do accept on sight. Will we not narrow the issues if you confine your remarks to the important things; if we take these suggestions and embody all that appeal to us in our redraft of the bill, and when we have a committee print of the bill embodying them, then the number of things which you will want to speak about will be very much reduced. I think we ought to take this and go over it section by section, and Senator Walsh and I will adopt many of the suggestions, and then we will have a reprint, and then have it before these gentlemen so that they can consider it again, and the scope of the discussion will be very much less.

Mr. MILLER. Of course, there are many things that I want to receive the views of the committee upon. For example, in the bill

S. 2257, the right to have suits on disputes for insurance lie in the United States Court of Claims is suggested. I feel that perhaps that procedure would remove the actual hearing of the case to points so far remote from a man or his attorneys that they would not be able to prosecute it successfully; and moreover, I have understood—and I have a magnificent lack of knowledge of the law—that oral testimony is not heard in the Court of Claims.

Senator REED of Pennsylvania. The Court of Claims testimony is all taken before a commissioner. It is delivered orally, taken down by a shorthand reporter, and the printed record is submitted to the court.

Senator WALSH of Massachusetts. They have an option, have they not?

Senator REED of Pennsylvania. Page 17, in section 23 of the bill we have given the veteran the option either to bring suit in the Court of Claims or in the district court of the United States in the district in which he, the veteran, lives.

Mr. MILLER. My fear was that that perhaps might make it also optional with the director.

Senator REED of Pennsylvania. No; wherever the alternative is given it is for the plaintiff to choose.

Mr. MILLER. I thought perhaps it would, to bring suit in the United States district court with the right of appeal to the United States Court of Claims.

Senator REED of Pennsylvania. No; an appeal never lies to the United States Court of Claims from any other court. The United States Court of Claims is a court of first instance.

Mr. MILLER. Would the proper procedure be to let him bring a suit in the district court with the right of appeal to the United States District Court of Appeals?

Senator REED of Pennsylvania. Yes; it was our intention, and I think we have expressed it clearly, that the veteran should have the option.

Mr. MILLER. Is there any advantage to the veteran in permitting him to bring a suit in the Court of Claims?

Senator REED of Pennsylvania. I do not know of any, except that in a case of grave dispute on a matter of law the appeal lies directly to the United States Supreme Court.

Mr. MILLER. On a constitutional question; on a question of law?

Senator REED of Pennsylvania. Yes; on some great constitutional question; but as a practical matter I should think they would almost always prefer to sue in the district court.

Mr. MILLER. If the Senator will look at that provision in the bill which permits these suits, there is some wording there I would like to speak of. For example, you use the word "beneficiary." I am persuaded that in the event of suit there might be many men bringing suits who were not beneficiaries of the Veterans' Bureau in any other way than that they might benefit by the successful termination of a suit on issuance. They may not be in hospital or may not be receiving compensation. Then would they be claimants only?

Senator WALSH of Massachusetts. Any person who receives money under a policy is a beneficiary.

Mr. MILLER. But they would not be beneficiaries until after the suit was successfully terminated.

Senator WALSH of Massachusetts. The person named in the contract to receive the money after the death is the beneficiary. That is, the veteran who himself is permanently and totally disabled and therefore entitled to bring suit would be the beneficiary under those circumstances, and would be entitled to sue.

Mr. MILLER. Then there would be nothing gained by using the words "claimant" or "claimants," in place of the word "beneficiary?"

Senator REED of Pennsylvania. I do not think it would change the meaning in the least. What do you think, Senator Walsh?

Senator WALSH of Massachusetts. I do not, either. I think "beneficiary" covers everything.

Mr. MILLER. I am quite willing to take your judgment on matters which I do not understand perfectly. I must tell you, of course, that there will be many things in these suggestions of the American Legion which require some elaboration on my part before you can probably understand why I have asked for them, and I will make those explanations at just such time as you call upon me for them.

Senator REED of Pennsylvania. A number of other changes have been suggested, and I think you ought to see them before you pass final judgment on the bill. It is not fair for us to take what might be considered a final judgment or criticism of the bill when we have in mind making other changes suggested by other people. For example, in the section we have just been looking at one of the organizations has suggested that the first line on page 17 be changed to read as follows:

That no claim agent or attorney except the recognized representative of the Red Cross or the American Legion or the Disabled American Veterans, and so on.

You ought not to be asked to criticize that paragraph until you see it in final form. Therefore, I think, in fairness to everybody and in order to shorten the whole process, we ought to have our bill reprinted and ask you then to come and give us your judgment on it; and when it is printed you will find many of these suggestions.

Mr. MILLER. I will be glad to do that. You will let this memorandum of mine go into the record?

Senator REED of Pennsylvania. Yes.

(The memorandum submitted by Mr. Miller is here printed in the record as follows:)

THE MANNER IN WHICH THE AMERICAN LEGION LEGISLATIVE PROPOSALS WOULD AMEND S. 2257.

[The titles, sections, and paragraphs quoted below relate to S. 2257.]

Sec. 3, p. 3, line 24—At end of line insert "and members of student Army training camps."

Sec. 4, p. 5—At end of line 5—"with the exception of the director and such special experts as the director may from time to time find necessary for the conduct of the work of the bureau, all employes shall be appointed from eligible lists provided by the Civil Service Commission."

Sec. 5, p. 6, line 3—Insert after the word "Director" the following: "subject to the general direction of the President."

Sec. 5, p. 5, line 7—Strike out "allowance."

Sec. 5, p. 5, line 8—Strike out "allotment."

Sec. 6, p. 6, line 23—After the word "occupation" add the sentence: "No person shall be declared rehabilitated until he is employed in the occupation for which he has been trained."

Sec. 7, p. 7, line 8—Strike out the period and insert a comma, and add: "by means of a board or boards to be appointed by the director."

Sec. 8, p. 7, line 22—Insert after the word "care" the following words: "making insurance awards."

Sec. 8, p. 7, line 25—Insert a new sentence after the word "office," as follows: "Such powers shall be delegated under regulation to boards, which shall be comprised of representatives of the bureau, and which shall consist of one medical representative, one claims representative, and one vocational training representative, together with such other persons as may be considered necessary, said boards to consider claims and make awards in the regional offices, the sub-offices, or at such other places as the director may designate."

Sec. 11, p. 11, line 22—Change the word "three" to "five."

Sec. 12, p. 12, line 23—Add proviso of old sec. 11, V. B. Act, as follows: "Provided, That the offender shall have the right to appeal the decision involving the forfeiture of a part of his compensation to a board of three persons which shall be established and appointed by the director in September of each year for each regional district. Such board shall be known as the Board on Discipline and Morale. It shall serve without compensation, and at least one of the members of such board shall be an ex-service man and a member of some war veterans' organization. No person who is in the employ of the United States shall be a member of such board. The decision of such board, after hearing all the evidence presented by the offender and those charging a breach of the rules and regulations, shall be final."

Sec. 13, p. 12—Strike out whole section.

Sec. 14, p. 13, line 21—Add "Beneficiaries of the bureau shall be reimbursed without necessity for refund to the bureau for the appraised value of any personal property destroyed while in training centers, hospitals or institutions by fire, flood or explosion, provided such personal property when destroyed was located where designated by authorities of the bureau."

Sec. 19, p. 15, line 11—Strike out the words "reduced to judgment" and substitute the words "entered in decree."

Line 12—Strike out the words "court of claims."

Sec. 20, p. 15, line 22—Strike out the words "reduced to judgment" and substitute the words "entered in decree."

Line 22—Strike out the words "the court of claims or in."

Sec. 20, p. 16, line 4—Strike out the words "Secretary of the Treasury" and substitute the word "director."

Sec. 23, p. 17, line 13—Following the word "exceed," change "five percentum" to "thirty percentum."

Sec. 23, p. 17, line 14—Strike out all words following "to be paid by the" and substitute therefor "Veterans' Bureau to the attorney, said fee not to be deducted from the amount in judgment awarded by the court."

Sec. 25, p. 18, line 2—Change the word "shall" to "may."

Sec. 25, p. 18, line 4—Insert after "the" and before "state" the words "laws of the."

Sec. 25, p. 18, line 19—Strike out the words between the word "notice" and "from time to time" and insert "to render accounts satisfactory to, and upon request of, the director."

Sec. 25, p. 18, line 22—Write in subdivision (2) sec. 23, of present act; as follows:

(2) If any person entitled to receive payments under this act shall be an inmate of any asylum or hospital for the insane maintained by the United States, or by any of the several States or Territories of the United States, or any political subdivision thereof, and no guardian, curator, or conservator of the property of such person shall have been appointed by competent legal authority, the director, if satisfied after due investigation that any such person is mentally incompetent, may order that all moneys payable to him or her under this act shall be held in the Treasury of the United States to the credit of such person. All funds so held shall be disbursed under the order of the director and subject to his discretion either to the chief executive officer of the asylum or hospital in which such person is an inmate, to be used by such officer for the maintenance and comfort of such inmate, subject to the duty to account to the United States Veterans' Bureau and to repay any surplus at any time remaining in his hands in accordance with regulations to be prescribed by the director; or to the wife (or dependent husband if the inmate is a woman), minor children, and dependent parents of such inmate, in such amounts as the director shall find necessary for their support and maintenance in the order named; or, if at any time such inmate

shall be found to be mentally competent, or shall die, or a guardian, curator, or conservator of his or her estate be appointed, any balance remaining to the credit of such inmate shall be paid to such inmate, if mentally competent, and otherwise to his or her guardian, curator, conservator or personal representative.

Sec. 27, p. 20, line 14—Insert after the word "insane" the following "or that an injustice was done such person in such court-martial trial."

Sec. 200, p. 22, line 15—Strike out the words "line of duty" and insert "service."

Sec. 200, p. 22, line 19—Strike out the words "line of duty" and insert "service."

Sec. 200, p. 23, line 5—Insert after the word "been" the words "conclusively proven to have been".

Sec. 200, p. 23, line 22—Strike out the words between the word "had" and the word "claim" (p. 24, line 12) and insert the following: "a neuropsychiatric disease including encephalitis, or a tuberculous disease, or amoebic dysentery, or an organic disease, or constitutional psychopathic inferiority, developing a 10 per centum degree of disability or more in accordance with the provisions of subdivision (4) of section 202 of this act, within five years after separation from the active military or naval service of the United States, shall be considered to have acquired his disability in such service, or to have suffered an aggravation of a preexisting neuropsychiatric disease including encephalitis, or tuberculous disease or amoebic dysentery, or organic disease, or constitutional psychopathic inferiority, in such service, but nothing in this proviso shall be construed to prevent a claimant from receiving the benefits of compensation and medical care and treatment for a disability due to these diseases of more than 10 per centum degree (in accordance with the provisions of subdivision (4), section 202 of this act) at a date more than five years after separation from such service if the facts of the case substantiate his claim."

Sec. 200, p. 24, line 15—Strike out the words "in line of duty" and substitute the words "in the service".

Sec. 200, p. 24, line 18—Strike out the words "in line of duty" and substitute the words "in the service".

Sec. 200, p. 24, line 20—After the word "on" insert "or after".

Sec. 201, p. 25—Strike out all of section 201, down to the sentence beginning with the words "such compensation" on line 17, and insert in lieu thereof the following:

"Sec. 201—That if death results from injury—

"If the deceased leaves a widow or child, or if he leaves a mother or father either or both dependent upon him for support, the monthly compensation shall be the following amounts:

"(a) If there is a widow but no child, \$50.

"(b) If there is a widow and one child, \$60.

"(c) If there is a widow and two children, \$70, with \$10 for each additional child.

"(d) If there is no widow, but one child, \$35.

"(e) If there is no widow, but two children, \$55.

"(f) If there is no widow, but three children, \$75, with \$10 for each additional child.

"(g) (1) If there is a dependent mother (or dependent father) \$20, or both \$30: *Provided*, That the receipt of a gratuity, pension, or compensation by a widow or parent on account of the death of any person shall not bar the payment of compensation on the account of the death of another person: *Provided further*, That before compensation shall be paid under this section the claimant shall first surrender all claims to any pension payable under any other law on account of the death of the same person: *And provided further*, That the last two provisions shall be deemed to be in effect as of April 6, 1917".

Sec. 201, p. 25—Strike out lines 22, 23, 24, and 25, and up to and including the word "regulation" in line 1, page 25.

Sec. 201, p. 26, line 3—Strike out the words between the word "service" (line 2) and the word "the" (line 5).

Sec. 201, p. 26, line 9—Strike out the figures \$150 and substitute therefor \$200.

Sec. 201, p. 26, line 11—Strike out "such" and substitute "a".

Sec. 201, p. 26, line 14—Insert following the word "expenses" the words "as provided in this subdivision".

Sec. 201, p. 27, line 24—Strike out the words "gratuities or".

Sec. 201, p. 28, line 1—Insert after the words "October 6, 1917," the following: "on account of the loss of the same person".

Sec. 202, p. 28, line 7—After the word "amounts" insert the words "to be paid semimonthly."

Sec. 202, p. 28, line 17—After the word "dependent" add a new sentence as follows: "Any ex-service man who has been declared eligible but nonfeasible for training shall be rated as totally and temporarily disabled until he shall have been declared feasible for training."

Sec. 202, p. 28, line 24—Insert after the word "percentum" the following "except when hospitalized for treatment."

Sec. 202, p. 29, line 3—After the word "month" insert the following: "and in addition, for a man with dependents, the several sums prescribed as family allowances under section 401 of this act."

Sec. 202, p. 29, line 3—Strike out the word "permanent."

Sec. 202, p. 29, line 6—Insert after the word "eye" the words "or of both ears."

Sec. 202, p. 29, line 6—Strike out the word "permanently" and change the word "and" to "or."

Sec. 202, p. 29, line 17—Insert after the word "percentum" the words "except when hospitalized for treatment."

Sec. 202, par. 4, p. 30, line 3—Insert after the word "injury" the words "and in effecting ratings full consideration shall be given to the particular industrial handicap of the ex-service man."

Sec. 202, p. 31, line 10—Strike out the word "neuropathic."

Sec. 202, p. 31, line 13—Strike out the word "neuropathic."

Sec. 202, p. 31, line 7—Insert after the word "any" the words "legally incompetent."

Sec. 202, p. 31, line 16—After the word "patient" add the following: "in event of recovery any unexpended residue of the full compensation of the disabled man at the rates provided by subdivisions (1) and (3) of this section shall be paid to the disabled man."

Sec. 202, p. 31, line 24—Strike out lines 24 and 25.

Sec. 202, p. 32, line 1—Strikes out lines 1 to 25 inclusive.

Sec. 202, par. 9, p. 33, line 6—Strike out after the word "therefrom" the words "under honorable conditions."

Sec. 202, par. 9, p. 33, line 18—Strike out the word "by" and insert "by events conclusively proven to have been the result of."

Sec. 202, par. 9, p. 33, line 18—Insert after the word "misconduct" the following: "during or subsequent to his service in the armed forces of the United States."

Sec. 202, par. 10, p. 33, line 19—Replace all of paragraph 10 with the following: "The United States Veterans' Bureau is hereby authorized, in the discretion of the director, to furnish hospitalization in Government hospitals and necessary traveling expenses including the expenses of attendants where necessary to veterans of the forces of the United States of any war, occupation or punitive expedition or campaign since 1897, who have not, or shall not have been, dishonorably discharged from the service, and who in the judgment of the director are in need of hospitalization, without regard to the nature or origin of their disabilities: *Provided further*, That if in event of dishonorable discharge the existence of exceptional circumstances shall be established to the satisfaction of the director, then and in that event the director may grant the benefits provided by this subdivision."

Sec. 202, p. 34, line 10—After the word "treatment" strike out balance of subdivision and substitute therefor the words "or to allow patients to sell or retain the same."

Sec. 202, par. 15, p. 36—Strike out all of par. 15, and insert the following in its place: "(15) That the compensation provided for in this section shall be in addition to any gratuity or pension payable under the laws, except that no person receiving a gratuity or pension under the pension laws for injury or disease incurred in or aggravated by service after *April 6, 1917*, shall receive compensation under this act, unless he shall first surrender all claim to such gratuity or pension: *Provided*, That this section shall be deemed to be in effect as of *April 6, 1917*.

"(a) If an ex-service man is shown to have a tuberculous disease as provided in section 200 in any stage other than that of complete arrest, he shall receive a rating of total permanent disability, which shall not thereafter be reduced except as hereinafter provided.

"(b) Such ex-service man who shall have been rated totally and permanently disabled as above provided, and whose condition shall become arrested and who

shall continue in a condition of arrest for twelve consecutive months, shall then be rated as totally and temporarily disabled; provided he appears to the director to show no evidence of probable reactivity.

"(c) If such condition of arrest shall continue without interruption for a further period of two years and at the end of that period shall show no evidence of probable reactivity, such rating may be reduced in proportion as the ex-service man may be able to resume activity in some gainful occupation other than one which may be acquired through vocational training, but such compensation shall not in any event be reduced below \$50 per month during the remainder of his life.

"(d) In the event such disease shall at any time become reactivated in any manner, so that the condition is no longer one of complete arrest, such ex-service man shall again come under the provisions of subdivision (a) of this paragraph, and shall thereafter be paid compensation in accordance with the foregoing provisions of this paragraph.

"(e) No such ex-service man shall be compelled to take vocational training, but may at his election receive occupational therapy in connection with his treatment, as well as vocational training, in the event the same may be desired by him and can be taken consistently with his proper treatment.

"(f) That any ex-service man shown to have a tuberculous disease of compensable degree, and who has been hospitalized for a period of one year, and who in the judgment of the director will not reach a condition of arrest, by further hospitalization, and whose discharge from hospitalization will not be prejudicial to the beneficiary, his family, or the public, and who is not feasible for training, shall upon his request, be discharged from hospitalization and rated as permanently and totally disabled, said rating to continue for the period of five years, at the termination of which he shall then be examined, and upon the basis of this examination, a disability rating for life shall be awarded."

SEC. 205, p. 38, line 8—Insert after the word "retroactive" the following: *Provided*, That the effective date of any reduced or discontinued compensation award shall not be less than ninety (90) days after the beneficiary has been mailed by the bureau to his last address of record a notice of intention to reduce or discontinue the compensation award: *Provided further*, That when a disability has been declared to be of service origin and a compensation award thereon has been made, the same disability shall not thereafter be declared not of service origin upon the same evidence except in case of fraud participated in by the claimant."

Sec. 206, p. 38, line 9—Strike out the whole section and substitute therefor the following:

"Sec. 206. That no compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from the service, except that where after medical examination made on evidence submitted pursuant to regulations, a certificate has been obtained from the director at the time of discharge or resignation from the service or prior to the expiration of one year after the passage of this act to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, such certificate, except in case of fraud, shall be incontestable evidence that the injury for which it was issued was suffered in or aggravated by service, and compensation shall be payable in accordance with the provisions of Title II of the War Risk Insurance Act, as amended, for death or disability whenever occurring, proximately resulting from such injury: *Provided*, That such certificate shall issue only where there is an official record of the injury during service or at the time of separation from active service, or where prior to one year after the passage of this act satisfactory evidence is furnished the bureau to establish that the injury was suffered or aggravated during active service: *Provided*, That where there is official record of injury during service, compensation shall be payable in accordance with the provisions of said Title II for death or disability whenever occurring, proximately resulting from such injury."

Sec. 209, p. 39, lines 7 to 23—Strike out entire section.

Sec. 210, p. 39, line 24 to line 5 (page 40)—Strike out entire section.

Sec. 211, p. 40, line 7—Insert the word "active" between the words "of" and "service."

Sec. 212, p. 40, line 15—Strike out entire section.

Sec. 213, p. 43, line 18—After the word "departments" add the following: "but these departments shall supply official copies of all records of the said departments which may be necessary to the administration of this act when called upon for the same by the director."

Sec. 301, p. 44, line 10—Strike out the words "not later than July 2, 1926."

Line 12—Strike out the word "shall" and substitute the word "may."

Line 15—After the word "request" add the words: "providing the applicant has not been rated permanently and totally disabled at time of application."

Sec. 304, p. 47, line 19—Strike out the words between "approved" and "provided" (line 21).

Sec. 304, p. 48, line 8—Strike out the words "all the" and substitute therefor the word "two."

Line 9—Strike out all of the section after the word "lapsed," and continue the section as follows:

Provided further, That where any soldier has heretofore allowed his insurance to lapse, while suffering from wounds or disease suffered or contracted in the service, and was at the time he allowed his insurance to lapse entitled to compensation on account thereof in a sum equal to or in excess of the amount due from him in premiums on his said insurance, and dies or has died from said wounds or disease, or becomes or has become permanently and totally disabled by reason thereof, without collecting said compensation, and at the time of such death or permanent total disability had or has sufficient uncollected compensation to pay all unpaid premiums, then and in that even said policy shall not be considered as lapsed, and the bureau is hereby authorized and directed to pay to the said soldier or his beneficiaries under said policy the amount of said insurance less the premiums and interest thereon at three and one-half per centum per annum compounded annually in installments as provided by law: *Provided further*, That in determining the amount of compensation found to be due for the purpose of this section, the amount of monthly compensation provided by the act approved December 24, 1919, shall be the basis for such determination: *Provided further*, That in the event the monthly compensation found to be due is not equal to or in excess of the amounts due in premiums, then and in that event, insurance shall be payable in the same ratio to the face value of the original policy as the monthly compensation found to be due at the time of lapse bears to the monthly premium that would have been necessary to continue such original amount of insurance: *Provided further*, That where any soldier has heretofore allowed his insurance to lapse, while suffering from wounds or disease, contracted or aggravated in the service, and has applied for reinstatement thereof in whole or in part, and where at the time of such application he was not rated totally and permanently disabled, and where he was not allowed to reinstate because of health condition other than total permanent disability, and where said soldier has since died from said wounds or disease or has become permanently and totally disabled by reason thereof, then and in that event the United States Veterans' Bureau is hereby authorized and is directed to pay to said soldier or his beneficiaries the amount of insurance attempted to be reinstated less the premiums and interest thereon at three and one-half per centum per annum compounded annually in installments as provided by law: *Provided further*, That where any soldier allowing his insurance to lapse before or after discharge from service and thereafter has received or receives compensation from the bureau for a service connected disability, and becomes or has become permanently and totally disabled, or dies or has died, then and in that event the insurance shall not be considered as lapsed, and the director is authorized and directed to pay to the said soldier (or his beneficiaries in the event of his death) the amount of said insurance, less the unpaid premium and interest thereon compounded annually at three and one-half per centum per annum in installments as provided by law: *Provided further*, That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of the disbursing clerk of the United States Veterans' Bureau for all payments of insurance installments hereafter made, without verification of the deduction in the pay rolls, of such premiums as may have accrued prior to January 1, 1921, while the insured was in the service."

Sec. 305, p. 49, line 8—Strike out the words "such cases" and insert the following words: "In all the foregoing cases (a, b, c)."

Sec. 400, p. 51, lines 4 and 5—Strike out the words "and before July 2, 1921."

Sec. 401, p. 51, line 22—Strike out the words "until June 30, 1926."

Sec. 401, p. 52, line 2—Strike out the words "from the appropriation herein after provided."

Sec. 401, p. 53, lines 11 to 17—Strike out entire paragraph.

Sec. 402, p. 53, line 19—Strike out the word "rehabilitation" and substitute therefor the word "training."

Sec. 403, p. 54, line 16—After the figures "1924" add the words "or within six months after discharge from hospital."

Sec. 404, p. 54, line 20—After the figures "1923" add the words "or within six months after discharge from hospital."

Sec. 405, p. 54, line 21—Strike out entire section.

Add a new section to be numbered 405, to read as follows:

"Sec. 405. Any person who while receiving training under this act shall suffer physical injury or disease, or an aggravation of an existing injury or disease, by reason of his training, or who shall suffer such injury or disease, or aggravation of an existing injury or disease, not the result of his own willful misconduct, shall receive, under section 202 of this act, compensation therefor in addition to that received by him for the disability which makes him eligible for training: *Provided*, That in no event shall the total compensation exceed the sums provided for by section 202 of this act."

Sec. 500, p. 55, line 15—"The bureau shall prosecute all violations of the provisions of this section."

(At 3.30 o'clock p. m. the subcommittee adjourned, subject to the call of the chairman.)

ADDENDA.

VETERANS' BUREAU CODIFICATION ACT.

LETTER FROM GEN. FRANK T. HINES, DIRECTOR OF THE UNITED STATES VETERANS' BUREAU, COMMENTING ON PRESENTATIONS MADE TO THE SUBCOMMITTEE BY THE REPRESENTATIVES OF THE VARIOUS VETERAN ORGANIZATIONS.

UNITED STATES VETERANS' BUREAU,
Washington, March 21, 1924.

HON. REED SMOOT,
*Chairman Committee on Finance,
United States Senate.*

MY DEAR MR. CHAIRMAN: Your subcommittee engaged upon veterans' relief legislation has requested me to set out in the form of a concise statement the points upon which the information of the Veterans' Bureau differs from the presentations made to the subcommittee by representatives of the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars upon the recent hearings. I have accordingly examined a transcript of those hearings and now submit a commentary such as I believe the subcommittee had in mind.

DECENTRALIZATION OF HOSPITAL ADMINISTRATION.

The ex-service organizations have recommended that the administration of the hospitals in which bureau beneficiaries are treated be decentralized. This proposal should be considered alike from the standpoint of efficient administration and the good of the veterans.

From the administrative standpoint no Government agency operates its hospitals decentralized. The Army, the Navy, the Public Health Service, and the other smaller services have centralized organization. This is because they can standardize administration and operation with less change of personnel, which, as you are aware, works such a detriment to the patients. The same standardization is desirable from a budget standpoint. A more satisfactory budget system can be adopted and followed by a centralization and centrally controlled administration hospital and administrative unit than with scattered groups. From the standpoint of the disabled soldier, also, the same conclusion must be reached. If decentralization is effected, no matter what unit is decentralized, whether districts, States, or subdistricts, control must be had in that unit. Not all types of hospitals are established in each district, so that the districts are not complete units for the furnishing of all kinds of treatment. Therefore the question of transferring patients from one district to another district for treatment is one of great importance. We

can not move a man from one unit to another without some simple coordinated system. At present transfers are made from central office. Any other method is likely to result in delays which would operate to the detriment of the patients.

A similar administrative problem is covered by the proposal that "any hospital center now rated as particularly desirable and in which men are in contract houses shall be retained as a permanent center for at least three additional years." As brought out in the statement made by Mr. Kirby, the recommendation is intended to refer specifically to Saranac Lake. This proposal I have previously discussed; but I desire to bring again to your notice that it has been the policy of the bureau to care for special cases at Saranac Lake whenever hospitalization at that place will be of greater benefit to the beneficiary than can be accorded through the existing Government facilities at Tupper Lake, a Government hospital center in close proximity (30 miles) to Saranac Lake. It is my purpose to continue that policy.

RETURN OF FACILITIES TO OTHER GOVERNMENT AGENCIES WHEN BUREAU NEED HAS PASSED.

During the testimony of Mr. Kirby there was discussed the question of the return of the existing facilities of other agencies now used by this bureau, when they were no longer needed for the purposes of furnishing treatment to bureau beneficiaries. At that time it was not made entirely clear that the present provision for extension of existing facilities belonging to such other agencies and transferred to the bureau for the purposes of hospitalization of bureau beneficiaries is permanent legislation and contemplates the ultimate disposition to be made of these facilities, perhaps many years from now, when they have served those purposes and, as stated in the statute, "taking into consideration the future services to be rendered the veterans of the World War, including the beneficiaries under this act." The use or transfer of these facilities is subject to the discretion of the director and their improvement or extension is subject also to the limits of appropriations and the approval of the President. With these restrictions on their improvement and the disposition to be made of them when they are no longer needed by the bureau, it seems that no amendment to the existing law is necessary.

MEDICAL PERSONNEL.

I have already discussed the proposal of a medical corps for the bureau. Let me again suggest that some solution of the present situation as to medical personnel is sorely needed. Whether a medical corps would be the solution is doubtful, though I would interpose no objection to it. That system would probably create between the different divisions of the bureau the same unrest and belief of discrimination that now is apparent within the medical division. I had first contemplated that the situation might be relieved by a provision whereby all medical personnel of the bureau would receive commissions in the Reserve Corps of the Public Health Service; but on further consideration I appreciated that such a plan would have some of the same objections as are encountered under

the present system, namely, that there would be divided control. I believe that more efficient service will result if the medical employees are responsible only to the director, and for this reason I have recommended, as the better solution, the repeal of the proviso in section 4 of the Veterans' Bureau act, which will leave the appointment of medical personnel entirely to the director. Some plan whereby the present personnel of the Public Health Service may be placed on a new basis can readily be devised. I have no objection to a commissioned corps entirely and solely responsible to the director.

CHAPLAINS' CORPS.

A chaplains' corps in hospitals is suggested by the Disabled American Veterans. I appreciate the desirability of having a spiritual adviser who will be accessible to patients of the bureau at the hospitals, and the feasibility of establishing such a corps has received attention from time to time. However, there are the following serious administrative considerations: (1) The denomination to be represented at a hospital; (2) the size of the hospital which, in many cases, will not require more than a short time a day for the service to be performed; and (3) the salaries of persons engaged for the service. The idea of a corps suggests full-time employment and the employment only of such persons as would be required were their entire time devoted to the Government service. In the smaller hospitals the entire time of a chaplain would not be needed, even though he would administer to the needs of all of the patients. I am of the opinion that this matter of chaplains is as yet so experimental that it should be left, for the present, free from statutory compulsion. Whatever the director finds necessary or beneficial to do in this direction he is already abundantly authorized to accomplish without the establishment of a permanent chaplains' corps.

PRESUMPTIONS.

The service organizations have recommended several pronounced changes in connection with section 300 of the present war risk insurance act which appears as section 200 of the Reed bill. In the main these recommendations fall under three headings: (1) The presumption of service connection of certain diseases; (2) the presumption of soundness at the time of entrance in the military service; and (3) misconduct as affecting compensability.

(1) *Service connection of diseases.*—The proposal concerning the presumption of service origin or aggravation of diseases would extend the benefits of compensation to diseases developing within five years after separation from service. The present law provides that if it is shown on an examination made within three years after discharge from service that the disease has developed to a degree of 10 per cent, it will be considered as having been incurred in or aggravated during service. I have heretofore recommended the deletion of the requirement of examination within three years, leaving the time period during which the development of the diseases must occur, as at present, three years from discharge. Further extension of this presumption in the matter of time I feel that I can not recommend, based on the experience of the bureau.

The proposals, however, do not stop with extending the time of presumption in the diseases now included in the statute, but adds to the list the following: Encephalitis, amoebic dysentery, organic diseases, and constitutional psychopath inferiority. I favor the inclusion of encephalitis lethargica. I am of the opinion, however, that generally the element of service connection should be determined in accordance with the ascertainable facts rather than by the extension of the artificial presumption of service connection, beyond a semblance, at least, of its relation to medical experience.

(2) *Sound condition.*—The second division of this proposal concerns the presumption of sound condition in those cases where no notation of defect was made at the time of entrance into the military service, by including the descriptive words "mental and physical" before the word "condition" as appearing in line 15 on page 23 of the Reed bill. The effect of such a provision would be to create the presumption that the constitutional psychopaths, persons with arrested mental development, had attained normal mental development at the time of their entrance into the service, from which presumption it would follow that the condition of mental inferiority, a constitutional condition which had existed from birth, would be presumed to have resulted from military service. Reading this recommendation with the preceding provision of extension of the presumption of service connection, it becomes apparent that the amendment would mean that a moron, who at the time he entered the service was a moron and who was discharged from the service a moron, would be presumed to have acquired that constitutional condition while in the military service and as a result of that service. I do not believe that is the solution of the problem presented by these cases.

(3) *Misconduct.*—The suggestion has been made, as a third part of the proposed revision of the present section 300 (sec. 200 of the Reed bill), that the statute should include a provision whereby the burden of proof of misconduct will be placed on the Government. I assume this proposal contemplates that no finding of willful misconduct as a factor entering into the disability shall be made without affirmative evidence of that misconduct. The proposal is designed to cure the practical exclusion of venereal disabilities as a result of a decision of the Comptroller General; I doubt if it would do that to the satisfaction of the Comptroller General. A provision to the effect that no presumption of misconduct shall be indulged by reason of the existence of any particular condition would, it seems to me, better serve the result desired. The authority to hospitalize all veterans irrespective of the service connection of their disabilities, which I have recommended, will, if adopted, permit the treatment of the resulting forms of venereal diseases which have appeared in a number of pitiable cases.

REVIEW OF COURT-MARTIAL SENTENCES.

Under the present law the director is authorized to determine whether a man dishonorably discharged from service was insane at the time of the commission of the offense for which he was tried and convicted by court-martial. If in the opinion of the director the man was insane at that time, the insurance granted under the provisions of the war risk insurance act is not terminated under the

provisions of the section of the statute providing for termination of insurance in case of dishonorable discharge as the result of a sentence by court-martial. It is now proposed to extend the director's authority to inquire into court-martial findings so that if the director determines that an injustice was done the provisions of the statute excluding from the benefits granted those persons dishonorably discharged after conviction and sentence by court-martial may be made inoperative. There are two ways in which such a provision might be administered by the bureau: (1) Fully; (2) partially. If fully administered by the bureau it would be necessary that there be requested from the War Department the full record of the court-martial proceedings in the case of every man dishonorably discharged by sentence of court-martial and a systematic review made of those proceedings together with any additional evidence or data that might be secured by the director at this time from any source. There would become necessary the interpretation of the word "injustice," a most indefinite term as here used. A court-martial sentence might impose great hardship and yet do no injustice, and it must be remembered always that the Army has been given the authority to try and punish crimes and offenses committed by its members. If, on the other hand, it is contemplated that such a provision would be only partially administered, a palpable discrimination would inevitably result in that only comparatively few cases of hardship would be brought to the director's notice.

EXAMINATION OF CLAIMANT'S REQUEST.

The Disabled American Veterans recommend a provision whereby a man may at any time request an examination and thereupon be entitled to receive examination with traveling expenses and reimbursement for any loss of wages incident thereto. This is proposed in addition to the examinations which the director may require under the present statute. However, the language suggested by the organization does not seem to accomplish the purpose of the recommendation. As a practical matter there are comparatively few men who would be affected by a provision of this nature, for whenever an increased rating is requested or whenever an appeal is made, an examination is directed by the bureau if no recent report of examination appears. I believe that it is not contemplated that a claimant who has just been examined would, within the next week or month, become entitled to another examination without marked change in his condition, though that might be indicated by the recommendation. Hence if it is desired to include a provision for examination at the patient's request I suggest for your consideration the incorporation of a limitation that a man may not request an examination more often than once a year in the absence of evidence indicating marked change of condition. Otherwise, there would be no end of purposeless examinations involving unnecessary expense to the Government.

A related suggestion made was that--the language of the Reed bill authorizing suspension of compensation for failure to appear for examination should be omitted. It was stated that this proposal was made because beneficiaries do not always receive notice to report for examination. The information of the bureau is that

such notices are sent to the same address to which checks for compensation are mailed, and that claimants keep the bureau informed of changes.

PAYMENTS OF COMPENSATION AND PENSION TO SAME PERSON.

The recommendation that there be omitted from the statute the requirement that before compensation becomes payable all rights to pension or gratuity must be surrendered, as proposed by Mr. Kirby, parallels the proposals made by me which would permit the payment of compensation to persons who are receiving pensions though not on behalf of the same disability or death. In the discussion of this recommendation, however, Mr. Kirby stated that the so-called bonus paid to Federal employees has been considered as a gratuity which would preclude the payment of compensation to disabled ex-service men who are employed in the Federal departments. I find that this statement is not accurate. The bureau has always considered the amount popularly termed "employees bonus" a part of the salary of employees and the receipt of such payments has not been considered in determining veterans' rights to compensation benefits. From correspondence between this bureau and the Civil Service Commission, it is apparent that the bureau view is shared by that service. There are many meritorious cases wherein the payment of a pension under the present law would preclude the payment of compensation where, in justice, both benefits should be allowed and this is the condition which the service organizations and this bureau alike desire cured.

ENLARGEMENT OF CLASS OF CONDITIONS DESCRIBED BY STATUTE AS PERMANENT TOTAL DISABILITY.

It has been the practice of the bureau under the present statute to hold that the conditions now described by that statute as permanent total disabilities are not exclusive of any other condition or combination of injuries which may render a man permanently and totally disabled. Under this interpretation of the law it appears that there is no necessity for changing the present language of that subdivision of section 302 beyond the amendment included in the bill S. 2257, which refers to the "loss of the use" of members instead of to the "loss of" members, as at present. The deletion of the word "permanent," as contemplated by the American Legion proposal combined with the amendment now included in the Reed bill would place in the category of "permanent total disabilities" many conditions of known temporary duration where the loss of the use of members is suffered. This effect is more apparent in connection with the suggested change of the present language "helpless and permanently bedridden" to read "helpless or bedridden." Any man having a serious illness is "helpless," though the very nature of the disease may indicate that this condition will be but of short duration. The same is true of a man who may be "bedridden" where every indication is that the condition is temporary. The further suggestion that a person who has been hospitalized for a period of 12 consecutive months shall be considered as permanently and totally disabled, notwithstanding his physical condition may be such as to warrant his

discharge from the hospital within the next week, would, I fear, create inequalities impossible to justify and would result in patients seeking to remain in hospital after their need for treatment ceased. Conditions in these cases are so various that an artificial presumption based on mere lapse of time in all cases would result in an unequal rating of similar conditions, and it is believed that the degree of disability should be ascertained and determined in each case and compensation paid accordingly.

FAMILY ALLOWANCE IN CASES OF PERMANENT TOTAL DISABILITY.

The suggestion has been made to provide a family allowance similar to that now paid to trainees for the persons who are receiving compensation for permanent total disability. Compensation for total disability is now paid under two schedules. For temporary total disability a single man without dependents receives \$80. This is increased according to the dependents he may have, so that a man with a wife and two or more children living will receive \$100, with an additional \$10 for each dependent parent. A man permanently and totally disabled now receives \$100 irrespective of his family condition. In addition to these amounts, there is payable an allowance for an attendant when necessary in a case of either temporary total or permanent total disability. The proposal of the additional allowance for persons permanently and totally disabled would mean an increase of from \$15 monthly when a man has a wife but no child to \$32.50 additional monthly if he has a wife and two children, with \$5 per month for each additional child, and also \$10 monthly for each dependent parent. These increases are, as you will observe, material, and would in every case of a married man exceed by more than \$20 monthly, and usually by more than \$25 monthly, the amount paid to a man temporarily totally disabled in the same domestic status. On January 1, 1924, there were 15,861 cases rated as permanently and totally disabled, of which it is estimated 8,200 were single men, leaving approximately 7,661 to be affected by any increase in rates for permanently totally disabled persons.

TOTAL DISABILITY RATINGS AND COMPENSATION PAYMENTS FOR PERSONS FOR WHOM TRAINING IS NONFEASIBLE.

The recommendation was made by Mr. Kirby that "total compensation ratings shall be awarded to men who are entitled to training and declared not feasible during the period that they shall be continued not feasible." There is a large class of cases which would be affected by such a provision, viz, all persons with neuropsychiatric diseases who could not follow any course of training and all constitutional psychopaths, if brought within the statute; persons, not included in the former class, who are serving sentence in penal institutions because of infraction of law either while pursuing training or before commencing training; persons who have voluntarily absented themselves and are outside the limit of the United States, and consequently are not in a position to receive training; and certain persons who while entitled to training under the vocational rehabilitation act would not be entitled to receive compensation under the war-risk

insurance act. In none of these cases does there appear any necessity for a total disability rating unless in accordance with the facts shown the disability itself would support such a rating.

COMPENSATION FOR HOSPITALIZATION ON ACCOUNT OF DISABILITIES RATED LESS THAN 10 PER CENT.

By section 13 of the veterans' bureau act the bureau is authorized to provide treatment for service connected disabilities where the disability itself may be less than 10 per cent. The treatment required in a number of these cases is a minor operation which necessitates hospitalization for a comparatively short period when the man will be discharged from hospital with no disability whatever. The proposal is made that when such hospitalization is furnished compensation shall be allowed for the period of hospitalization at the same rate as is now allowed in case of hospitalization for compensable diseases. This contemplates a temporary total rating. If authority is granted whereby the director may hospitalize any veteran where the facilities are available, as I have recommended, it is assumed that this proposal would be modified to refer only to those hospitalized for service connected disabilities. Under any circumstances, however, it would present administrative difficulties unavoidably incident to placing a man in a compensable status for a short period, with the possibility of overpayment without hope of recovery should the compensation be continued after his discharge from the hospital.

HOME TREATMENT WITH MONTHLY ALLOWANCE OF \$75.

There is proposed as a variation of the existing system of treatment and payments of compensation a provision authorizing home treatment for beneficiaries with an allowance of \$75 per month, presumably in addition to the compensation payable on account of the disability. Experience shows and the highest medical authorities advise generally against such a procedure, stating that what is now known as home treatment is highly detrimental to the patient's recovery and frequently results in death. Hence the bureau in the past has not generally favored it, except where in the best medical opinion it is indicated in the interest of the patient. The bureau is maintaining its hospitals for the treatment of its beneficiaries. There is a certain amount of administrative expense which is the same whether the hospital is full or has only a few patients. Patients in a hospital are under the supervision of the bureau physicians, and their treatment is guided with more regularity and uniformity than is usually possible at home. The question of the additional allowance to be paid to a man who is undergoing home treatment would establish an unequal schedule of payments, and it is feared would result in emptying the hospitals of those persons who would be greatly benefited by hospital treatment.

SPECIAL RATINGS FOR TUBERCULOSIS.

Another recommendation favoring particularly patients with tuberculosis is the proposal that persons having that disease be rated under a special schedule, as follows: Tuberculosis in any stage but complete arrest to be rated permanent and total; if arrested 12 months, tem-

porary total; if arrested two years, permanent partial, with payment of \$50 compensation for life; if active again, however, permanent total; if patient hospitalized for one year, permanent total, to be reexamined after five years and then permanently rated without further reexamination or change. There is also suggested that tuberculosis diagnosed as quiescent or arrested shall be rated as 50 per cent permanently disabled and thereafter paid compensation at \$50 monthly for life, unless the disease should develop a greater degree of disability when the compensation would be increased. This would establish an arbitrary rule, resulting in inequalities of rating. The first rate suggested, that of permanent total disability for tuberculosis in any stage but complete arrest, is an artificial standard and would include even the quiescent cases referred to in the other proposal. Likewise, the rating of temporary total for a case after a year's diagnosis of arrest is artificial and sets a standard resulting in inequalities as compared to a man whose disability from other diseases may be actually greater than that of a person having arrested tuberculosis. Where a man has had active tuberculosis with positive sputum, his disability when the disease is arrested is in greater degree than the man whose disease had developed only mild activity and reached the arrested stage within a comparatively short time. I would suggest, therefore, that as the condition of a beneficiary varies, notwithstanding the duration of the disease or the diagnosis of the progress, the question of degree of disability is one for determination in each case rather than by an arbitrary schedule requiring in many instances payment of compensation at a rate in excess of the disability actually suffered.

DISABILITIES RATED ACCORDING TO INDIVIDUAL IMPAIRMENT.

The rating of disabilities according to the individual impairment in earning capacity is recommended by the American Legion. While at first reading this proposal may seem attractive, the actual and practical effect would probably be to create a considerable discontent on account of the inequalities resulting from different ratings on the same injuries or diseases. During the discussion of this proposal Senator Reed cited the case of a violinist who, being otherwise healthy, loses his left forefinger. Under the individual impairment rating proposal this man would be permanently and totally disabled, whereas a man in any other occupation would have comparatively small, if any, disability resulting from such an injury. Following this illustration one can imagine the case of two men earning their livelihood by playing in a moving-picture theater—one a violinist and the other a drummer. Both men lose the index finger of the left hand. The violinist would be permanently and totally disabled, the drummer would be disabled "less than 10 per cent," as his ability to follow his vocation would not be affected by the injury; and his discontent on account of the discrimination would be shared by persons in every occupation except that of violinist. Added to this is the consideration that the United States is furnishing courses in vocational rehabilitation to enable men to overcome their individual handicaps.

Considering the proposal from an administrative standpoint, it is suggested that the bureau would be unable to adopt any schedule of ratings if the basis is to be the individual impairment in earning

capacity. I am informed that the last census showed 572 different groups of occupations followed by persons in the United States, which groups are further subdivided into the different occupations. There are now approximately 1,300 different injuries, diseases, and combinations of injuries and diseases included in the rating schedule adopted by the bureau. It is, therefore, apparent that there could be no uniformity of rating the impairment caused by every disease, injury, or combination in every employment or occupation, 743,600 standards.

FINDINGS OF SERVICE CONNECTION TO STAND EXCEPT IN CASE OF FRAUD.

In some cases where a finding was made that the disability of the applicant for compensation resulted from or was aggravated by service it has been disclosed later that a mistake had been made by the bureau and that the disability as a matter of fact had no connection with the man's military service. Under such circumstances it is the duty of the director to discontinue payments of compensation when it is actually determined that no service connection exists. However, the previous findings of service connection are not disturbed until the case has been carefully reviewed and the bureau is satisfied that under the law and the facts no compensation is payable. It is now proposed that the law be amended to provide that no change of the finding of service connection shall be made except in case of fraud, thereby precluding any correction of palpable error. Where compensation has been paid to a man over a period of years there is no question that some inconvenience is imposed when the compensation payments are terminated, even though the disability may be but a partial one. However, there remains the fact that the earlier payments were erroneous and that on the actual facts, if presented and considered for the first time, no award would be made.

I am willing to concede that a service connection once made should not be broken unless clearly shown to be made through error or fraud.

EMPLOYMENT AS DETERMINING FACTOR OF REHABILITATION.

The question of determining when a man has been rehabilitated brought the recommendation that employability shall be the criterion. The definition of the term "employability" is also open to determination. There is a possibility that the term may be taken to mean the insuring of employment in the case of every man who has been furnished a course of vocational training. This in turn might include the proposition that the United States will continue to pay the maintenance and support allowance after a man's training has been completed when the man himself will not accept employment or will not seek employment, even though he is able to enter a gainful occupation and resume a self-supporting status. Under the present law the director is cooperating with other Government agencies, particularly the Department of Labor. The American Federation of Labor has assured the director of its willingness to cooperate in every possible way. The ex-service organizations and the business men throughout the country, whether represented in the United States Chamber of Commerce or not, are in sympathy with the

director's program for securing employment for every rehabilitated man so that at the present time every effort to place trainees in remunerative positions is being made by the bureau. In that sense the test of rehabilitation is employability under the present practice of the bureau. It is believed impracticable to go so far as to require by statute that the Government insure employment.

LOANS FOR THE PURPOSE OF ESTABLISHING BUSINESS AT COMPLETION OF TRAINING.

The recommendation that an advisory board be authorized to supervise the granting of loans to veterans who have completed training, for the purpose of establishing suitable businesses, is a somewhat new proposal and goes beyond the purposes for which the revolving fund available to persons commencing or undergoing training was established. On the completion of their training the men resume their status as compensation beneficiaries of the bureau and as such receive compensation based on the disability resulting from the injury sustained. The matter of additional relief in the form of a loan does not seem economically sound under the recommendation as submitted. The proposal assumes that the trainee who may apply for such a loan would have the capital required for the business aside from the 75 per cent of the appraised value which he could borrow from the bureau; but there is no assurance that such is the case. Making the proposal so general that it includes all trainees who complete their courses does not, therefore, seem feasible.

EXTENDING TIME FOR APPLICATION FOR TRAINING.

The time for application for training is sought to be extended in two ways—(1) that where a man is rated as nonfeasible for training he may apply for training whenever it becomes feasible; and (2) that anyone may apply for training six months after discharge from hospital. The conditions which may render a man nonfeasible for training I have already discussed. The proposal that six months after discharge from hospital be allowed as the time in which application for training may be made is subject to the consideration that no limit within which the hospitalization must occur has been or can be set. A man may be hospitalized a year from now and may remain in hospital a year from that date and still have six months after discharge from hospital in which to apply for training; or a man may enter hospital to-morrow, remain in hospital one week, and have six months in which to apply for training. These proposals do not contemplate any conclusion of the training program.

INSURANCE CAMPAIGN.

A proposal of a "campaign for selling insurance" is urged by the ex-service organizations. I believe that the veterans should be acquainted with their rights in connection with the reinstatement of insurance which they have allowed to lapse, but to conduct a campaign for the reinstatement of insurance would necessitate the expenditure of sums which have not been included in the estimates for appropriations for this bureau.

WAIVER OF PAYMENT OF PREMIUMS.

A provision is now included in the act authorizing the waiver of the payments of premiums in cases of patients in hospitals, in cases of men rated as temporarily and totally disabled and in cases of mental incompetents for whom guardian has been appointed. In the case of mental incompetents without guardian the waiver is automatic and retroactive for as long as the condition has existed. In the other two classes application must be made and the waiver becomes effective from the time of application. It is now proposed that all waivers of premiums be made automatic and retroactive. When it is remembered that the provision for waiver of the payment of premiums was first included in the statute by the amendatory act approved August 9, 1921, it will be readily appreciated that the proposed provision will validate all cases theretofore lapsed for nonpayment of premiums in the cases of persons rated as temporarily totally disabled prior to that date who continued to be so rated until death or permanent total disability resulted, and also those cases where persons were in hospital at the time the insurance lapsed and continued in hospital until rated as permanently and totally disabled until death occurred. This will mean the present payment of insurance in all of such cases.

REINSTATEMENT OF ALL INSURANCE ON PAYMENT OF TWO PREMIUMS.

The proposal is made that men who have service disabilities should be allowed to reinstate their yearly renewable term insurance on the same basis, viz, on payment of two premiums, as those who are insurable risks. This is suggested by the American Legion as an amendment to that portion of the present section 408 which is included as section 304 of the Reed bill. Reinstatement on the payment of two premiums is permitted under the present bureau regulations when a man is an insurable risk, that is, when he is in such condition that a private insurance company would ordinarily grant insurance to him. Section 408 is apparently based on the theory that those who were disabled and allowed their insurance to lapse did so because of ignorance and was intended to allow them to place their insurance on the same basis as if it had not been lapsed by the payment of all premiums in arrears. Insurance, in consideration of a premium paid, is a contract to pay a specified sum upon a happening of a contingency and at the time the insurance is granted the probability of the contingency occurring and the premium charged is determined as a matter of actuarial computation. The contingency may happen in the near future or it may be postponed; but if the contingent happening is so imminent that it ceases to be a probability but becomes one which may be reasonably presumed to occur within a definite time, the contract ceases to be insurance. In other forms of insurance protection will not be sold when the probability insured against is near at hand. Lloyd's will not insure ships overdue. So no life insurance company will issue new insurance, which in the matter of premium payment is the same as reinstatement of yearly renewable term insurance on the payment of two premiums, when the risk has become seriously impaired, though it is a privilege under any contract of life insurance that after a

policy is issued the insured is protected and that right of protection continues so long as he pays the premiums, irrespective of the subsequent impairment of the risk.

There are a number of disabilities which do not necessarily render men uninsurable. Minor amputations will serve as one example of nonimpairing disabilities from an insurance standpoint. In fact a number of reinstatements of war risk insurance have been effected by men drawing compensation for disabilities, upon the payment of two premiums only, for the reason that their insurability has not been affected by the disability and hence the subsequent monthly premiums are deemed amply sufficient to meet the liabilities. Reinstatement on the payment of two premiums in the cases of the so-called impaired risk would be another name for the granting of additional compensation and would be a discrimination in favor of those cases where the insurance had lapsed, unless all of the premiums paid by other disabled persons who have continued their insurance is returned to them.

REINSTATEMENT TO BE PERMITTED WITHOUT LIMIT AS TO TIME.

In lines 19 and 20 in section 304 on page 47 of the Reed bill there appears the limitation that application for reinstatement in cases of those who can not comply with the requirements as to physical condition must be made within one year after the passage of the act or within two years after the date of lapse or cancellation of the insurance. The present regulations of the bureau provide that applications for reinstatement of yearly renewable term insurance must be made prior to March 4, 1926, the date when all insurance must be converted under the present statute. It is now proposed by the service organizations that the law omit any requirement or limit as to the time of reinstatement, thereby permitting a man at any time and, in accordance with their earlier recommendation, in any condition of health other than permanent total disability, to reinstate his insurance even though it may be apparent that the insurance may soon mature on account of the permanent total disability or death of such person. This in effect is granting an additional benefit under the name of insurance, for the premiums paid on the class of insurance so reinstated will be merely nominal. It is feared that such a provision would encourage the disabled men to neglect the reinstatement of their insurance until their condition of health indicates that they have not much longer to live.

CONVERSION OF INSURANCE AT ANY TIME.

A similar proposal is that suggesting that all persons be allowed to convert their yearly renewable term insurance at any time, repealing the requirement now contained in the statute that the conversion must be within five years after the termination of the war. It is, of course, realized that payments of the yearly renewable term insurance depend almost entirely upon the appropriations made for that purpose, whereas converted insurance, except for the hazards of war, is self-sustaining. A provision for the continuance without limit of yearly renewable term insurance would call for the continuance of large appropriations for payment of claims arising under

this class. Congress can best determine to what extent and duration it desires to continue these benefits.

INVESTMENT OF INSURANCE FUND BY DIRECTOR.

It is believed that the proposal of the American Legion that the director be substituted for the Secretary of the Treasury as the person designated to invest and reinvest the United States Government life insurance fund as contained in section 20, lines 4 and 5 on page 16 of the Reed bill, is unintentional or uninformed. The investment of moneys is something exclusively under the jurisdiction of the Secretary of the Treasury and the director of this bureau has no machinery for investment of or control over appropriations except to expend the appropriations for the purposes for which they are made. It would necessitate the setting up of duplicate machinery in this bureau to accomplish results now cared for under the jurisdiction of the Secretary of the Treasury. The director should be given the right to determine after consultation with the Secretary of the Treasury, in what securities the funds are so invested.

PROSECUTIONS BY THE BUREAU OF VIOLATIONS OF PENAL PROVISIONS.

It has been proposed that this bureau be directed to prosecute all violations of the penal provisions of the war-risk insurance act. Prosecution of all Federal offenses has been committed to the Department of Justice, which has the personnel and facilities necessary to make such prosecutions. The authority to prosecute being already firmly committed to that department, it is idle to discuss changing it. The bureau at present is cooperating with the Department of Justice and the district attorneys throughout the United States in reporting all infractions of Federal statutes which are discovered by the bureau.

Respectfully,

FRANK T. HINES, *Director.*

ANALYSIS AND CRITIQUE OF SENATE BILL 2257.

PART I.

UNITED STATES VETERANS' BUREAU,
February 7, 1924.

From: Colonel Boughton.

To: The Director.

Subject: Critique of the Reed bill, S. 2257.

The memorandum will take the form of a running commentary on the provisions of the Reed bill as compared with the existing statutes. It does not take into consideration the relation of the bill to the legislative program proposed by this bureau. This will be covered in another way. Neither has any attempt been made to suggest any revision of the language of the amendments incorporated in this bill; but attention is centered on the purposes of such amendatory provisions and their probable effect with relation to other portions of the law and the administration of the bureau.

TITLE I.

Section 1: This is a new section providing a short title for the act. Heretofore we have had a war risk insurance act, a vocational rehabilitation act, both of which are short titles, and the act establishing a Veterans' Bureau, which has no short title.

Section 2: The first sentence of this section includes a new definition of the term "bureau," thereby saving a repetition of the term "United States Veterans' Bureau" in a number of instances.

Section 3. This section contains the definitions incorporated in the second subparagraph of section 22 of the war risk insurance act with two amendments, one omission, and two definitions of two new terms. The first change is found in subparagraph 3 of this section, which limits the definition of the term "child" to persons under 18 years of age or, as stated in the Reed bill, "of any age if permanently incapable of self-support by reason of mental or physical defect." The provision now contained in the war risk insurance act corresponding to this language is "of any age if insane, idiotic, or otherwise permanently helpless." Subparagraphs 6 and 7 of this section both define the terms "brother" and "sister," subparagraph 6 being a definition contained in the act of October 6, 1917, and subparagraph 7 being a further definition added by the amendment of December 24, 1919. It seems desirable that these two subparagraphs be combined.

The definition of the term "commissioner" has properly been omitted, as this office was abolished by the act of December 24, 1919.

In subparagraph 9 there is added to the enumeration of persons included in the terms "men and enlisted men," the following language: "and cadets at the United States Military Academy, and midshipmen at the United States Naval Academy." The inclusion of these persons in the definition will possibly suffice to bring them within the benefits of compensation granted. However, these men, having been advised that they are not within the class of persons included in the act, were not entitled to make application for the insurance provided in article 4 of the war risk insurance act (Title III) within 120 days after entrance into service. Therefore, without allowing the persons who were in the academies after April 6, 1917, a period after the adoption of the new bill in which they can make application for insurance, the inclusion of this class in the definition will mean nothing for cadets and midshipmen. However, the compensation and insurance provisions are limited to persons in active service.

Subparagraphs 14 and 15 are now defining the terms "World War," "during the period of the war" and "during the World War" and also the term "date of termination of the war." These are all defined as referring to that period beginning April 6, 1917, and ending July 2, 1921, the date of the so-called Knox peace resolution. Heretofore for the purpose of insurance the bureau has construed the "date of the termination of the war" to have been March 3, 1921, in accordance with the joint resolution passed that date providing that all acts which were limited to the period of the emergency or period of the war should be construed as though the war had ended on the date of the passage of that joint resolution. Since

the adoption of the joint resolution, however, there have been incorporated in the war risk insurance act by amendment several references to the "World War" and "during the World War." This situation presents difficulties of administration.

Unless some effective date is provided for the amendments included in subparagraph 9 and the new definitions in subparagraphs 14 and 15, it will follow that two constructions will be given the same language, resulting in dissatisfaction for those who would benefit by the new provision.

Section 4: The first paragraph of this section provides that the director's salary shall be \$12,000; otherwise it is the same as the corresponding paragraph of section 1 in the act approved August 9, 1921. The second paragraph of this section is also adopted from section 1 of the act of August 9, 1921, but includes the very desirable provision that the director may delegate his powers to such of his assistants as he may deem advisable. In the consolidation of this section, however, with the earlier provisions included in the war risk insurance act, there has been omitted a provision of section 17 of the war risk insurance act which, in my opinion, it is desirable to continue. This provision is contained in the last two sentences of said section 17, with necessary changes to form of the administration of the Veterans' Bureau, "with the exception of the director and such special experts as the director may from time to time find necessary for the conduct of the work of the bureau, all employees of the bureau shall be appointed from the list of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law. said fees, allowances, and salaries shall be the same as are paid for similar service in other departments of the Government." This language might well be preserved at the end of the second paragraph of section 4 of the bill.

The third paragraph, section 4, is a continuation of section 14 of the war risk insurance act providing for a special advisory board. The real need for this advisory board is past, and hence the paragraph continuing its authorization might well be eliminated from the current laws of the bureau.

Section 5: This section combines certain provisions of section 2 with certain of the provisions contained in section 13 of the war risk insurance act, the remaining provisions of said section 13 having been rearranged to fall under the appropriate titles of this bill. Though the bill itself omits entirely the article of the war risk insurance act dealing with payment of allotments and allowances, lines 7 and 8 on page 6 of the Reed bill contain references to allotments and allowances.

Section 6: This section enumerates the powers and duties of the bureau with respect to vocational rehabilitation as contained in section 4 of the vocational rehabilitation act. In view of the provisions of section 2 of the act of August 9 as perpetuated in section 5 of the present bill, it seems that the inclusion of the language of the vocational rehabilitation act is unnecessary. The only authority not necessarily incident to the administration of the act is that contained in the language starting in line 22 on page 6 and continuing to the end of the section: "to provide for the placement of rehabilitated persons in suitable or gainful occupations. The director is authorized and directed to utilize, with the approval of the Secretary of Labor,

the facilities of the Department of Labor in so far as it may be applicable in the placement of rehabilitated persons in suitable or gainful occupations.

Section 7: This provides for one of the incidents of furnishing vocational rehabilitation and its continuation seems unnecessary.

Section 8: This section is a revision of the present section 6 of the act of August 9, 1921. It provides for further decentralization to suboffices of the bureau but excludes from the authority granted such offices and also from the authority granted regional offices and adjudication of insurance claims. This exclusion of insurance claims is in accordance with the policy and experience of the bureau in the past as insurance claims have been settled in central office.

Second paragraph of section 8 is a revision of the second paragraph of the present section 6 of the act, but it is similar in effect except that the requirement of termination of all field offices on June 30, 1926, has been omitted, giving the director the authority to abolish any office at any time without imposing any limit when all offices must be closed.

Section 9: This section reenacts section 15 of the war risk insurance act and adds authority for the director to delegate to such persons as he may designate the power to issue subpoenas and compel attendance of witnesses. The second paragraph of this section reenacts section 10 of the act of August 9, providing for the detail of persons to make examinations into the merits of claims and to administer oaths.

Section 10: This section is an entirely new provision. It gives the director authority to request information and service from the officers of the Department of Justice under the direction of the Attorney General. It is favored.

Section 11: In paragraph 1, line 4, page 10, there has been an attempt to place a limitation on the authority of the director to utilize the existing facilities of other governmental agencies. This limitation is "at the direction of the President but with the approval of the head of the department concerned," and is in accordance with the proprieties. This section is a reenactment of section 9 of the act of August 9, 1921, and contains all of the provisions of that section with the exception of the second paragraph, which is entirely omitted. That paragraph provides for the arrangement of an inspection service for the purpose of standardizing the character of examination, medical care, and other benefits. In the fourth paragraph of the Reed bill (fifth paragraph of the present section 9) there is a change in phraseology. The present law provides that "in the event Government hospital facilities and other facilities are not thus available or are not sufficient, the director may contract with State, municipal, or private hospitals * * *." The Reed bill omits the language in italics and provides that "in the event Government hospital facilities are insufficient or inadequate, the director may contract with State, municipal, or in exceptional cases with private hospitals * * *." In this paragraph also the time for which contracts may be made is limited to a period not exceeding three years, whereas the present statute allows a period not exceeding five years.

Section 12: This section, like the present section 11 of the act of August 9, 1921, to which it corresponds, contains the reference in

line 13 to the persons who are "receiving care and treatment in hospitals, homes, or institutions" and continues to refer to such persons "during their stay in *such* hospitals, homes, institutions, or *training centers*." The Reed bill omits entirely the proviso establishing a board of discipline and morale for hearing appeals on account of forfeitures and other disciplinary measures authorized by this section.

Section 13: This section is adopted from section 7 of the vocational rehabilitation act. It provides for acceptance of gifts or donations to be paid into the Treasury and which shall constitute a *permanent fund* to be used in connection with appropriations to defray expenses of providing and maintaining courses of rehabilitation. However, it is particularly noted that in Title IV, section 405, no vocational training may be granted or continued to any persons after June 30, 1926.

Section 14: This section continues the revolving fund for vocational rehabilitation as established by the sundry civil appropriation act approved March 4, 1921. It seems, however, that notice should be taken of the limitation contained in Title IV of the bill.

Section 15: This continues the last sentence of section 14 of the act of August 4, 1921. The earlier portion of that section concerned the first report to be made to Congress after the establishment of the Veterans' Bureau.

Section 16: Provides that the director shall submit annually to the Bureau of the Budget estimates of the appropriations necessary for the work of the bureau. This is unnecessary in view of sections 214 and 215 of the Budget and accounting act, 1921.

Section 17, providing that a complete individual record of each beneficiary shall be kept, is likewise unnecessary. It is purely an administrative measure which has always been observed by the bureau though a provision for such a record was not included in the statute until the act of August 9, 1921.

Section 18: This continues the unexpended appropriations for carrying out the provisions of the war risk insurance act and the vocational rehabilitation act and the act establishing the Veterans' Bureau.

Section 19: This section continues the military and naval insurance appropriation and fund. It adds, however, a provision that the military and naval insurance appropriation as augmented by premium payments on account of yearly renewal of term insurance shall be available for payment of judgments on account of the yearly renewal term insurance in the Court of Claims or a district court of the United States, such payments to be made in accordance with awards by the director.

Section 20 is similar to section 19 except that it deals with converted insurance. It likewise provides for payment of judgments obtained in the Court of Claims or in the district court of the United States in accordance with awards made by the director in both sections 19 and 20. It is noted that reference is made to "judgments" which can refer only to installments already accrued. There is difficulty encountered whenever adjudication of a claim takes the form of a judgment in that the future installments remain undetermined.

Section 21: The last proviso of the present section 408 properly is included in this title, continuing the authorization for credit in the

accounts of disbursing clerks of this bureau for payment of insurance installments hereafter made without verification of the deduction on the pay rolls of such premiums as may have accrued prior to January 1, 1921, while the insured are in the service.

Section 22 continues the provision for the detail of commissioned personnel of the United States Public Health Service.

Section 23 includes that portion of section 13 of the war risk insurance act relating to suits. In addition to the suits already authorized in the event of a disagreement as to the claim under a contract of insurance, there is added the provision that suits may be brought in the Court of Claims. The amendment, however, retains the reference to judgments to which, as stated before, there is the objection that a judgment can not dispose of questions which may arise with regard to future installments but may only determine installments heretofore due.

Section 24: This section changes the provision of the first subdivision of section 22 of the war risk insurance act in that it permits proof of marriage in accordance with the regulations to be adopted by the director. It omits entirely the enumeration of specific modes of proof of marriage; the provision validating certain marriages in section 4705 of the Revised Statutes; the terminating of compensation and insurance on account of the misconduct of the widow and the conclusive presumption of marriage for purposes of allotment and allowance. All of these omissions are in the interests of simplification of administration and are desirable. There arises, however, the question of the effect of the omission on the provisions for termination of insurance on account of misconduct of the widow in those cases where insurance has already been terminated for that reason. The amendment is favored.

Section 25: This section provides for payments to persons having legal disabilities. It includes a new provision authorizing the director to suspend payments to fiduciaries for failure to render accounts. There is not included either in this section or in Title V any penalty for the misuse of funds by a fiduciary. This section omits the present subdivision 2 of section 23 of the war risk insurance act providing for administration of the director of funds of inmates of institutions for the insane. Though there is a provision in section 202 (7) for a special rate of pay to patients of neuropsychiatric hospitals who have no dependents, that provision excludes of the cases wherein an inmate of an institution has dependents and the full amount of compensation would be payable to him. The omission of the present subdivision 2 would not permit the director to administer any of these funds through the heads of the institutions.

Section 26: This combines section 28 of the war risk insurance act and section 6 of the act of December 24, 1919.

Section 27 includes the maintenance and support allowance for trainees under the provisions of section 29 of the war risk insurance act providing for forfeiture of benefits.

Section 28 includes a new class of persons to whom benefits are payable (members of the National Guard who were disabled or died before examination and muster) and validates insurance applications made in such cases. This is similar to the provision applicable to inducted men.

Section 29 has a similar provision with respect to enlisted men who were not finally accepted and it seems appropriate that section 29 and section 28 should be combined.

Section 30 combines section 19 of the act of December 24, 1919, and section 407 of the war risk insurance act, making 407 applicable to compensation, and section 19 and section 407 applicable to maintenance and support allowance to trainees. With this provision included, section 303 as incorporated in the bill becomes unnecessary. It is noted that this section, like the original enactment, makes no provision for payment of accrued but uncollected installments of converted insurance.

These comments with respect to the provisions of Title I have all been made without reference to the effect of section 602 on the changes contemplated. Section 602 in very general terms continues all rights accruing or accrued under the earlier statutes. It is possible that a revision of the language of section 602 may be made so that, in addition to insurance rights, all the rights of compensation payments which have already been made will be saved, but that prospective payments will be made only in accordance with the amendment. This I believe to be the purpose and intent of the codification in which amendments have been included.

TITLE II.

The changes made by this title must all be considered in the light of section 602 of Title VI, which contains the following saving clause:

The repeal of the several acts, as provided in section 600 and section 601 hereof, shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause before the said repeal, but all rights and liabilities under said acts shall continue and may be enforced in the same manner as if said repeal had not been made. * * *

Section 200: This section provides that compensation shall be payable for death or disability resulting from injury or disease, or for aggravation of a preexisting injury or disease suffered or contracted on or after April 6, 1917, and before July 2, 1921. The limitation July 2, 1921, is entirely new and supersedes the limitation now contained in section 315 of the war risk insurance act. The significance of July 2, 1921, is that on that date the Knox peace resolution was approved. Under the present statute compensation is payable to a person with injury suffered, or disease contracted at the present time, if the man enlisted in the service prior to February 9, 1922.

Another change in this section is contained in the provision for the presumption of soundness at the time of entrance into service. The present statute provides that for the purpose of this section every man who is discharged on or prior to August 9, 1921 (the date when that particular amendatory act was approved), and every person in service prior to November 11, 1918, who, on or after August 9, 1921, was discharged or resigned, shall be conclusively held and taken to have been in sound condition when examined, accepted and enrolled for service, except as to defects, disorders, or infirmities made of record. The amendment proposed would change the date August 9, 1921, to July 2, 1921. But for the provisions of section 602, the result of this change would be to terminate the compensa-

tion of a number of persons whose sole claim to benefits was on account of the presumption of service connection arising under the present provision. With the provisions of section 602, however, there is no object in making the change of date.

The present law continues the present indefinite reference to "infirmities" made of record as an exception to the presumption of sound condition. In my opinion this indefinite term should be omitted from any amendment to this section.

The first proviso of section 200 changes the existing requirement that an examination must have been made within three years to entitle a person to the presumption of service connection of tuberculous or neuropsychiatric diseases. The new provision is that an ex-service man who is shown to have, or if deceased, to have had within three years after active service, the diseases mentioned shall be considered to have acquired the disability or to have suffered an aggravation of preexisting disability in the service. This proviso, read with the limitation of July 2, 1921, as appearing in the beginning of the section, leads to the interpretation that, while presumption of service connection of the disabilities mentioned may be established, yet that presumption of service connection does not extend to and include a presumption that the particular portion of the service when the disabilities were suffered or contracted was prior to July 2, 1921. This view is substantiated by a reference to section 212, which is entirely new, but as to cases of persons heretofore discharged this application will remain doubtful in view of section 602.

The last proviso of section 200 covers certain cases of persons in the service on April 6, 1917, whose disability resulted from injury or disease contracted prior to that date. This, however, appears nullified by section 212. The effective date of the entire section is made April 6, 1917. To make the changes effective on that date a change in section 602 would be necessary.

Many questions have been presented to the bureau in connection with the presumption of service connection of neuropsychiatric and tuberculous diseases now contained in the statute. Under the present rulings of the Comptroller General the bureau must refuse compensation to many deserving cases of neuropsychiatric diseases arising because it is shown that as a matter of fact the disability was actually intercurrent in origin. The Comptroller General has held that the presumption of service connection with respect to these cases is not conclusive and that therefore when evidence is adduced showing definitely that the disability did not result from service the presumption is without effect. This situation may be cured and persons suffering from these diseases may be placed on the same footing by revising the first proviso of section 200 of this bill (section 300 of the war risk insurance act) so that it will establish a "conclusive" presumption of service connection. This may well be accomplished by inserting the language "conclusively presumed" in the place of the word "considered" as appearing in line 2 on page 24 of the Reed bill.

Section 201: The first paragraph of this section is unnumbered. It contains changes in subparagraphs B, E, and F. Subparagraph B changes the compensation allowed for the widow or two or more children. The present statute authorizes payment of \$42.50 for the widow and two children—\$5 additional for each additional child up

to two. The new provision provides payment of \$40 for the widow and two children, with \$5 for each additional child, irrespective of the number.

Subdivision E omits the limitation "up to two," providing the amount payable for additional children when there is no widow.

Subparagraph F contains a misprint in line 17. The amount should be \$75 instead of \$76. From this subparagraph there has been omitted the following sentence: "This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable, if the dependent mother is in receipt of compensation under the provisions of this article for the death of her husband." The omission of this language was undoubtedly designed to cure the present unfortunate situation whereby a widow receiving benefits on account of the death of her husband may not receive compensation on account of the death of her child. However, this provision does not cure the situation whereby the bureau may not pay compensation to a dependent mother where she is receiving a pension for the death of her husband resulting from some other period of service. Nor will it cure the present inhibition to pay compensation to a widow for the death of her husband and the death of her child. The Comptroller General has ruled that the general statutes of the United States, aside from the war risk insurance act, prohibit the payment of two pensions to the same person, and that compensation, while called by another name, is in reality a gratuity in the nature of a pension.

Paragraph 1, section 201, provides for an increase in the allowance provided for the burial of persons whose deaths occur in service to \$150. This allowance is in addition to the burial benefits now authorized under the War Department. At the time the original provision was enacted, there were a number of bodies of men being returned from France, and the sum provided by the war risk insurance act was needed to defray the expenses of interment after the bodies were actually received at the place of burial, the transportation having been furnished under the War Department. The necessity for this gratuity has ceased to exist. In fact, with the limitation now contained in section 315 of the war risk insurance act, there are comparatively few claims for this benefit. Hence I would recommend its omission.

This subparagraph 1 also provides for the increase to \$150 of the burial expenses which may be allowed in cases of death after discharge. Such an increase I favor.

Subparagraph 2, after reenacting the provision that payment of compensation to the widow shall continue to her death or remarriage, adds the new provision that "the payment of compensation to a parent shall continue to the death of each parent." This apparently contemplates that dependency, once established, will not later be questioned. Section 205, however, provides for review of existing compensation awards, and, without more specific language included in subdivision 2, I feel that the provisions of section 205 would be controlling if it were later determined that the parent was not in fact dependent.

Subparagraph 3, referring to payment of compensation for a child, has been changed to correspond with the change in the definition of the term "child," as appearing in section 3.

Subparagraphs 4, 5, and 6 correspond to and reenact subparagraphs 5, 6, and 7 of section 301 of the war risk insurance act. Subparagraph 7 contains a provision making the section effective April 6, 1917. Though the proviso will save retroactive payments at the new rates provided for widows and children, there is in this section also the conflict because of the specific limitation of dates contained in section 201 (death or disability resulting from disease or injury incurred or aggravated between April 6, 1917, and July 2, 1921), and the saving clause contained in section 602.

Section 202: This is a reenactment of the present section 302 of the war risk insurance act with modifications and several entirely new provisions.

In paragraph 1, subparagraph C, the amendment provides that the compensation payable if the disabled person has a wife and one child living will be \$95 and "\$5 for each additional child," whereas the present statute provides that with a wife and two or more children the compensation would be \$100, no provision being made for an increased amount if there are more children.

In subparagraph 3 the new bill provides the specific conditions which will be deemed to be total permanent disability. The present conditions are limited to the loss of members, but the amendatory provision contemplates payment for the loss of the use of members. This is an entirely logical provision and will authorize payment in many deserving cases now technically outside the provisions of the statute.

The next change appears in the second paragraph of subparagraph 4. As an aid to interpretation, this paragraph should be given a new number—subparagraph 5—and the following paragraph should be renumbered accordingly. Owing to the present position which this provision has in the statute, there continuously arises the question whether the ratings authorized to be based on the average impairment of earning capacity are to be applied as well as to the temporary disabilities as to the permanent disabilities. With this paragraph definitely numbered, such question would not arise, and a uniform method of rating disabilities might be applied. In this connection it is recommended that there be eliminated from the provision authorizing the adopting of the schedule of ratings the words "from specific injuries or combinations of injuries of a permanent nature," as appear in lines 19 and 20 on page 29. Thus, the first sentence of this paragraph would read: "A schedule of ratings of reductions in earning capacity shall be adopted and applied by the bureau." This would leave entirely within the discretion of the director, based on the average impairments of earning capacity and depending on experience, the matter of adopting rating schedules.

This paragraph also contains a new provision that the basis shall be upon the average impairments of earning capacity "resulting from such injuries in civil occupations similar to the occupation of the injured man at the time of enlistment." The quoted language does not appear in the present statute. While at first blush this may seem a logical provision, attention is invited to the discrepancies which will invariably attend such a method. For example, a cornetist who loses two front teeth would be unable to follow his former occupation, or play any other wind instrument. Extending the ex-

ample to "similar occupations," a violinist who loses the tip of one finger on his left hand would be permanently and totally disabled. Likewise, a man becoming deaf in one ear might be unable to continue an occupation as clerk of the court, because in that position he would be obliged to hear what was said on either side of it. The examples are innumerable. On the other hand, a lawyer who lost his left arm would not be at all disabled. Many men in clerical positions would suffer no actual impairment by the loss of a left arm, so far as the earning capacity for that occupation is concerned. It might even develop that through force of circumstances such a man might even be shifted to a more remunerative position. Then, too, there are the numerous cases of men who had no steady occupation prior to enlistment, and the persons who were students at the time of entrance into the service. For this reason, it is urged that the language "resulting from such injuries in civil occupations similar to the occupation of the injured man at the time of enlistment," as appearing in lines 23, 24, and 25 on page 29 of the bill, be eliminated.

The present subparagraph 5, which would be numbered 6 if my recommendation is adopted, increases the allowance payable for a nurse or attendant, when necessary, to \$50 per month in all cases, instead of only the cases of persons who are legless, armless, or blind. This provision is strongly favored.

Subparagraph 6 in lines 17 to 20 includes a provision heretofore incorporated only in appropriation acts, namely, it includes as one of the services to be furnished by the Government in addition to compensation the "payment of court costs, and other expenses incident to proceedings heretofore or hereafter taken for commitment of mentally incompetent persons to hospitals for the care and treatment of the insane." This provision being one of years' standing, its inclusion in the statute is favored.

Subparagraph 7 is entirely new. It provides a hospital rate of payment, in lieu of the usual compensation for certain patients in "neuropathic" hospital when such patients have neither wife, child, nor dependent parent.

I am informed by the medical officers of the bureau that the term "neuropathic hospital" is an indefinite and meaningless definition; that, undoubtedly, the term intended was "neuropsychiatric hospital." The medical officers further inform me that of all the patients in hospitals, this class of persons is the least indicated as those for whom a provision of this nature is needed.

I am heartily in favor of a provision establishing hospital rates for payments to disabled beneficiaries. This provision, however, is needed equally, if not more, in the cases of patients receiving treatment at other hospitals, for instance, tuberculous patients, patients having both neuropsychiatric and tuberculous diseases confined in hospitals for tuberculosis, and patients having other diseases which require extended periods of hospitalization. Such a provision would tend to decrease the hospitalization of those cases where treatment is not actually needed, but which is now insisted on by the claimants, solely for the purpose of continuing compensation at the increased rating of temporary total disability, allowed in the usual case of hospitalization.

While I do not feel that the same provisions should be made for persons without dependents as for those having dependents I am in favor of a provision limiting the amount payable to the patient, himself, when in hospital in all cases, allowing in the cases of those with dependents a certain additional amount to be paid to the dependents direct. In the case of the neuropsychiatric patients, it is noted that these men, if mentally incompetent with dependents, may not under the amendment proposed have their funds administered by the director, owing to the elimination of the provision now contained in the second subdivision of section 23 which was eliminated from the reenactment of this section in section 25 of the Reed bill.

Subparagraph 8 continues the provision for voluntary allotments by patients or beneficiaries who are receiving treatment, except in the cases specially cared for by subparagraph 7. It is not in line with the recommendation, number 10, as contained in the preliminary report of the Select Committee on Investigation of the United States Veterans' Bureau. The recommendation states that "a veteran in hospital will be required to allot not more than three-fourths of his monthly compensation to his wife, dependent children, or dependent parents," giving a short explanation of the merits of such a provision. While subparagraph 12 of this section provides for an apportionment of compensation to the wife and children of a patient in hospital, that provision as now drafted is not sufficient authority for the purpose desired.

Subparagraph 8, on the other hand, continues the provision that these men may allot any proportion or proportions of their compensation, and that, if three-fourths of the compensation is not allotted, the director may provide by regulations that the unallotted portion may be deposited to the patient's credit with the Treasurer of the United States. Such a provision is not compulsory. This subdivision continues also the present provision contained in section 12 of the act of August 9, 1921, that the money so allowed to accumulate shall draw interest at not less than $3\frac{1}{2}$ per cent per annum. The interest in such cases may prove an incentive for the man to allow his compensation to remain in the Treasury. However, this is doubtful, as the interest will be a comparatively small item, unless the system is universally observed. If the allotment or retention of a portion of the compensation in lieu of an allotment is made compulsory, the expense of administration of this provision will prove a considerable burden on the Government. It is recommended, therefore, that in lieu of the present subdivisions 7 and 8 there be included a provision whereby a definite rating of hospital pay will be established in lieu of the present rate of compensation, with allowances in cases of dependents: that in cases of persons mentally incompetent there be no additional payment, but that in cases where a recovery or discharge from hospital may be anticipated, the remaining amount of compensation be allowed to accumulate, without interest, to be paid on discharge from hospital.

Subdivision 9 continues the provisions of section 13 of the act of August 9, 1921, authorizing care and treatment for service-connected disabilities of less than 10 per cent. A new limitation is imposed whereby the disability must result from injury, disease, or aggravation of preexisting injury or disease on or after April 6, 1917, and before July 2, 1921. The time limit for application for these bene-

fits is omitted from this section. However, the limitation included in section 209 is made applicable to this class of cases, so that no treatment may be furnished unless a claim is filed within five years after discharge, or resignation from the service.

Subparagraph 10 reenacts that subparagraph of section 302 which provides that hospital facilities under the control and jurisdiction of the bureau shall be available for veterans of the Spanish-American War, the Philippine insurrection, and the Boxer rebellion suffering from neuropsychiatric or tubercular ailments and diseases. The amendment adds to this class the veterans of the World War. It also adds the language "regardless whether such ailment or diseases are due to military service or otherwise." This particular addition seems unnecessary, in view of the fact that no limitation as to the service connection of the disease was imposed in the original statute, and treatment has heretofore been furnished, irrespective of the service origin or aggravation of the diseases mentioned.

There is one limitation imposed in subdivision 10 which was not included in the original statute. The provision is restricted so that the facilities are available only "for every honorably discharged veteran" of the wars mentioned. This provision would not permit the bureau to furnish treatment to any veteran who had received a so-called blue discharge—a discharge without honor. I believe that this is not the intent of the amendment, and recommend that in lieu of the language "for every honorably discharged veteran" there be substituted at the appropriate place a reference to veterans "not dishonorably discharged."

Subparagraph 11 contains an entirely new provision as its first sentence. This provision authorizes the director to sell surplus or condemned supplies, material, or other personal property, in the same manner as the Secretary of War may make such sales. A provision authorizing the director to sell supplies and materials not needed by the bureau is highly desirable. However, in addition to the supplies pertaining to hospitalization and treatment, there are also supplies pertaining to the administration of the vocational rehabilitation provisions of the statute. Hence, the authority to sell should not be limited in any manner, even by the implication of placing the authority in the title dealing with compensation and treatment. It properly should be placed in Title I of the bill. The remainder of subparagraph 11 is a reenactment of the joint resolution approved June 26, 1922, and as it refers to patients of the bureau is properly included in section 302.

Subparagraph 12 reenacts and continues subparagraph 7, section 302 of the war risk insurance act, including, however, a provision for apportionment of compensation "where the disabled person is a patient in a hospital." This subparagraph does not authorize a compulsory apportionment to dependent parents and as before noted would not be sufficient to authorize the director to withhold any amount of the compensation for the benefit of the patient himself.

Subparagraph 13 reenacts and continues subparagraph 8, section 302, of the war risk insurance act.

Subparagraph 14 continues subparagraph 9 of section 302 of the war risk insurance act.

Subparagraph 15 continues subparagraph 10 of section 302 of the war risk insurance act. But, attention is invited to the fact that this

very general provision limiting the payment of a gratuity under this section to those cases where a man surrenders all claim to payments of any pension works an injustice to those persons who, while receiving pension for service, or disability incurred by reason of service during an earlier war, entered the military service and sustained a disability during the World War. There are a number of limited service men in this class, and it seems eminently proper that they should be compensated for all of the disabilities resulting from all services.

Subparagraph 16 reenacts and continues the fourth paragraph of section 2 of the vocational rehabilitation act. Inasmuch as this applies to a suspension of compensation while maintenance and support allowances are payable, it is properly placed in this section.

Subparagraph 17 provides that the section shall be in effect as of April 6, 1917, with the exception that no changes in rates of compensation shall be retroactive in effect. This provision would be eminently proper, were it not for the provision of section 602, which specifically provides that the repeal of the war risk insurance act shall not affect any right accruing or accrued.

It is believed, however, that the language of section 602 may be modified so that the contemplated provisions of Title II may be effective as contained therein.

Section 203: This section is a reenactment of the first paragraph of section 303 of the war risk insurance act with two changes. The proposed section authorizes the payment of traveling expenses and loss of wages in cases of persons applying for treatment, as well as those applying for or receiving compensation. This provision is approved for the reason that many times the person who desires treatment or examination to establish his right to receive treatment is more in need of the additional benefit of traveling expenses than the compensable person who has received some payments which he might use for defraying such expenses.

The other amendment included in this section is a provision directing the suspension of rights to claim compensation if a person shall "neglect" to submit to an examination order. This is in addition to a similar provision for refusal to submit to examination or obstruction of an examination.

The language authorizing payment for loss of wages should be made more definite. Particularly is this true in the cases of compensable persons who are ordered to submit to examination. Under the present statute claims are made for loss of wages in the cases of those persons who, while receiving a temporary rating for one disability, are ordered to submit to examination because of a claim for additional compensation on account of another disability. The same situation is true in the cases of those persons who present original claims and are ordered to report for observation, which may continue for several weeks. Then, when it is determined that the disease is service connected, the compensation rating will date from a period prior to the actual examination. Here, also, claims for loss of wages and claims for compensation are overlapping, even though compensation may be allowed on a total disability rating.

The amendment is desirable. In addition, it is recommended that the language of the statute should definitely provide whether these benefits are concurrent or alternative.

Section 204 continues the second paragraph of section 308 of the war risk insurance act, providing that when treatment is refused the consequences of the unreasonable refusal shall not be deemed to result from the compensable injury.

Section 205: This section reenacts section 205, providing for review of awards or compensation, and includes in addition a provision specifically making the change of awards subject to the provisions of section 210, relative to retroactive increases. There is also a new sentence added which provides that except in cases of fraud participated in by the beneficiary, no reduction in compensation shall be made retroactive. This is a desirable provision, but I feel that a more desirable result could be accomplished by going a step further and include a provision that no reduction in compensation shall be made effective until 30 days after the change in the award. This provision would allow sufficient time to notify the beneficiary and enable him to make the necessary adjustment which is inevitable in cases of reduced compensation. In addition to the benefit to the veterans, there is the added administrative advantage by reason of the fact that it is often difficult to make the first payment in accordance with the new rating when that rating is made at approximately the same time that the checks are mailed. Hence, when a check goes out under old rating and the adjustment is made by the later check, there is always dissatisfaction, or in cases where compensation is terminated there is the attendant difficulty of securing the refund necessary by reason of the check for a period subsequent to the termination of the award.

Section 206: This is a revision of section 306 of the war risk insurance act, providing for certificates of injury to be obtained, when death or disability does not result within one year after discharge. Heretofore, the veterans have considered that this certificate when obtained shall establish the fact of service connection of the disability, except in case of fraud, and it is so provided by the present statute. The proposed amendment makes no provision for the issuance of a certificate (a practice which has been established since 1917), but provides that where satisfactory evidence is furnished within one year after the date of the amendatory act, compensation shall be payable for death or disability whenever occurring. This provision is entirely proper and desirable, if the director is given authority to make regulations providing for the issue of certificates which may be taken as establishing the service connection. Otherwise, the question whether or not satisfactory evidence has been furnished may always remain undetermined.

There is excepted from the provision that compensation shall not be payable, except in cases of official record, or where evidence is furnished within one year whenever death or disability does not occur prior to, or within one year after discharge or resignation, those cases coming under the first proviso of section 200. This is a definite exception which has heretofore been left to interpretation; but it is the rule which has been followed under the rule of construction that all parts of a statute must be read together and given effect.

Section 207 reenacts section 307 of the war risk insurance act. It is noted that specific reference is made to the family allowance paid under the provisions of article 2 of the act of October 6, 1917. All other reference to the benefits of said article 2 have been omitted

from this bill. The significance of that omission will be discussed later. However, at this point, it may be said that a more definite reference to benefits of allotment and allowance is desirable in a codification of laws affecting this bureau.

Section 208 reenacts the first sentence of section 308 of the war risk insurance act. The last sentence of section 308 is omitted. It seems desirable that this sentence should be included as covering some cases which are not touched by section 29 of the war risk insurance act, included as section 27 of this bill.

Section 209 establishes a new time limit for applications for treatment of service-connected disabilities of less than 10 per cent degree. This is more logical than the limitation imposed by section 13 of the act approved August 9, 1921. I am of the opinion, however, that it would be preferable to entirely repeal this limitation in the cases of application for treatment of diseases of less than 10 per cent degree, and also for benefits of compensation. Other than the change noted, the section is the same as section 309 of the war risk insurance act.

Section 210: This section corresponds to section 310 of the war risk insurance act. However, the time for which compensation may be paid is limited to one year prior to the date of claim (instead of two years), and increased compensation may not be awarded to revert back more than six months prior to the date of claim (instead of one year).

Apparently there is a misprint in lines 3 and 4 on page 40. It is believed that a period should appear after the word "therefor" in line 3, and that the period after "beneficiary" in line 4 should be a comma, making the language following the word "therefor" in line 3 a new sentence reading "Except in case of fraud participated in by the beneficiary, no reduction in compensation shall be made retroactive," corresponding to the language at the end of section 205.

Section 211 contains the provisions now included in the first sentence of section 312 and in the second paragraph of that section of the war risk insurance act.

Section 212 is an entirely new section stating the intent of the act. The second sentence is a revision of the provision now contained in section 312 of the war risk insurance act regarding the termination of pension laws in effect on October 6, 1917. In providing that these laws shall not be applicable for disability or death resulting from service between April 6, 1917, and July 2, 1921, the section operates to revive those laws after the second date, thereby changing the act approved September 22, 1922, which revived the pension laws in the cases of those persons enlisting after February 9, 1922. This section 212 also supersedes the present section 315 of the war risk insurance act providing for the termination of compensation benefits. The last sentence of this new section reads as follows:

Titles II and IV of this act shall not be applicable to any disability or resultant death in the service if such disability occurred as a result of service prior to April 6, 1917, or after July 2, 1921.

This would in effect nullify the last proviso of section 200 (lines 13 to 21, page 24) which specifically authorizes compensation for disability resulting from personal injury or disease contracted in

line of duty prior to April 6, 1917, by any member of the military or naval forces in active service on that date who was subsequently discharged. If this section is adopted there will arise a situation which has existed in the past and which the proviso mentioned was designed to correct, namely, that no benefits will be provided for that class of persons entered prior to April 6, 1917, while the pension laws were in effect and discharged subsequent to April 6, 1917, and while the compensation laws are in effect, the pension laws being construed as providing benefits only to persons discharged while such laws are in effect.

Section 218 reenacts section 313 of the war risk insurance act, omitting, however, paragraph 12, which authorizes the director to require that a conditional beneficiary of compensation assign or prosecute any right of action against a third party for an injury on account of which compensation is possible. This omitted paragraph also authorizes the director to prosecute or compromise the claim of the conditional beneficiary against such third party and credit the amount of the settlement of such claim on future compensation which might accrue in favor of the conditional beneficiary.

TITLE III.

This title is a reenactment of article 4 of the war risk insurance act.

Section 300: In lines 24 and 25, on page 4, there are two slight omissions when the language is compared with that of section 400 of the war risk insurance act. However, it is believed that these omissions will have no effect on the interpretation of the statute.

In line 2, on page 44, the bureau is authorized to grant insurance "in such form or forms as is prescribed in section 301 hereof." Section 301, however, refers only to the forms into which term insurance (not yearly renewal term insurance) held by persons who are in the military service after April 6, 1917, shall be converted. This section does not prescribe any form for new insurance. It is strongly indicated that these two sections read together terminate any right to, at this time, apply for insurance. Under these circumstances there arises the question, Was this termination of right to make current applications intentional? If the omission has been intentional, I can see no objection to the present provision, for there is no real necessity for any statutory provision granting the right to make application for insurance at this time, long after the war emergency has ceased. However, with this purpose in view, the last sentence of section 300, incorporated from the first clause of the first sentence of section 401 of the war risk insurance act, might well be changed to refer to applications heretofore made so that the purpose of the present provision will be plain.

After the first clause of the first sentence of section 401 the Reed bill omits all of that section and also omits section 402 of the war risk insurance act, section 13 of the act of December 24, 1919, which amends that portion of the war risk insurance act, and sections 15 and 16 of the act of December 24, 1919, which also refer to insurance. These omitted sections provide for the so-called automatic insurance in cases of those who during certain periods die without having made application for insurance and provision for the insurance of the persons lost on the ill-fated *Cyclops*. Section 402 further pro-

vides a permitted class of beneficiaries, which class was enlarged by section 13 of the act approved December 24, 1919. Said section 13 further provided that awards of insurance originally made should be revised in accordance with the provisions of the amendatory act. Section 402 further authorized the director to determine and publish the full conditions and terms of insurance, but this authority was limited by the provision concerning the permitted class of beneficiaries already cited, and the provision that the insurance shall be payable in 240 equal monthly installments. Provision is also made that calculations shall be based upon the American Experience Table of Mortality. The insured shall have the right to change the beneficiary. Sections 15 and 16 of the act of December 24, 1919, further provide for the distribution of the remaining installments of insurance in the case of the death of the designated beneficiary before all installments are paid or for the distribution of insurance in case no beneficiary within the permitted class is named. A subsection of section 402 added by the act of August 9, 1921, also concerning the permitted class of beneficiaries.

Section 403 specifically provides that the United States shall bear the expense of administration, the excess mortality and disability cost, resulting from the hazards of war, and also that the premium rates shall be based upon the American Experience Table of Mortality and interest at the rate of $3\frac{1}{4}$ per cent per annum.

While I favor the simplification of the statutory provisions under which this bureau is administered, there are certain conditions and provisions which may only be imposed by regulation where the director is specifically given the authority to prescribe regulations on the subject. Furthermore, without certain definite authorization, the director would be urged to change the long-continued procedure concerning the method of paying all insurance in monthly installments, and without specific statutory authority to make the change, any attempt to modify the existing regulations would lead to innumerable claims in the future. Without the provision that the United States would bear certain expenses the director would be without authority to disregard those expenses in the computation of rates.

I am, therefore, of the opinion that certain of the provisions contained in the sections omitted should necessarily be continued both for the protection of the director and the efficient administration of the bureau. Of those provisions which should be continued I consider the following necessary:

(1) The authorization to make payments of the yearly renewal term insurance in equal monthly installments should be continued, or authorization to make payments in such manner as Congress may desire should be provided, bearing in mind that payment of the yearly renewal term insurance in a lump sum will require an immediate appropriation of more than \$1,000,000,000.

(2) Unless the permitted class of beneficiaries is to be continued, it will be necessary that Congress authorize specifically a revision of awards to allow payments to persons not within the permitted class who have been designated as beneficiaries by the last will and testament of the insured or in his application. Otherwise, there will inevitably result suits on the policies of insurance, which may cause duplicate payments of insurance in all such cases.

(3) The change of beneficiary may well be left to regulation, but the director should be authorized to promulgate such regulations.

(4) The disposition of installments of insurance when no beneficiary is designated should be provided in the statute. So should also the disposition of the remaining installments made after the death of the beneficiary. Otherwise, litigation is bound to ensue.

(5) The provision that the United States should bear the expense of administration and the excess mortality and disability costs resulting from the hazards of war is necessary for the continuation of the present rates of insurance.

Section 301: This section is a reenactment of section 404 of the war risk insurance act. It extends the date when all term insurance must have been converted to July 2, 1926, making that date consistent with the date of the termination of the war as defined in section 3. I can see no objection to such a provision.

The second paragraph is new, providing that all term insurance shall cease on July 2, 1926, except when death or permanent disability shall have occurred before that date. This has been the interpretation of the language of the present statute, but there is no objection to having such a provision specifically included.

The fourth paragraph of this section is a reenactment of section 17 of the act of December 24, 1919, which is properly placed with the other provision for converted insurance.

Section 302 is a reenactment of section 406 of the war risk insurance act without change.

Section 303 is a reenactment of section 407 of the war risk insurance act. Attention is invited to the fact that the permitted class of beneficiaries is apparently abolished by the omission of a reenactment of section 402; also it is indicated that the proviso of this section is entirely unnecessary by reason of the provision incorporated in section 30 of Title I.

Section 304 is a reenactment of section 408 of the war risk insurance act with the last two provisions of that section omitted. There are also included three amendments. In lines 20 and 21 on page 47 there is contained a provision that application for reinstatement "hereafter made, if made within one year after the passage of this act or within two years after the date of lapse or cancellation," may be allowed.

In line 22 on page 47, in the proviso referring to disability which must be result of service, there have been included the words "(if any)". These words, in themselves, may not have any particular significance but their inclusion at this place opens the question of congressional intent with respect to all reinstatements authorized. Is this section to contemplate that reinstatements will be allowed only if application is made within one year after the passage of this act or within two years after the date of lapse or cancellation and upon payment of all premiums which would have accrued with interest? Such has not been the interpretation in the past and reinstatement of insurance has been permitted on the payment of two premiums if the applicant for reinstatement is in good health. The words "if any" may contemplate a reinstatement under this section where there is no disability. If this is so, the language contained in lines 13 to 16 of section 304 "in the event that all provisions of the rules and regulations other than the requirements as to the physical con-

dition of the applicant for insurance, have been complied with" are superfluous.

There is added to this section a proviso that no term insurance shall be reinstated after July 2, 1926. This is the date when all term insurance must be converted under the provisions of section 301. I am of the opinion that this proviso is unnecessary as one can not reinstate term insurance which, under the statute, has ceased.

The last two provisos of section 408 of the war risk insurance act have been omitted. This is entirely in accord with the report of the committee, as contained in recommendation No. 14, "automatic reinstatement of retroactive awards of compensation will be permitted." "The privilege has served its purpose and should not be continued." In view, however, of the provisions of section 602 continuing accrued rights, it is doubted whether the elimination of these provisions will affect a large number of claims. I think it may be safely estimated that by far the greater number of claims which would arise under the provisos in question are those which have accrued prior to this date. If it is the intent of Congress that these cases shall not continue, such intent must be carefully considered in the language employed in section 602.

Section 305: The only change which this section has made in the present section 409 of the war risk insurance act is "a period not longer than six months after the appointment of a guardian during which the waiver of premiums in the case of morally incompetent persons may be continued without application." This provision seems desirable. It is believed, however, that this section may be entirely redrafted in simpler language so that the purpose and intent may be more apparent.

Section 306: This section is a reenactment of the present section 411 of the war risk insurance act omitting the specific limitation "subject to the provisions of section 29 of the war risk insurance act" (sec. 27 of this bill). This omission is not thought advisable unless it is intended that every man in the service who applied for insurance and continued that insurance for a period of six months shall be entitled to the benefits of insurance irrespective of the nature of his discharge. This, I believe, would make said section 29 of the war risk insurance act (sec. 27 of this bill) ineffective in many cases of insurance benefits because the number of men who were dishonorably discharged by sentence of court-martial within the first six months of their insurance, will probably be small compared to those whose service lasted longer than that period. Furthermore, it is not apparent that there is any difference in the equities in the case of a man dishonorably discharged after five months' service and in the case of a man so discharged after seven months' service.

Section 410 of the war risk insurance act has been omitted from the codification. This section authorized the adoption of rules and regulations whereby premiums may be collected through the post office department but provided no appropriation therefor. A repeal of this section is desirable as it has never been operative and its continuance leads only to question and correspondence.

TITLE IV.

This title is a reenactment of the laws pertaining to vocational rehabilitation as administered by this bureau so far as they prescribe the benefits authorized. The purely administrative provisions have been incorporated in Title I.

Section 400 contains a limitation that training will be afforded to those persons whose disability resulted from injury sustained prior to July 2, 1921. This is consistent with the benefits prescribed by the amendatory provisions concerning compensation as contained in Title II. Heretofore, however, there has been no limitation on the time when the injury must have occurred except that application must have been made prior to December 16, 1922.

This section also includes a new provision that will exclude training in cases of disability which did not result "in line of duty and not the result of his own willful misconduct." This provision makes the training features of the act consistent with the compensation features. There is the saving provision that the changes made in this title shall not operate to terminate training already commenced.

Section 401 specifically terminates the period during which vocational training may be furnished by the language authorizing the bureau to furnish such training "until June 30, 1926."

In line 2 of page 52 the language "from the appropriation hereinafter provided" is improperly included. This is undoubtedly a mistake in the adaptation of the earlier statute. It is noted that there is a slight change in the family allowance for trainees with dependents, but there is no objection to these changes.

It is evident, however, that the first and second paragraphs of this section down to line 10 on page 53 could well be combined and revised in the interest of simplicity.

The last paragraph of section 401 adds a new provision granting benefits to a trainee who shall suffer physical injury in and by reason of his training. It provides that under such circumstances he shall receive compensation in accordance with the terms of the employées' compensation act, approved September 7, 1916. The difficulty presented in connection with such a provision is that the rate of payment under the act of September 7, 1916, is partially based on the earnings of the employee at the time the injury is suffered. Trainees in most cases have no earnings, being dependent on the maintenance and support allowance by the Government, hence such a general provision would prove difficult of administration. It is recommended that provision may be made for including these persons within the benefits provided by Title II, which would probably serve the purpose intended; but appropriate language can not be suggested in this memorandum.

Section 402 again contains the limitation that training will be furnished until June 30, 1926. There is no objection to thus definitely establishing the date when the training program of this bureau must be concluded.

Section 403 contains a new limitation that no training shall be furnished to any person under the provisions of this title unless the training is actually commenced on or before June 30, 1924. This provision is entirely consistent with a definite termination of the bureau's program, for it is reasonable to assume that the full meas-

ure of the benefit from training can not be derived unless an adequate period for such training is permitted. With training commenced prior to June 30, 1924, it should be possible to complete the courses within the time limit for the conclusion of the bureau program.

Section 404 extends the time for making application for training to June 30, 1923. Heretofore the deficiency appropriation act of June 16, 1921, has limited the bureau so that training may not be furnished where application has been made after December 16, 1922.

Section 405 is an entirely new provision specifically terminating the granting or continuing of vocational training after June 30, 1926, or the payment of any training allowance after that time.

TITLE V.

PENALTIES.

This title as a whole reenacts the penalty provisions of the war risk insurance act, making them applicable with equal force to offenses in connection with claims for benefits of vocational rehabilitation, not only by the general terms of the title but also by specific references contained in sections 501, 502, and 503.

The title, otherwise, contains but one new provision, the proviso that section 500, which limits payments of attorneys' fees, shall not apply to "professional services required in the prosecution of any question in any court of law."

It is noted that no penalty provision has been included to care for the situation which may be shown on the reports of fiduciaries required under the new provision in section 25 of this bill. It is desirable that misuse of funds by persons acting as guardian, curator, etc., be made a Federal offense where compensation payments are concerned, even as misuse of pension moneys by such fiduciaries may be punished under the Federal law.

TITLE VI.

Section 600 contains a repeal of earlier statutes. It is noted that in subparagraph 6 an act entitled "An act to amend the war risk insurance act," approved July 11, 1918, is enumerated. This is unnecessary in that this act is solely a reenactment of certain provisions of the war risk insurance act and would necessarily be included in subparagraph 1 of section 601.

It is noted, however, that the following acts and joint resolutions are not included in the list of those repealed:

Joint resolution entitled "Joint resolution authorizing the granting insurance under the act entitled 'An act to authorize the establishment of a Bureau of War Risk Insurance under the Treasury Department,' approved September second, nineteen hundred and fourteen, as amended by the act approved October sixth, nineteen hundred and seventeen, on application by a person other than the person to be insured," approved April 2, 1918.

An act entitled "An act to amend and modify the war risk insurance act," approved December 24, 1919, which, while amending the war risk insurance act, does not incorporate the amendatory provisions in the war risk insurance act.

A joint resolution entitled "Joint resolution providing for the disposal of articles produced by patients in the United States Veterans' Bureau," approved June 26, 1922, which is included in subparagraph 11 of section 202 of the bill.

An act entitled "An act to provide for the applicability of the pension laws to certain classes of persons in the military and naval service not entitled to benefits of article 3 of the war risk insurance act, as amended," approved September 22, 1922. The continuation of this act is rendered unnecessary by the provisions of section 212 and the omission of the provisions now contained in section 312 of the war risk insurance act to the effect that existing pension laws shall not be applicable after October 6, 1917.

Section 601: Aside from the typographical error in the word "insurance" as appearing in line 10, this section appears to be correct.

Section 602: The present language of this section provides for the continuation of all rights accruing or accrued under the war risk insurance act, the vocational rehabilitation act, and the act establishing the Veterans' Bureau. With this general saving of rights, limitations imposed by the dates for termination of rights of benefits contained in sections 200, 202, 212, the omission of certain provisions in section 304, and the termination of rights to benefits as contained in sections 400, 402, 403, 404, and 405, can not be given full effect. It is not known whether the bill contemplates that all claims filed after its adoption shall be subject to its provisions or whether it is intended that a complete revision of existing compensation and training awards shall be made under the new provisions with due consideration of the dates of limitation now included. To revise existing compensation awards in accordance with the terms of the proposed amendments would mean a discontinuance of compensation heretofore granted in every case of enlistment after July 2, 1921, and prior to February 9, 1922.

The same question would be raised in connection with insurance claims arising under the last two provisos of the present section 408, these provisions being omitted from the present codification. To construe these two provisos as now effective in all cases where death or permanent disability occurred prior to the adoption of the proposed bill, would render the omission of those provisions of little significance.

Undoubtedly the language of this section is intended for a codification of existing laws without change. Where the codification is combined with amendatory legislation, a saving clause of this nature presents many problems of interpretation and administration. This is particularly true where certain of the amendatory provisions are made effective as of April 6, 1917.

Sections 603 and 604 are general provisions for the codification of this nature. So also is section 605.

Section 606 is a general and desirable provision concerning the constitutionality of a statute.

GENERAL.

The bill omits all reference to payments of allotments and allowances provided by Article II of the war risk insurance act. Since

the benefits of this article as a current relief measure have long since expired by limitation, there is now no need for the perpetuation of the provisions of this article. However, the bureau is now receiving claims and making adjustments and settlements of claims heretofore received on account of the benefits provided. It is therefore thought highly desirable, in fact necessary, that this bill contain some provision authorizing the adjustment of the now outstanding claims or the continuance of the provisions of Article II for the purpose of closing the books.

There is likewise omitted all reference to the marine and seamen's insurance authorized by the act of September 2, 1914, and subsequent amendments. Under the terms of the present statute and pursuant to the proclamation of the President the division of marine and seamen's insurance has been extended until September 3, 1924, for the purpose of making final adjustment of outstanding business. There is now outstanding on account of this business \$300,000 of known liabilities. Section 18 as contained on page 14 of the bill continues the appropriations heretofore made for carrying out the provisions of the war risk insurance act and amendments thereto and the appropriations made for the Veterans' Bureau. It is probable that the appropriations so extended will be available for the payment of the known liabilities on account of marine and seamen's insurance, but it seems desirable that the marine and seamen's insurance provisions should be extended at least until September 3, 1924, for the purpose of making final adjustment as now contemplated by the present limitation of the statute and the proclamation issued pursuant thereto.

This codification does not make any reference to the powers granted and duties imposed on the Bureau of War Risk Insurance by Article IV of the soldiers' and sailors' civil relief act, approved March 8, 1918. It is believed that reference to this act was intentionally omitted as none of the provisions have been incorporated and the act itself was not listed with those repealed by section 600. The soldiers' and sailors' civil relief act has long since expired by limitation, but there are certain adjustments still necessary under Article IV mentioned.

The effect of the changes which would result from the adoption of the present language of the Reed bill have been merely suggested in this preliminary comment. A detailed report on these amendatory measures, many of which are decidedly far-reaching in effect, can only be made after more careful study. The remarks herein contained, however, will serve as a guide to the discussion of questions both of benefits granted and the administration of the bureau with respect to those benefits.

EDWARD J. BOUGHTON.

PART II.

RECOMMENDATIONS OF THE DIRECTOR OF THE UNITED STATES VETERANS' BUREAU—SUBMITTED IN THE FORM OF DRAFTS OF PROPOSED AMENDMENTS TO SENATE BILL 2257.

The numbering of the drafted amendments follows that of the proposals made in the letter of the director to the Finance Committee of the Senate.

RECOMMENDATION 1.

That a new subdivision be added to section 202 to be known as subdivision 10a and to read as follows:

(10a) The United States Veterans' Bureau is hereby authorized, in the discretion of the director, to furnish hospitalization in Government hospitals and necessary traveling expenses to veterans of any war who have not been dishonorably discharged from the service and who, in the judgment of the director, are in need of hospitalization, without regard to the nature or origin of their disabilities.

RECOMMENDATION 2.

Is accomplished by section 8.

RECOMMENDATIONS 3 AND 4.

That section 4 be amended by striking therefrom the words "to whom the director may delegate his powers to such extent as to him may seem advisable" in lines 1, 2, and 3 on page 5.

That the first sentence of section 5 be amended to read as follows:

SEC. 5. The director, subject to the general direction of the President, shall administer, execute, and enforce the provisions of this act, and for that purpose shall have full power and authority to make rules and regulations not inconsistent with the provisions of this act, which are necessary or appropriate to carry out its purposes, and shall decide all questions of law or fact arising under this act and all decisions so made shall be conclusive except as otherwise provided herein. All officers and employees of the bureau shall perform such duties as may be assigned them by the director. All official acts performed by such officers or employees specially designated therefor by the director shall have the same force and effect as though performed by the director in person.

RECOMMENDATION 5.

Is accomplished by section 10.

RECOMMENDATION 6.

That section 9 be amended by striking therefrom lines 4 to 16, inclusive, on page 9 and inserting in lieu thereof the following:

The director is authorized to detail from time to time clerks or persons employed in the bureau to make examination into the merits of compensation and insurance claims, whether pending or adjudicated, and to aid in the preparation, presentation, or examination of such claims, and to investigate frauds on or attempts to defraud the Government, or the irregularity or misconduct of any officer or agent of the bureau, and any person so detailed shall have power to administer oaths, take affidavits and depositions, to orally examine witnesses, and may employ a stenographer when deemed necessary by the director in important cases, said stenographer to be paid by such clerk or person, and the amount so paid to be allowed in his accounts, to certify to the correctness of papers and documents pertaining to the administration of this act, and also, when requested, to administer oaths required by law or otherwise to accounts for travel or other expenses against the United States with like force and effect as officers having a seal. Nothing in this section shall be construed to authorize a travel allowance to clerks or persons for transportation or subsistence outside of the district in which they are employed.

RECOMMENDATION 7.

That subdivision 7 of section 201 be amended to read as follows:

(7) That the receipt of a gratuity, pension, or compensation by a widow or parent on account of the death of any person shall not bar the payment of compensation on the account of the death of any other person: *Provided*, That before compensation shall be paid under this section the claimant shall first surrender all claim to any gratuity or pension payable under other law on account of the death of the same person: *Provided*, That this section shall be deemed to be in effect as of April 6, 1917: *Provided further*, That no changes in rates of compensation made by this section, except those made in subdivision 7, shall be retroactive.

That subdivision 15 of section 202 be amended to read as follows:

(15) That the compensation provided for in this section shall be in addition to any gratuity or pension payable under other laws, except that no person receiving a gratuity or pension under pension laws for injury or disease incurred in or aggravated by service after April 6, 1917, shall receive compensation under this act unless he shall first surrender all claim to such gratuity or pension.

That subdivision 17 of section 202 be amended to read as follows:

(17) That this section shall be deemed to be in effect as of April 6, 1917: *Provided*, That no changes of rates of compensation made by this section, except those made in subdivision 15, shall be retroactive.

RECOMMENDATION 7A.

That a new section be added to the bill to be known as section 31 and to read as follows:

SEC. 31. That all payments of compensation and insurance made under or pursuant to Bureau of War Risk Insurance Regulation 57 shall be deemed valid and no recovery thereof shall be made: *Provided*, That nothing herein shall operate to validate insurance not in force on the date an award thereof was approved.

RECOMMENDATION 8.

That a new section be added to the bill to be known as section 32 and to read as follows:

SEC. 32. There shall be no recovery of payments from any beneficiary who, in the judgment of the director, is without fault on his part, and where, in the judgment of the director, such recovery would defeat the purpose of benefits otherwise authorized or would be against equity and good conscience.

RECOMMENDATION 9.

That subdivision 7 of section 202 be amended by striking therefrom in line 7 the word "disabled" and from lines 10 and 13 the word "neuropathic," and inserting in line 7 after the word "person" the words "mentally competent," so that said section shall read as follows:

(7) Where any person mentally incompetent having neither wife, child, nor dependent parent shall, after July 1, 1924, have been maintained by the bureau for a period or periods amounting to six months in a hospital or hospitals, the compensation for such person shall thereafter be \$20 per month so long as he shall thereafter be maintained by the bureau in a hospital or hospitals; and such compensation may, in the discretion of the director, be paid to the chief officer of said hospital to be used for the benefit of such patient.

That subdivision 8 of section 202 be stricken out and in lieu of that be substituted the following:

(8) That where any person other than one mentally incompetent enters a hospital by authority of the director all payments to him under the provisions of this act other than those, if any, due him on the war-risk insurance of a person other than himself shall be suspended, and payments thereof shall be made as follows: Such person while in such hospital shall be paid out of such payments, if any, a sum not exceeding \$20 per month, and out of the remainder of such payments, if any, there may be paid to or on behalf of such beneficiary such amounts as the director in his discretion deems necessary for the best interests of such person or his estate, if any, and to his wife, children, dependent parents, or other persons actually dependent upon him, such amounts thereof as the director deems proper for their support and maintenance. Any amount remaining shall be paid to such person on his discharge from the hospital in one sum or in such installments as the director deems proper, or if such person dies while in such hospital such remainder, if any, may be paid to his personal representative.

That subdivision 12 of section 202 be amended to read as follows:

(12) Subject to the provisions of section 25 and subdivision 8 of section 201, where for any reason the disabled person and his wife are not living together or where the children are not in the custody of the disabled person, the amount of compensation shall be apportioned as may be prescribed by regulations.

RECOMMENDATION 10 (REVISED).

Strike out section 22.

RECOMMENDATION 11.

That two new sections be added to the bill to be known as sections 33 and 34 and to read as follows:

SEC. 33. The director is authorized, in his discretion, to sell, lease, or exchange surplus equipment, supplies, products, or waste materials belonging to the bureau or any of its plants or institutions; and to lease for a term, not exceeding three years, lands or buildings, or parts or parcels thereof, belonging to the United States and under the control of the bureau. The net proceeds of all such sales, leases, or exchanges shall be covered into the Treasury of the United States to the credit of the appropriation from or on account of which the subject of such sale, lease, or exchange was purchased or is maintained, to be available for the purpose of such appropriation.

SEC. 34. The director is authorized, in his discretion and with the approval of the President, to have appraised and, after advertisement, to sell and convey to the highest bidder surplus lands or buildings belonging to the United States and under the control of the bureau, as a whole or in parcels, and on such terms as he deems proper. The net proceeds of such sales shall be covered into the Treasury of the United States as miscellaneous receipts.

RECOMMENDATION 12.

That section 25 be amended to read as follows:

SEC. 25. That, except as otherwise provided, where any payment under this act is to be made to a minor, other than a person in the military or naval forces of the United States, or to a person mentally incompetent, or under other legal disability adjudged by a court of competent jurisdiction, such payment shall be made to the person who is constituted guardian, curator, or conservator by the State of residence of claimant, or is otherwise legally vested with responsibility or care of the claimant or his estate: *Provided*, That prior to receipt of notice by the bureau that any such person is under such other legal disability adjudged by some court of competent jurisdiction, payment may be made to such person direct: *Provided further*, That for the purpose of payments of benefits under Title II hereof, where no guardian, curator, or conservator of the person under a legal disability has been appointed under the laws of the State of residence

of the claimant, the director shall determine the person who is otherwise legally vested with responsibility or care of the claimant or his estate: *And provided further*, That the director, in his discretion, may suspend such payments to any such guardian, curator, conservator, or other person who shall neglect or refuse, after reasonable notice, to render an account to the director from time to time showing the application of such payments for the benefit of such minor or incompetent beneficiary: *And provided further*, The director, when satisfied that any person entitled to receive payments under Articles II and III of this act is mentally incompetent or where such person is a minor, he may in his discretion order that all moneys payable to him under said articles be held in the Treasury of the United States to the credit of such person, all payments so held to bear interest on semiannual balances at such a rate of interest as the Secretary of the Treasury may determine, but at a rate never less than $3\frac{1}{2}$ per cent per annum compounded semiannually. All funds so held, together with the interest thereon, shall be disbursed under order of the director and subject to his discretion for the comfort and maintenance of such person and the care of his estate, if any, and any surplus may be used by the director for the comfort and maintenance of his wife, children, dependent parents or other persons actually dependent upon him. If such person be of any asylum or hospital for the insane maintained by the United States or any political subdivision thereof, the director may pay to the chief executive officer of such asylum or hospital, in which such person is an inmate, such portions of such funds as the director may deem proper, to be used by such officers for the comfort and maintenance of such inmates, subject to the duty to account to the United States Veterans' Bureau and to repay any surplus in his hands in accordance with regulations to be prescribed by the director. The director, in his discretion, when he deems it for the best interest of such person, may order that payment of all such benefits, including any balance with interest thereon remaining to the credit of such person, be made to his guardian, curator, or conservator. When such incompetent shall be found to be mentally competent, or such infant arrives at his majority, any such balance, with interest thereon remaining unpaid, shall be paid to him in one sum, or in such installments as the director deems for his best interest. If any such person shall die while such balance or any part thereof remains unpaid, the same, with all interest thereon, may be paid to his personal representatives.

RECOMMENDATION 13.

That a new section be added to the bill, to be known as section 505, and to read as follows:

SEC. 505. Every guardian, conservator, curator, or other person having charge and custody in a fiduciary capacity of the compensation or insurance of his ward, or any other benefits, payable to his ward by the United States Veterans' Bureau, who shall embezzle the same in violation of his trust, or fraudulently convert the same to his own use, shall be punished by fine not exceeding \$2,000 or imprisonment at hard labor for a term not exceeding five years, or both, at the discretion of the court.

RECOMMENDATION 14.

That a new section be added to the bill, to be known as section 214, and to read as follows.

SEC. 214. That where any beneficiary of this bureau suffers or has suffered an injury or an aggravation of an existing injury as the result of training, hospitalization, or medical or surgical treatment, awarded to him by the director and not the result of his misconduct, and such injury or aggravation of an existing injury results in additional disability to or the death of such beneficiary, the benefits of this article shall be awarded in the same manner as though such disability, aggravation, or death was the result of military service during the World War. The benefits of this section shall be in lieu of the benefits under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1910, and from any

payments due hereunder shall be deducted all amounts paid by any person other than United States as damages or compensation for such injury, aggravation, or death: *Provided*, That application be made for such benefits within one year after such injury or aggravation was suffered or such death occurred or after the passage of this act, or whichever is the latest date.

RECOMMENDATION 15.

That subdivision (1) of section 201 be amended to read as follows:

(1) That, subject to regulations, where a veteran of any war dies after discharge or resignation from the service and does not leave sufficient assets to meet the expenses of his burial and the transportation of his body, and such expenses are not otherwise provided for, the bureau shall pay the following sums: For a flag to drape the casket, and after burial to be given to the next of kin, a sum not exceeding \$5; also for burial expenses, a sum not exceeding \$150, to such person or persons as may be fixed by regulations: *Provided*, That when such person dies while receiving from the bureau compensation or vocational training, the above benefits shall be payable without reference to the indigency of the deceased: *Provided further*, That where such person while receiving from the bureau medical, surgical, or hospital treatment or vocational training, dies away from home and at the place to which he was ordered by the bureau or while traveling under orders of the bureau, the above benefits shall be payable without reference to the indigency of the deceased, and in addition thereto the actual and necessary cost of the transportation of the body of such person (including preparation of the body) to the place of burial within the continental limits of the United States, and including also, in the discretion of the director, the actual and necessary cost of transportation of an attendant.

RECOMMENDATIONS 16 AND 15.

That section 304 be amended by adding thereto a subdivision to be known as subdivision (a) and to read as follows:

(a) Where any soldier has heretofore allowed his insurance to lapse while suffering from a compensable disability for which compensation was not collected and dies or has died or becomes or has become permanently and totally disabled and at the time of such death or permanent total disability was or is entitled to compensation remaining uncollected, then and in that event so much of his insurance as said uncollected compensation, computed in all cases at the rate provided by section 302 of the war risk insurance act as amended December 24, 1919, would purchase if applied as premiums when due, shall not be considered as lapsed; and the United States Veterans' Bureau is hereby authorized and directed to pay to said soldier or his beneficiaries as the case may be the amount of said insurance less the unpaid premiums and interest thereon at 5 per centum per annum compounded annually in installments as provided by law.

RECOMMENDATION 17.

Strike out section 23 and substitute the following:

SEC. 23. In case of a disagreement relative to death benefits on a claim arising under a contract of yearly renewable term insurance or a contract of United States Government (converted) insurance between the bureau and any beneficiary or beneficiaries thereunder an action on such claim may be brought against the United States in the district court of the United States in and for the district in which such beneficiaries or any one of them resides. The procedure in such suits shall be the same as that provided for suits in the district courts by the act approved March 3, 1887, entitled "An act providing for the bringing of suits against the Government of the United States," as amended, except as hereinafter provided:

(a) All persons having, or claiming to have, an interest in such insurance shall be made parties to said suit and those who for good cause can not be joined as plaintiffs shall be made defendants. If one or more of such defendants shall not be an inhabitant of or found within the district in which suit is brought, or shall not voluntarily appear thereto, it shall be the duty of the

court to make an order directing such absent defendant or defendants to appear, plead, answer, or demur by a day certain to be designated, which order shall be personally served on such absent defendant or defendants, if practicable, wherever found; or where such personal service is not practicable, such order shall be published in such manner as the court may direct, not less than once a week for six consecutive weeks. In case such absent defendant shall not appear, plead, answer, or demur within the time so limited, or within some further time, to be allowed by the court, in its discretion, and upon proof of the service or publication of said order and of the performance of the directions contained in the same, the court shall entertain jurisdiction, and proceed to the hearing and adjudication of such suit in the same manner and to the same effect as if such absent defendant had been served with process within the said district.

(b) The court, upon final hearing, shall enter a decree establishing and fixing the respective rights of the parties to the insurance and decreeing that the Director of the United States Veterans' Bureau make an award thereof in accordance with such decree. The court, as a part of such decree, shall determine and allow a reasonable attorney fee for the attorneys of the successful party or parties and apportion same, if proper, said fee not to exceed 5 per cent of the amount decreed to be awarded and to be paid by the United States Veterans' Bureau out of payments as above decreed and awarded at a rate not exceeding one-tenth of each of such payments until paid.

(c) The circuit courts of appeal shall exercise appellate jurisdiction to review by appeal or writ of error such final decrees by the district courts and, except as provided in sections 239 and 240 of the Judicial Code, the decrees of the circuit courts of appeal shall be final.

This section shall apply to all suits now pending against the United States under the provisions of the war risk insurance act as amended.

Except as otherwise provided in this section no claim agent or attorney shall be recognized in the presentation or adjudication of claims under Titles II, III, or IV of this act.

RECOMMENDATION 19.

Codification.

RECOMMENDATION 21.

That section 300 be amended to read as follows:

Sec. 300. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female), when employed in active service under the War Department or Navy Department, and cadets of the United States Military Academy and midshipmen of the United States Naval Academy greater protection for themselves and their dependents than is provided in Article II, the United States, upon application to the bureau and without medical examination, shall grant insurance against the death or total permanent disability of any such person in any multiple of \$500, and not less than \$1,000 or more than \$10,000, upon the payment of the premiums as hereinafter provided. That such insurance must be applied for within one hundred and twenty days after enlistment or after entrance into or employment in the active service and before discharge or resignation: *Provided*, That application for insurance must be made by cadets of the United States Military Academy and midshipmen of the United States Naval Academy within one hundred and twenty days after admission to such Academy or one hundred and twenty days after the approval of this act, whichever is the later date.

RECOMMENDATION 22.

Section 410 omitted in Reed bill.

RECOMMENDATION 23.

This recommendation seems to be fulfilled in section 28 of the bill where the words "or after being called into Federal service as a member of the National Guard" are inserted.

RECOMMENDATION 24.

That a new section be added to Title I to be numbered section 35 and to read as follows:

SEC. 35. That all files, records, reports, and other papers and documents pertaining to any claim for the benefits of this act, whether pending or adjudicated, shall be deemed confidential and privileged and no disclosure thereof shall be made except as follows:

(a) To a claimant or his duly authorized representative, as to matters concerning himself alone, when in the judgment of the director such disclosure would not be injurious to the physical or mental health of the claimant;

(b) Where required by the process of a United States court to be produced in any suit or proceeding therein pending; or when such production is deemed by the director to be necessary in any suit or proceeding brought under the provisions of this act;

(c) In all proceedings in the nature of an inquest into the mental competency of a claimant, and in all other judicial proceedings when in the judgment of the director such disclosure is deemed necessary and proper.

Wherever the production of a file, record, report, or other document is required or permitted by this section a certified copy thereof may be produced in lieu of the original, and such certified copy shall be received in evidence with like force and effect as the original.

RECOMMENDATION 25.

That section 305 be amended to read as follows:

SEC. 305. The United States Veterans' Bureau is authorized to make provision in accordance with regulations, whereby the payment of premiums on yearly renewable term insurance and United States Government life insurance (converted insurance) on the due date thereof may be waived and the insurance may be deemed not to lapse in the cases of the following persons:

(1) Those who are confined in a hospital under said bureau for a compensable disability during the period while they are so confined, beginning with the month in which said confinement to hospital begins and ending with that month during the half or major fraction of which the person is confined in hospital.

(2) Those who are rated as temporarily totally disabled by reason of an injury or disease entitling them to compensation during the period of such total disability and while they are so rated, beginning with the month in which the temporary total disability rating begins and ending with that month during the half or major fraction of which the person is rated as temporarily totally disabled.

(3) Those who are rated by the bureau as mentally incompetent during the period for which they have no legal guardian while they have been or may hereafter be so rated, beginning with the month in which such rating of mental incompetency began or shall hereafter begin and ending with the second month after a legal guardian is appointed and qualified and notice of such appointment is received by the bureau, but not later than six months after a guardian has been appointed. Waiver of the payment of premiums in the cases of mental incompetents for whom no guardian has been appointed shall be without application and may be allowed retroactively.

Such relief from payment of premiums on the due date thereof shall be for full calendar months. All premiums, the payment of which when due is waived as above provided, shall bear interest at the rate of 5 per centum per annum, compounded annually from the due date of each premium, and if not paid by the insured shall be deducted from the insurance in any settlement thereunder or when the same matures either because of permanent total disability or death: *Provided*, That in the event any lien or other indebtedness established by this act exists against any policy of converted insurance in excess of the then cash surrender value thereof at the time of the termination of such policy of converted insurance for any reason other than by death or total permanent disability, the director is hereby authorized to transfer and pay from the military or naval insurance appropriation to the United States Government life-insurance fund a sum equal to the amount such lien or indebtedness exceeds the then cash surrender value.

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