

600-7
VETERANS' LEGISLATION

HEARING

BEFORE A

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

SEVENTY-SIXTH CONGRESS

FIRST SESSION

ON

H. R. 2296

**AN ACT TO RESTORE CERTAIN BENEFITS TO WORLD WAR
VETERANS SUFFERING WITH PARALYSIS, PARESIS, OR
BLINDNESS, OR WHO ARE HELPLESS OF BED-
RIDDEN, AND FOR OTHER PURPOSES**

AND

H. R. 5452

**AN ACT TO PROVIDE CERTAIN BENEFITS FOR WORLD WAR
VETERANS AND THEIR DEPENDENTS, AND
FOR OTHER PURPOSES**

—————
MAY 18, 1939
—————

Printed for the use of the Committee on Finance



**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1939**

COMMITTEE ON FINANCE

PAT HARRISON, Mississippi, *Chairman*

WILLIAM H. KING, Utah
WALTER F. GEORGE, Georgia
DAVID I. WALSH, Massachusetts
ALBEN W. BARKLEY, Kentucky
TOM CONNALLY, Texas
JOSIAH W. BAILEY, North Carolina
BENNETT CHAMP CLARK, Missouri
HARRY FLOOD BYRD, Virginia
PETER G. GERRY, Rhode Island
JOSEPH F. GUFFEY, Pennsylvania
PRENTISS M. BROWN, Michigan
OLYDE L. HERRING, Iowa
EDWIN C. JOHNSON, Colorado
GEORGE L. RADCLIFFE, Maryland

ROBERT M. LA FOLLETTE, Jr., Wisconsin
ARTHUR CAPPER, Kansas
ARTHUR H. VANDENBERG, Michigan
JOHN G. TOWNSEND, Jr., Delaware
JAMES J. DAVIS, Pennsylvania
HENRY CABOT LODGE, Jr., Massachusetts

FELTON M. JOHNSTON, *Clerk*

SUBCOMMITTEE ON VETERANS' LEGISLATION

WALTER F. GEORGE, *Chairman*

DAVID I. WALSH
ALBEN W. BARKLEY
TOM CONNALLY
BENNETT CHAMP CLARK

ROBERT M. LA FOLLETTE, Jr.
ARTHUR CAPPER

CONTENTS

Statement of:	Page
Bull, Cornelius, general counsel, American Veterans Association.....	40
Church, Herbert, representing the Military Order of The Purple Heart.....	41
Hines, Gen. Frank T., Administrator of Veterans' Affairs.....	8
Kirby, Thomas, national legislative chairman, Disabled American Veterans of The World War.....	21
Rice, Millard W., legislative representative, Veterans of Foreign Wars of The United States.....	28
Taylor, John Thomas, director, national legislative committee, the American Legion.....	25
Van Zandt, Hon. James E., a Representative in Congress from the State of Pennsylvania.....	7

VETERANS' LEGISLATION

THURSDAY, MAY 18, 1939

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

The subcommittee met, pursuant to call, at 10 a. m. in the Finance Committee Room, Senate Office Building, Hon. Walter F. George, chairman, presiding.

Senator GEORGE. The committee will come to order. We have for consideration this morning H. R. 5452 and H. R. 2296, which will be inserted in the record at this point, together with the House reports thereon.

(The bills and reports referred to are as follows:)

[H. R. 5452, 76th Cong., 1st sess.]

AN ACT To provide certain benefits for World War veterans and their dependents, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, is hereby amended to read as follows:

"SECTION 1. That the surviving widow, child or children, or dependent mother or father of any deceased person who served in the World War before November 12, 1918, or if the person was serving with the United States military forces in Russia before April 2, 1920, who dies or has died from a disease or disability not service connected and at the time of death had a disability directly or presumptively incurred in or aggravated by service in the World War for which compensation would be payable if 10 per centum or more in degree, shall upon filing application and such proofs in the Veterans' Administration as the Administrator of Veterans' Affairs may prescribe, be entitled to receive compensation: *Provided*, That payment of compensation under the provisions of this Act shall not be made to any unmarried person whose annual income exceeds \$1,000, or to any married person or any person with minor children whose annual income exceeds \$2,500, and in determining annual income, payments of war-risk term insurance, United States Government life (converted) insurance, and payments under the World War Adjusted Compensation Act, as amended (U. S. C., title 38, ch. 11), and the Adjusted Compensation Payment Act, 1936, as amended, shall not be considered; *Provided further*, That no compensation shall be paid to a dependent mother or father, or both, in excess of an amount which if added to the monthly payment of automatic insurance or yearly renewable term insurance to either or both such parents would exceed the amount of compensation herein authorized: *Provided further*, That except as provided in section 6 of Public Law Numbered 304, Seventy-fifth Congress, August 16, 1937 (U. S. C., title 38, sec. 472 (d)), compensation authorized by this Act shall not be payable effective prior to the receipt of application therefor in the Veterans' Administration, but in no event shall compensation herein authorized be effective prior to the date of enactment of this Act."

Sec. 2. Section 4 of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended by section 2 of Public Law Numbered 304, Seventy-fifth Congress, August 16, 1937 (U. S. C., title 38, sec. 506), and Public Law Numbered

514, Seventy-fifth Congress, approved May 13, 1938 (U. S. C., title 38, sec. 506), is hereby amended to read as follows:

"Sec. 4. For the purpose of awarding compensation under the provisions of this Act, as amended, service connection of a disability at the date of death may be determined in any case where a claim has been or is filed by the widow, child, or children, or dependent mother or father, of a deceased World War veteran, except that proof of disability at the date of death and evidence as to service connection may be filed at any time after the date of enactment of this Act or the date of death, and evidence required in connection with any claim must be submitted in accordance with regulations prescribed by the Administrator of Veterans' Affairs."

Sec. 3. Section 2 of Public Law Numbered 484, Seventy-third Congress, as amended (U. S. C., title 38, sec. 504), is hereby amended to read as follows:

"That monthly rate of compensation shall be as follows: Widow but no child, \$30; widow with one child, \$38 (with \$4 for each additional child); no widow but one child, \$15; no widow but two children, \$22 (equally divided); no widow but three children, \$30 (equally divided) (with \$3 for each additional child; total amount to be equally divided); dependent mother or father, \$45 (or both) \$25 each.

"As to the widow, child, or children, the total compensation payable under this paragraph shall not exceed \$64. Where such benefits would otherwise exceed \$64, the amount of \$64 may be apportioned as the Administrator of Veterans' Affairs may prescribe."

Sec. 4. Section 3 of Public Law Numbered 484, Seventy-third Congress, as amended (U. S. C., title 38, sec. 505), is hereby amended by adding thereto a new paragraph (d), to read as follows:

"(d) The term 'mother' or 'father' shall mean a natural mother or father of the veteran, or mother or father of the veteran through legal adoption."

Sec. 5. Effective on the first day of the month next following the date of enactment of this Act the rates of death compensation payable under the provisions of existing laws or veterans regulations to a surviving widow, child, or children, and/or dependent mother or father now on the rolls or hereafter to be placed on the rolls as the surviving widow, child, or children, and/or dependent mother or father of any World War veteran who died as result of injury or disease incurred in or aggravated by active military or naval service in the World War, shall be as follows:

Widow, age under fifty years, \$37.50; widow, age fifty years or over, \$45; widow with one child, \$10 additional for such child up to ten years of age, increased to \$15 from age ten (with \$8 for each additional child up to ten years of age, increased to \$13 from age ten) (subject to apportionment regulations); no widow but one child, \$20; no widow but two children, \$33 (equally divided); no widow but three children, \$46 (equally divided) (with \$8 for each additional child, total amount to be equally divided); dependent mother or father, \$45 (or both) \$25 each. As to the widow, child, or children, the total compensation payable under this paragraph shall not exceed \$82.50. The amount of compensation herein authorized shall be paid in the event the monthly payment of compensation under Veterans Regulation Numbered 1 (g) and the monthly payment of yearly renewable term or automatic insurance does not aggregate or exceed the amount of compensation herein authorized.

As to the surviving widow, child, or children, and/or dependent mother or father on the rolls on the date of enactment of this Act, any increased award herein authorized shall be effective from the date of enactment of this Act and in all other cases, except as provided in section 6 of Public Law Numbered 304, Seventy-fifth Congress, approved August 16, 1937, effective dates of awards shall be governed by the provisions of veterans regulations promulgated under Public Law Numbered 2, Seventy-third Congress, March 20, 1933.

Sec. 6. Subparagraph (k) of paragraph II, part I, of Veterans Regulation Numbered 1 (a), promulgated under Public Law Numbered 2, Seventy-third Congress, March 20, 1933, is hereby amended to read as follows:

"(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only one foot, or one hand, or one eye, the rate of pension provided in part I, paragraph II (a) to (j), shall be increased by \$25 per month: *Provided*, That in no event shall the rate of pension (including the \$25 increase) for anatomical loss of one foot, or one hand, or one eye be less than \$100 per month."

Sec. 7. The Administrator of Veterans' Affairs is hereby authorized and directed to insert in the rating schedules of the Veterans' Administration a mini-

imum rating of permanent partial 10 per centum for wounds incurred in line of duty in active service during the World War.

Sec. 8. On and after the date of this enactment, the rate of interest charged on any loan secured by a lien on United States Government life (converted) insurance shall not exceed 5 per centum per annum.

Passed the House of Representatives May 1, 1939.

Attest:

SOUTH TRIMBLE, Clerk,

[H. Rept. No. 357, 76th Cong., 1st sess.]

The Committee on World War Veterans' Legislation to whom was referred the bill (H. R. 5452) to provide certain benefits for World War veterans and their dependents, and for other purposes, having considered the same, report thereon with the recommendation that the bill do pass.

Section 1 would amend section 1 of Public Law No. 484, Seventy-third Congress, as amended, and pertains to the payment of compensation to dependents of deceased World War veterans where the veteran's death is not shown to have been due to service.

Present law: Under the existing law compensation is payable to widows and children of deceased World War veterans where death is not due to service, under the following conditions:

1. At the time of veteran's death he must have been receiving or entitled to receive compensation, pension, or retirement pay for 10 percent disability or more presumptively or directly incurred in or aggravated by service in the World War.

2. The veteran must have had service in the World War before November 12, 1918, or having served in Russia before April 2, 1920. No requirement of length of service.

3. The present law contains an income limitation which provides that the Act shall not apply to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

Section 1, H. R. 5452: Section 1 of the bill would remove the requirement that the veteran at the time of his death must have been receiving or entitled to receive compensation, pension, or retirement pay, for 10-percent disability directly or presumptively connected with service in the World War, and would substitute therefor a requirement that at the time of the veteran's death he must have had a disability directly or presumptively incurred in or aggravated by service in the World War for which compensation would be payable if 10 percent or more in degree.

This section would include within the class of persons entitled to compensation for non-service-connected death, the dependent mother or father of any deceased World War veteran.

This section would further establish a new income limitation providing that payment of compensation shall not be made to any unmarried person whose annual income exceeds \$1,000 or to any married person or any person with minor children whose annual income exceeds \$2,500, and would exempt payments of war-risk term insurance, United States Government life (converted) insurance, and adjusted compensation from consideration as income. This income limitation is similar to that employed under the existing laws for non-service-connected benefits under Veterans Regulation No. 1 (a), as amended, part III.

As to the dependent parents, this section provides that no compensation shall be paid a dependent mother or father, or both, in excess of an amount which, if added to the monthly payment of automatic insurance or yearly renewable term insurance, to either or both such parents, would exceed the amount of compensation therein authorized.

This section, as does the present law, provides for payment of benefits under its provisions, sections 1 to 4, inclusive, of the bill, from the date of death where application is filed within 1 year thereafter and in other cases would be effective from the date of application except that compensation authorized could not be effective prior to the date of enactment thereof.

Section 2, H. R. 5452: This section is identical with the existing law, section 4 of Public, No. 484, Seventy-third Congress, June 28, 1934, as amended, with the exception that the language has been changed to conform with the elimination in section 1 of the requirement of 10-percent disability or more. In other words, it is a formal change made necessary by the provisions of section 1 of the bill.

VETERANS' LEGISLATION

Section 3, H. R. 5452: This section provides for increased rates of compensation for widows and establishes rates of compensation for dependent mother or father (or both) to be paid for death not shown to be due to service.

Present law: Under existing law the rates of death compensation to widows and children of deceased World War veterans (Public, No. 484, 78d Cong.), service connection of death not required, are as follows:

Widow but no child, \$22; widow and one child, \$30 (with \$4 for each additional child); no widow but one child, \$15; no widow but two children, \$22 (equally divided); no widow but three children, \$30 (equally divided) (with \$3 for each additional child, total amount to be equally divided). The total compensation payable under this paragraph shall not exceed \$56. Where such benefits would otherwise exceed \$56, the amount of \$56 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

Section 3 of the bill provides a rate of \$30 per month for a widow but no child, and \$38 per month for widow with one child. No change in rates of the children is made by this section. Section 3 further establishes for a dependent mother or father a rate of \$45 per month (or both) \$25 each. As to the dependent mother or father (or both) as heretofore stated the present law provides no benefits to them where death was not due to service. Section 3 further changes the total compensation payable from \$56 to \$64, such limitation being applicable solely to the widow, child, or children. The exemption of the dependent parents from this limitation applies a principle similar to that employed under existing law pertaining to service-connected death cases.

Section 4, H. R. 5452: This section is a new provision made necessary by the inclusion of dependent parents for non-service-connected death benefits. It provides a definition of the term "mother" or "father" to mean a natural mother or father of the veteran, or mother or father of the veteran through legal adoption. This definition is identical with the definition of "mother" or "father" as provided in Veterans Regulation No. 10, paragraph VII, which is for application to cases adjudicated under Public, No. 2, Seventy-third Congress, March 20, 1933, and Veterans Regulations promulgated thereunder.

Estimated costs (secs. 1 to 4, inclusive)

New cases, 3,000.....	\$1, 306, 000
Increases to those on rolls, 14,850 widows.....	1, 426, 000
Dependent parents, 4,300 deceased veterans (5,200 parents).....	2, 300, 000
Total estimated cost.....	5, 032, 000

Section 5, H. R. 5452: This section pertains to rates of death compensation payable to dependents of World War veterans whose death has been found to be due to service in the World War.

Present law: Under the provisions of Public Law No. 304, Seventy-fifth Congress, August 16, 1937, the rates to the dependents are as follows:

"Widow, age under fifty years, \$30; widow, age fifty to sixty-five years, \$37.50; widow, age sixty-five years or over, \$45; widow with one child, \$10 additional for such child up to ten years of age, increased to \$15 from age ten. (with \$8 for each additional child up to ten years of age, increased to \$13 from age ten) (subject to apportionment regulations); no widow but one child, \$20; no widow but two children, \$33 (equally divided); no widow but three children, \$46 (equally divided); (with \$8 for each additional child; total amount to be equally divided); dependent mother or father, \$45 (or both) \$25 each. As to the widow, child, or children, the total compensation payable under this paragraph shall not exceed \$75.

That act contains the provision that the amount of compensation therein authorized shall be paid in the event the monthly payment of compensation under Veterans Regulation No. 1 (g) and the monthly payment of yearly renewable term, automatic, or United States Government life (converted) insurance does not aggregate or exceed the amount of compensation therein authorized. The above rates provided increases to widows and dependent parents. The rates under Veterans Regulation No. 1 (g) are as follows:

Widow under 50 years of age.....	\$30
Widow 50 to 65 years of age.....	35
Widow over 65 years of age.....	40
Widow with 1 child, \$10 additional for such child up to 10 years of age, increased to \$15 from age 10 (with \$8 for each additional child up to 10 years of age, increased to \$13 from age 10).	

No widow but 1 child.....	\$20
No widow but 2 children (equally divided).....	33
No widow but 3 children (equally divided) (with \$8 for each additional child; total amount to be equally divided).....	46
Dependent mother or father.....	20
Or both (each).....	15

"The total pension payable under this paragraph shall not exceed \$75. Where such benefits would otherwise exceed \$75 the amount of \$75 may be apportioned as the Administrator of Veterans' Affairs may prescribe."

Section 5, H. R. 5452: This section would provide a rate for a widow under 50 years of age of \$37.50 and a widow aged 50 years or over \$45 per month. This would be an increase over the Public, 304, rates, of \$7.50 per month for a widow under 50 years, and a widow 50 to 65 years. It would effectuate no change in the rates payable for children or dependent parents. The total amount of compensation which would be payable to widow, child, or children, is changed from \$75, as it appears in Public Law No. 304, to \$82.50, such increase conforming with the increases in rates to widows. The section further would change the limitation contained in Public Law No. 304 with reference to receipt of insurance payments, to eliminate United States Government Life (converted) insurance from the limitation.

This section further provides for effective dates of awards. It provides, as does the present law, that the rates of death compensation established therein shall be effective from the first day of the month next following the date of enactment of the act. However, there is included a provision that as to dependents on the rolls on the date of enactment of the act, any increased award shall be effective from date of enactment of the act, and in other cases, except those where compensation would be payable from date of death if claim is filed within 1 year thereafter, the effective dates of awards would be governed by the provisions of the Veterans Regulations promulgated under Public Law No. 2, which would be date of application.

ESTIMATED COST

Section 5: Increases to those on rolls, 27,800 widows, \$2,505,000.

Section 6, H. R. 5452: This section pertains to rates of service-connected disability compensation or pension provided in Veterans Regulation No. 1 (a), as amended, promulgated under Public Law No. 2, Seventy-third Congress, for certain specific conditions; i. e., anatomical loss of hand, foot, or eye.

Present law: Veterans Regulation No. 1 (a), as amended, part I, paragraph II, subparagraph (k), provides \$25 increased monthly compensation or pension for war-service-connected loss or loss of use of one hand, one foot, or one eye.

Section 6, H. R. 5452: This section would provide that for anatomical loss of one hand, or one foot, or one eye the rate (including the \$25 increase) shall not be less than \$100 per month.

The liberalization provided in section 6 of the bill, would be for application to World War, Spanish-American War, Boxer Rebellion, and Philippine Insurrection service-connected cases, and to those Regular Establishment cases under part II of Veterans Regulation No. 1 (a), as amended, where the disability resulted from an injury received in line of duty in actual combat in a military expedition or military occupation.

Estimated cost: Increases to those on rolls, 2,700 World War veterans and a small number of Spanish-American War, Boxer Rebellion, and Philippine Insurrection veterans, cost, \$714,000.

Section 7, H. R. 5452: This section would provide entirely new legislation. It would require the Administrator of Veterans' Affairs to insert in the rating schedules of the Veterans' Administration a minimum rating of permanent partial 10 percent for wounds incurred in line of duty in active service during the World War.

Present law: The existing rating schedules of the Veterans' Administration are based upon the provisions of section 202 (4) of the World War Veterans' Act, 1924, as amended, and Veterans Regulation No. 3 (a) promulgated under Public, No. 2, Seventy-third Congress, March 20, 1933. The ratings in the schedule under the World War Veterans' Act, 1914, as amended, are based, as far as practicable, 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 ratings in the schedule under Public, No. 2 are based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations.

Section 7, H. R. 5452: This section would require the payment of compensation on the basis of a permanent partial 10 percent rating for wounds in cases where the existing schedules provide a rating of less than 10 percent.

Estimated cost: New cases, 87,000 World War veterans, \$10,500,000.

Section 8, H. R. 5452: This section provides that on and after the date of enactment the rate of interest charged on any loan secured by a lien on United States Government life (converted) insurance shall not exceed 5 percent per annum.

Present law: Section 301 of the World War Veterans' Act, 1924, as amended, in making provisions for various privileges and conditions in United States Government life-insurance policies, includes loan privileges, but the law does not provide any specific rate of interest to be charged on any loan secured by a lien on such insurance. The determination of this rate is therefore made by the Administrator of Veterans' Affairs. The rate of interest on such loans has always been 6 percent per annum.

No cost to Government immediately, however, there will be a decreased amount of income to the United States Government Life Insurance Fund of \$1,500,000 per year on outstanding loans; thus there will be a corresponding reduction in dividends payable to policyholders.

Total cost of bill, \$18,751,000.

[H. R. 2290, 76th Cong., 1st sess.]

AN ACT To restore certain benefits to World War veterans suffering with paralysis, paresis, or blindness, or who are helpless or bedridden, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That on and after the date of enactment of this Act any World War veteran suffering from paralysis, paresis, or blindness, or who is helpless or bedridden, as the result of any disability, may be awarded compensation under the laws and interpretations governing this class of cases prior to the enactment of Public Law Numbered 2, Seventy-third Congress, March 20, 1933, subject, however, to the limitations, except as to misconduct or willful misconduct, contained in sections 27 and 28 of Public Law Numbered 141, Seventy-third Congress, March 28, 1934: *Provided,* That the language herein contained shall not be construed to reduce or discontinue compensation authorized under the provisions of section 26 of Public Law Numbered 141, Seventy-third Congress: *Provided further,* That where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury is established under the provisions of this Act, the surviving widow, child, or children, and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans Regulation Numbered 1 (a), part I, paragraph IV, and amendments thereto: *Provided, further,* That for the purposes of awarding compensation under this Act, service connection of disability may be determined or redetermined in any cases where claim has been or is filed by the veteran, widow, child, or children, and/or dependent parent or parents.

Sec. 2. In the administration of the laws granting benefits for service-connected disabilities or deaths, any increase of disability during World War service shall be deemed aggravation in the application of the rules, regulations, and interpretations of the Veterans' Administration.

Sec. 3. Payments under the provisions of this Act shall be effective the date of enactment of this Act or the date of filing claim therefor, whichever is the later.

Passed the House of Representatives April 17, 1939.

Attest:

SOUTH TRIMBLE, Clerk.

[H. Rept. No. 335, 76th Cong., 1st sess.]

The Committee on World War Veterans' Legislation, to whom was referred the bill (H. R. 2290) to restore certain benefits to World War veterans suffering with paralysis, paresis, or blindness, or who are helpless or bedridden, and for other purposes, having considered the same, report thereon with the recommendation that the bill do pass.

Section 1 of the bill would restore benefits provided by section 200 of the World War Veterans' Act, 1924, as amended, which were repealed by Public, No. 2, Seventy-third Congress. The World War Veterans' Act permitted the payment of compensation notwithstanding misconduct provided the disability had pro-

gressed to the state of paralysis, paresis, or blindness, or where the veteran was helpless or bedridden. The blind group on the rolls March 19, 1933, was restored by section 26 of Public, No. 141, Seventy-third Congress, March 28, 1934, and the bill would bring the other cases in subject, however, to the limitations except as to misconduct or willful misconduct contained in sections 27 and 28 of Public, No. 141. It will exclude those cases where clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active or military service unless such disease, injury, or disability is shown to have been aggravated during service. It will also exclude those cases where service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law or misrepresentation of material facts.

All reasonable doubts will be resolved in favor of the veteran and as to cases rated prior to March 20, 1933, the burden of proof will be on the Government. As to those cases service-connected by statutory presumption, the compensation to veterans will be reduced by 25 percent. In other words, these cases would be restored to the same status they occupied on March 19, 1933, on the same basis as other World War cases of service-connected disabilities under existing laws which include application of limitations of Public, No. 141, Seventy-third Congress.

Section 1 would also provide death-compensation benefits at the rates prescribed in part I of Veterans Regulation No. 1 (a) for the dependents of World War veterans whose death results from disease or injury where service connection for such disease or injury is established under the provisions heretofore described. The dependents in such cases have not heretofore been granted such benefits, but are granted death-compensation benefits as provided by Public, No. 484, Seventy-third Congress, as amended, provided the veteran's death was not due to service and at the time of death he was receiving or entitled to receive monetary benefits for disabilities incurred in or aggravated by active military or naval service in the World War.

Section 2 of the bill provides a presumption of service connection by way of aggravation in World War cases where there was any increase of disability during such service. This provision will require the granting of service connection notwithstanding a determination of the Veteran's Administration that the increase of disability was due to natural progress of a disease and will apply to all types of disabilities. The principal effect will be to permit payment of compensation in misconduct cases covered by section 1, and other misconduct cases of similar character but which have not reached the stage specified in section 1 where the condition existed prior to enlistment and increase in disability would otherwise be considered as natural progress of the disease, and not compensable.

It is estimated that approximately 1,100 World War veterans would be restored to the compensation rolls under this bill at a cost of approximately \$1,198,000 for the fiscal year 1940. It has not been possible to obtain an estimate of the cost providing death compensation at wartime rates to the dependents as provided by the bill. There are no figures available upon which to base an estimate as to the cost of section 2.

Senator GEORGE. We will take up first H. R. 5452. I believe it is known as the Rankin bill. Are some of the Members of Congress here who desire to be heard first?

Mr. VAN ZANDT. I would like to be heard, Mr. Chairman.

Senator GEORGE. We will be glad to hear you.

STATEMENT OF HON. JAMES E. VAN ZANDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. VAN ZANDT. My name is James E. Van Zandt, Representative from the Twenty-third Pennsylvania District.

Mr. Chairman and members of the committee, H. R. 5452, which is now before you, represents a measure of justice to certain veterans of the World War, and certain veterans of the Spanish-American War and their dependents. It was reported out of our committee, the World War Veterans Committee of the House, unanimously.

Representatives of the various veterans' organizations are here today to go into the details of this legislative proposal, and I merely wish to appear here and to wholeheartedly endorse the bill and ask that this committee give it favorable consideration.

I, too, want to comment on H. R. 2296, which will come before this committee a little later on. It is the bill which concerns the misconduct clause.

Senator CONNALLY. Had not you better stick to H. R. 5452 for the present?

Mr. VAN ZANDT. I just want to make a general statement, Senator, and say that bill, to my way of thinking, is a step in the right direction, eventually removing the misconduct clause from the existing World War legislation. I ask the favorable consideration of the committee. That will be the extent of my remarks.

Senator GEORGE. Thank you, Congressman. No other Member of the Congress is present, I believe.

General Hines, do you wish to appear first, or is someone from the Administration to precede you?

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

General HINES. Mr. Chairman and members of the committee, H. R. 5452 of this Congress deals with veterans' groups and their dependents that require probably the greatest consideration and greatest sympathy on the part of the Congress, and they have received the greatest consideration and sympathy on the part of the Congress. What I am going to say here this morning I hope will not be misinterpreted as in opposition to dealing fairly and with the greatest sympathy and consideration for the group of veterans and their dependents which are involved in this bill.

I do feel, however, Mr. Chairman, that there are certain considerations, administrative and otherwise, that should be brought to the attention of the committee in order that, if you do enact the legislation, the Congress will have before it all of the facts dealing with it.

I would first like to call attention to the first four sections of the bill which amend Public 484 passed in the Seventy-third Congress. Public 484 passed in the Seventy-third Congress dealt with the group of dependents of veterans who were in receipt of compensation of some degree and who died of disabilities not due to their service-connected disabilities. At the time when that bill was passed the Congress, very properly, and the Administration, felt that a veteran who had a 30-percent service-connected disability and died, that it was a difficult thing to determine to what extent that 30-percent disability contributed to his death, and in fairness to the dependents, wives and children, the Congress passed the legislation authorizing the payment of compensation to the dependents of that group if they were rated 30 percent disabled, regardless of what disabilities they died of.

Senator CONNALLY. At what rate? The same rate the soldier received?

General HINES. At a lower rate than the service-connected group. The \$22 rate.

The matter came up for further consideration in what is known as Public 304 of the Seventy-fifth Congress, and on August 16, 1937, the degree of disability was reduced to 20 percent upon the same theory, and we felt that no serious objection could be raised to the bill. After it was reduced to 20 percent the last Congress reduced it to 10 percent. Manifestly, when we got to the 10-percent degree there was some question as to whether we had departed from the basis on which we had proceeded before.

Senator CONNALLY. Do you mean that is the law now, 10 percent?

General HINES. Ten percent is the present law. There was some question as to whether we could stand upon the theory that we had proceeded on before. That 10 percent likewise contributed sufficiently to still continue them as service-connected cases and pay benefits to the dependents.

Now, this bill proposes to take out of the law the 10 percent. Manifestly, in doing that, we depart from the basis that we started on in this type of legislation. Now, mind you, this is the group of dependents of veterans that we refer to as non-service-connected cases. By that we mean that really they died of a disability that is not a service-connected disability, because if they died of a service-connected disability they would take the rates prescribed for the service-connected cases.

The bill does something else, which, to me, is much more serious and requires greater consideration on your part. It brings in a new group; it broadens the base. Heretofore we have dealt with widows and children, and the present law granting the widows and children lower rates for the nonservice-connected cases I think is equitable. When you take the 10 percent out you depart and get very close to a pension bill. It is not going to be difficult to show a service connection of some kind.

Now, mind you, there is no degree indicated. Any disability, regardless of degree, that could be shown chargeable to service would bring in this group. If the Congress feels that we have reached the point where we wish to approach the pension bill that near, well and good but there is something in this section that I feel should not be there. In saying that I believe that I am really saying it in the defense of the veterans' cause, because, whatever you do, I am sure that it is the desire of the Congress, and it is certainly my desire, that we do nothing that will bring the compensation policy of the Government dealing with the World War veterans and their dependents in bad repute with the public, or with anyone else.

Now we bring into this group that new group of dependent fathers and mothers. Dependent fathers and mothers are compensated in service-connected cases, and have been in previous pension bills and previous compensation bills. This is the first time that in a non service-connected case dependent mothers and dependent fathers are brought into the picture. I feel that they were brought in upon the theory that they are of advanced age, that they require assistance, and they are so nearly attached to the veterans' group that they should be taken care of as dependents of veterans.

I have always felt that one of our policies on Social Security was to take care of those people. I uttered that suggestion when the measure was before the House, and I imagine that the committee concluded that they did not wish to leave to Social Security the groups

of dependent fathers and dependent mothers of veterans. We know that there is some variation in States as to how much they get. There is no variation on what the Federal Government will allow if the State matches the amount. But I feel that the two things—sympathy because of these dependent parents being of advanced age and the feeling that Social Security would not equally take care of them throughout the country—caused the House to put in this new group.

Now, this measure, from the standpoint of cost, is not serious. The total cost of this bill is much more than we had hoped, in view of the action of the last Congress in passing legislation for veterans aggregating about \$7,000,000. That only covered the World War group. The Spanish War group got \$5,000,000. But this morning I prefer to talk about the principles that we will have to face later on when we are dealing with this, or that somebody will have to face. This section, when we bring in the group that I have just mentioned, the dependent parents, involves 5,200 parents at an increased cost of \$2,800,000. The total cost of this section is \$5,032,000.

Senator CONNALLY. Section 1, you mean?

General HINES. Section 1. The first four sections deal with this group generally.

Senator CONNALLY. What is the total cost of the first four sections?

General HINES. The first four sections of the bill deal with the non-service-connected veterans.

Senator CONNALLY. How much will that cost, you say?

General HINES. That will cost us \$5,032,000.

Senator CONNALLY. Of course, in the case of parents, they won't last very much longer.

General HINES. That is true. They are in advanced years.

Senator CONNALLY. But the widows may last much longer, of course.

General HINES. The widows may continue for a long time.

Now there is another thing that these two sections may bring about if carried into law. Under Public 484 the widow receives \$22 per month. It is proposed that that rate be increased to \$30. At the present time the widow, with one child, receives \$30 a month. The bill proposes that that rate be increased to \$38. No increase is proposed for the children separately.

Senator CONNALLY. Let me ask you—I do not want to interrupt you, General—how about the widow that remarries? What happens to her? Does she get any compensation?

General HINES. No; we haven't taken any remarried widows under the World War. The rate for dependent mother and dependent father is \$45 for both, or \$25 for each. That rate is exactly the same rate as we now have in the law for the service-connected dependent mothers and dependent fathers. It is true that some of the dependent mothers and dependent fathers in service-connected cases may be in receipt of insurance, although that insurance is running out rapidly. These rates are available if the monthly payment of compensation under Veterans Regulation No. 1 (g) and monthly payment of insurance does not aggregate or exceed the amount of compensation authorized under section 3 of Public, No. 304. Otherwise the rates are \$20 for both or \$15 for each parent.

The income provisions are changed somewhat. I believe that the income provision is very adequate, probably higher than necessary: \$1,000 for an unmarried person and \$2,500 for a person who is married,

or any person with minor children. However, that income provision is in the law in another instance, and I can see no serious objection to it, but I do feel, assuming that we desire to reduce the amount of compensation being paid, that really at this time there should not be an increase of rates in this group, neither should the base be broadened and dependent mothers and dependent fathers be brought in.

I wish to call attention to the fact that if this becomes the law with service-connection without any degree, without the 10 percent degree, administratively it will be a very difficult law to administer. However, the real danger is not in that. We can accomplish administration in any law, I believe, that Congress passes, but having in mind that sooner or later we will be faced with the pension problem for dependents, and that usually precedes that for the veterans, this law will be on the books, if it is passed in its present form, in such a way as to become, by taking out two words, "service connection," the most liberal pension law that has ever been passed. For this reason, that it would have no limitation on the number of days. As you recall, the minimum required in any of the previous pension laws is in the case of the Indian War veterans, where it requires 30 days, but in the case of the other two groups, the Spanish War and the World War, one is at 70 days and the other is at 90 days. They require a definite length of time.

Now so long as we deal with this as service-connected cases we need not worry about that, because in service-connected cases the disability, if it occurs even in 1 day's service, the man is compensated. The only complication that would arise would be when this law further approaches the pension category. You then have one that hasn't on the books, at least at that time, the same provisions relative to length of service.

We feel, too, that by increasing these rates you lay the foundation undoubtedly for a request for further increases, particularly from the dependents of the veterans of the Regular Establishment. Under regulation 1 (a), you understand, they can only receive compensation for disabilities incurred in line of duty. This rate, if it is increased to \$30, will undoubtedly bring about a request from the other group to have their rate increased. For instance, as to a veteran of the Regular Establishment who died from service-connected disabilities, under the provisions of part II of veterans regulation 1 (a), as amended, the widow of such a veteran under 50 years of age is paid \$22 a month. Under this bill she would be paid \$30, and a widow with one child would be paid \$38. A widow, 50 to 65 years of age, of a veteran of the Regular Establishment under existing law would receive a pension of \$26, while a widow 65 years of age is paid \$30. The definition of the terms "mother" and "father" follow the definition in the Veterans Regulations under Public, No. 2, Seventy-third Congress.

That brings me to section 5 of the bill, which deals with the rates of death compensation payable under the provisions of existing law, or veterans regulations, to the dependents of the World War group who die of service-connected disabilities, or who have died. This is a straight increase to widows of \$7.50 a month. There are some changes in the age. But with that group, Mr. Chairman, I would be glad to recommend that the rates be increased. Those are directly service-connected cases.

Senator CONNALLY. The rates have increased, as contained in the bill.

General HINES. Here, with one exception, I would suggest that we, for the sake of bookkeeping, make the amounts instead of \$37.50, \$38, or any round numbers, so that we will not have so much in the way of fractions to deal with when the change in rates is made. In other words, this bill provides for a \$7.50 increase. If Congress feels at this time that we should increase the rate I suggest you increase it a flat \$8 instead of \$7.50.

Section 6 amends part I of Veterans Regulation No. 1 (a), and it deals with a group of veterans that I am sure that the Congress desires to deal most generously with. As to those veterans who have anatomical losses, amputations, Congress and the President, by regulations, in every dealing with this group have dealt, we feel, liberally with them, and my main complaint with the section as it is now written has to do with the departure from the rating policy established for the World War. The members of this committee present this morning I know are familiar with the theory upon which we built the rating schedules for the World War group. In other words, we lay down in the law, upon which the rating table is built, the proposition that the men would be compensated for the degree of disability found as the result of an injury, that injury being related to the veteran's pre-war occupation. We proceeded with that rating table until Public, No. 2 came along, known as the Economy Act, and under that act the rating policy under the War Risk Insurance Act was restored generally, dealing with the average impairment of earning capacity and not related to his pre-war occupation. Since March 28, 1934, when Public, No. 141, Seventy-third Congress, was enacted, we operate under both schedules; one we call the 1925 schedule and the other the 1933 schedule. The 1925 schedule is based upon the law which I have just indicated, that is on the vocational handicap; the 1933 schedule is based upon the average impairment, or the impairment to the average man of the disability without reference to pre-war occupation. Whatever schedule gives the man the greater rate, he gets it.

When this bill was before Congress a disabled veteran called attention to the fact that if we prescribe, as this section does, the \$100 rate for the loss of one foot, or one hand, or the loss of one eye, that in no case will they receive more than \$100. Mind you, now we give them an increase of \$25 whenever there is a loss, or loss of the use of the things I have mentioned. In this group, after we get through rating, they are given the flat \$25.

Senator CONNALLY. Now? Under the present law?

General HINES. Under the existing law. Now this law prescribes, in these types of cases which I mentioned, the loss of one foot, one hand, one eye, including the \$25, in no case will they be paid less than the \$100 rate.

Now I have a little table here that I would like to refer to, to show you what it does in the matter of inequality. I will refer to the first one as case No. 1. That has to do with the enucleation of the right eye. It is a service-incurred disability. The present rating is 70 percent. The present compensation, including the \$25, is \$95. This bill would increase that to \$100. Now that is only a \$5 increase in that case, and in that particular case it does not bring about a very serious matter of inequality.

Case No. 2 is a similar one. The difference between case No. 1 and case No. 2 is that one was incurred in combat and the other one was not, the other was brought about by other causes.

Case No. 3, however, still dealing with the eye, is a case of aggravation. In other words, the man went into the service with an eye disability, but, upon reexamination, we have concluded that his service aggravated that eye condition. The aggravation allowed is 10 percent. That would be \$10 standing alone. However, added to the \$25, he draws now \$35. Under the bill he would draw \$100. That would be an increase of \$65 over what he is now getting, as against the man whose eye disability was brought about by combat, getting an increase of \$5.

We had another case, referred to as No. 4, a case of aggravation where 20-percent disability is allowed. That man is getting \$45 now. Considering the \$25 flat rate authorized he would get \$100 under the proposed bill. That would be an increase of \$55.

Now, we have amputations, service-incurred, that do not create as great a difference in the increases, but if you take a combination of an amputation with some other disability, then you would get a marked variation. For instance, suppose we had—and I have no doubt we have, because we have all types of cases—suppose we had a tubercular case, active tuberculosis we rate 100 percent. He would draw \$100 for his tuberculosis. Under this bill, if he had an amputation, he would draw another \$100, which would be \$200.

There are other combinations of serious disabilities that are not brought about by amputations, or the anatomical loss, that we feel, if it is the desire of the Congress to treat them equally, and we have tried to proceed upon that premise, would merit the same increase most certainly, because they are disabilities, even though they are not apparent. Mind you, I have always felt that a veteran with an amputation carries a badge of honor; that is to his credit, and it does help him in gaining employment in certain places. I am not minimizing the handicap. Most certainly this group is deserving of great consideration, but I do feel that whatever we do we should not bring about greater inequalities. If there is one thing that we have tried to do consistently, both this committee and the Veterans' Administration, is to try to eliminate inequalities in dealing with veterans of comparable disabilities and comparable service. So I call your attention to that with the hope that if it is desired to give a further award, or a premium, to the group of cases I have mentioned, I feel that we should not limit them to combat. I feel that we should make sure that whatever is done is done equally, for equal disability.

Let me again refer to the fact that every one of these departures, setting up special rates for special groups, brings about a further departure from the rating policy upon which we proceeded with the World War group, always bringing before you the request to equalize. Some other groups will undoubtedly approach you—and their case will be almost unanswerable—who have disabilities as serious as an amputation. If any case can be pointed out where we have not dealt fairly with this group of cases, I would like to do it by a review of the cases.

Now, if the committee desires further examples of combination put into the record I can do it. I do not desire to prolong my presentation by putting in too many individual cases.

Senator GEORGE. You may put in such other cases as you desire, General.

General HINES. Thank you.

Senator GEORGE. What is the estimated cost of this section?

General HINES. The estimated cost of section 5 is not high. We estimate the cost of that section 5 to be \$714,000.

Senator GEORGE. That is the dependents of service-connected groups?

General HINES. No; that is not service-connected. You asked about section 5, and I have been talking on section 6.

Senator GEORGE. Yes.

General HINES. The estimate on section 5 would result in increasing the cost \$2,505,000.

Senator GEORGE. Now the estimated cost of section 6.

General HINES. The estimated cost of section 6 is \$714,000. And again I wish to say that in speaking about that provision I am not talking about the cost, I am talking about the principle. The cost is immaterial in that case.

Senator CONNALLY. Under section 6, if a disabled person, while in the service, incurred disability, there is no limit there as to the percentage of disability?

General HINES. Which one are you referring to?

Senator CONNALLY. Section 6 (k).

General HINES. Section 6 (k) is the one I have been referring to.

Senator CONNALLY. I know it is.

General HINES. No; that section just brings the total up to \$100 for those particular disabilities.

Senator CONNALLY. That would not apply to any nonservice case at all?

General HINES. No; it does not apply to any nonservice case, it applies to service-connected cases.

Senator CONNALLY. Now unless the man has 10 percent he is not service connected?

General HINES. That is correct; he is not compensable. All of those cases referred to there of course carry higher ratings. I think the minimum would be about 40 percent, up to 80 percent.

Senator CONNALLY. Do you desire to do anything more for them; in other words, if we should seek to make a flat increase rather than providing that the minimum should be \$100?

General HINES. In other words, if you feel you should do something, it would be better to take the \$25 and increase it.

Senator CONNALLY. That is what I say. \$30, or \$35, something flat.

General HINES. However, I feel it would be undesirable to continue to depart from the rating policy. If you are going to do anything, you should raise the standards all the way along the line. It would be more costly, but you would have a principle upon which you could stand. Did I answer you?

Senator CONNALLY. Yes. Thank you.

General HINES. Section 7 to me is the most serious section in the bill and requires very careful consideration on the part of the committee. That section, as written, goes all the way in departing from the rating policy of the World War group. It will bring on the rolls, at a minimum, 87,000 new cases, at a total cost of \$10,500,000.

Senator GEORGE. General, does that simply add, for any wounds received in service, 10 percent?

General HINES. Mr. Chairman, the definition of "wounds" is very broad under both the Army and Navy standards. The Navy says this:

* * * the wound chevron to be worn upon the lower half of the right sleeve—

and so on, and—

* * * received a wound in action or as the result of an act by the enemy which necessitates treatment by a medical officer.

In other words, they take into account, both in the Army and Navy—but the Navy has probably few cases—disablement due to gas, gas burns, combat wounds, shrapnel wounds, hand grenades, and gunshot wounds. Now, in the law the words "wounds", as used there, we have taken to cover simply the groups that the War and Navy Departments have indicated would be covered, that is gunshot wounds, shrapnel wounds, wounds due to fragments of shell, gas, whether inhaled or burns. We have taken, in arriving at our estimate—and I think I should say this to the committee, you will have the same premise that we proceeded on—the same number of cases reported by the War, Navy, and Marine Corps as having been wounded in the World War, 192,000, in round numbers. We deducted, first, from that group those that, according to the American table of experience mortality, would have died; then from that remainder we have deducted the number that we now have on the roll, leaving this balance of 87,000. We feel that that is probably the minimum. If the definitions were left as they are they are broad enough so that almost any kind of an injury could be called a wound.

Now, I feel confident that the veterans who have gunshot wounds, unless they are disabled, certainly at this time are not anxious to be given a rating of 10 percent simply because they got shot, and they were fortunate enough that the shot did not injure them permanently. Neither would a veteran feel very good—and I am speaking of the veteran as I know him—if he had lost a little tip of his finger, or he had a scratch, or a gas burn, which had cleared up, about going on the rolls for \$10. This departs entirely from our rating principle. In other words, this throws, by law, into the rating schedule, whether there is a disability of any degree existing or not, a 10-percent rating.

Senator CONNALLY. Of course now, under the law, any wound would be service-connected if it was disabling?

General HINES. That is right—well, not "any" wound would be disabling, Senator.

Senator CONNALLY. A wound would have a service connection if the wound disabled him, and he would get his compensation?

General HINES. That is right if 10 percent or more. We have reviewed those cases several times, as recently as 1937. As a matter of fact, the review is not quite completed yet, and in doing that we took all of the less-than-10-percent cases. Rather than see this made into the law and upset the whole rating policy I would be glad to review them again and ask them personally if they have a disability. Many of them that have been marked "no degree disabling" have never appealed from those decisions. Some have.

Now as I understand it, this provision, in its present form, would add \$10 to any other disability that might exist. In other words, they would get \$10 whether the disability existed or not, and I have no doubt in my mind that the House, when they passed it, were thinking primarily of gunshot wounds, combat disability, and probably disablement due to gas.

Now we made complete studies of the disabilities resulting from gas. We found that if the disability which generally was brought forth, bronchitis or laryngitis, or some disability of air passages, were not cleared up they get a permanent degree of disability. Burns by mustard gas sometimes have resulted in serious infection, serious loss of muscle tissue, and in those cases I am quite sure you will find we have given them a degree of disability in accordance with the existing law.

If this is to remain in the law the definition of "wounds" should be made very definite, because in its present form it covers about everything. I have no doubt that the House was thinking primarily of combat disabilities.

Now, Mr. Chairman, the total cost of that bill is \$18,751,000.

Senator CONNALLY. The total of the whole bill?

General HINES. The total of the whole bill.

Senator CONNALLY. How much?

General HINES. \$18,751,000. That is the first year. We feel it is the minimum estimate.

The bill, in its present form, does not meet with the approval of the administration. In its present form it is not in accord with the President's financial program. I am hopeful that some of the suggestions that I have made will be worked out by the committee, so that the deserving veterans and dependents contemplated under this legislation might be taken care of.

Mr. Chairman, that is all I desire to say.

Senator GEORGE. The committee will appreciate it if you will submit such amendments to any section of this bill that you may wish to have the committee consider.

General HINES. Very well; I will be glad to take advantage of that.

Senator CONNALLY. I think that will be very helpful, General, because you realize it is very technical in its terms.

General HINES. Yes.

Senator CONNALLY. We would like to have your proposed amendment.

General HINES. There is one section that the solicitor calls my attention to that I desire to call your attention to. After I indicated before the House committee that I would not have any other matter to submit for their consideration they found it was desirable to reduce the rate of the interest charged on loans on Government insurance.

Senator GEORGE. That is section 8?

General HINES. Section 8. That was reduced from our present rate of 6 percent to 5 percent. I did not feel that I should offer any objection to that, but I did call their attention to the fact that we are dealing with a trust fund that belongs to some 600,000 veterans.

Senator CONNALLY. In other words, the interest goes into the fund to retire the policies?

General HINES. Yes. The Congress has indicated that they desire that the Government-converted insurance company, if I might

refer to it as that, operate as a commercial company, or along commercial lines, and that it be self-sustaining. We are limited in our investment. We have been fortunate in our investments, but we are limited to Government securities. Only one-third of the total stockholders of that insurance company have borrowed. In other words, for every man that has borrowed two have not.

This change by section 8 will cost the fund about \$1,500,000 a year. At least part of it would go to a reserve which we are building up to take care of permanent and total disabilities. The Senators will recall that the premium rate charged on Government insurance is not loaded; it is a straight premium based upon the American tables of experienced mortality at 3½ percent. It is not loaded for administrative cost, nor for permanent and total disability. However, the policies can be matured under either contingency, either total or permanent disability. It was necessary, manifestly, if we were to assume—and I could find nothing in the law which would warrant such assumption—if we were to assume that Congress would appropriate to meet the total disability, that the reserve to cover it would be built up. So from 1923 up to date we have built up a reserve. It would run all the way from \$7,500,000 to \$10,000,000 a year that has gone to build up that reserve, and the other has been returned to the policyholders as dividends, which, in effect, is an adjustment of their premiums.

Now, we have been in the sunshine period of that insurance. We have had young men as the stockholders of that company. They are getting old. They are now, on an average, about 47 years of age. The mortality savings will certainly be less for the other side of the lives of that very permanent group of veterans that have converted and retained their insurance, and the interest savings, being compelled to go into Government securities, are bound to be less. So that our source of revenue is from those that borrow.

Now, that is taking the view that we are in it primarily for the money that we can make out of those that borrow. That is not so. We have found from experience, and other companies have, that if you reduce the rate of interest you encourage the man to borrow, and our encouragement is the other way, to get the man to retain his insurance, and retain it in full effect, if possible. There are contingencies, emergencies that arise where a man has to borrow, but we certainly should not encourage him to borrow and jeopardize that insurance for his dependents. For that reason, more than any other, we have argued against reducing the rate of interest.

Now, commercial companies, at least I know of one company that still charges 8 percent, a large company. That is the Travelers. I think there are some that have reduced it.

I believe that there is a theory, Senator, that because the Government can borrow money at very small, or reduced rates, that this should be reduced. Of course that is a mistaken theory, because the Government has nothing to do with this fund. The Government borrows this money. We are not in the position of borrowing money in that fund, we are investing premiums. The only money we put out at interest is that which goes to the policyholders.

If the Congress feels that there is justification—and I know the House committee feels quite strongly on it, we debated the issue for a day over there—to make it 5 percent instead of 6 percent, it just

simply means that the stockholder of the converted insurance fund of the government will get a lesser amount in dividends, because I feel that we must maintain the reserve for permanent and total disability. I feel that if we did not maintain it, unless Congress initiated a change and said they are going to provide for permanent and total disability, I am afraid anyone administering the fund would be subjected to the criticism that they had not set up an adequate reserve to meet the contingency of permanent and total disability. Now, what objection may come from the other two-thirds of the stockholders of the company who have not borrowed and who will have their dividends reduced I am unable to say, Mr. Chairman.

Senator GEORGE. Senator Clark, General Hines has been testifying with regard to H. R. 5452, and has finished it. If there is any question regarding the matter that you care to ask we would be glad to have you do so.

Senator CLARK. There is not, Mr. Chairman.

Senator GEORGE. General, for convenience, while you are before the committee, do you desire to say anything on H. R. 2206?

General HINES. Yes, Mr. Chairman, I would like to express my views on that. I believe the committee is familiar with the old section 200 of the World War Veterans' Act, which was repealed by Public, No. 2, of the Seventy-third Congress. That section 200 of the World War Veterans' Act of 1924 provided that—

no person suffering from paralysis, paresis, or blindness shall be denied compensation by reason of willful misconduct, nor shall any person who is helpless or bedridden as a result of any disability be denied compensation by reason of willful misconduct.

The Congress reached the conclusion, and the Administration concurred, that those cases of misconduct origin that became helpless and bedridden should be taken care of, and it was put into the World War Veterans' Act, and they were paid up until the Economy Act in March 1933. They generally had to be totally disabled; they had to be bedridden. That section provided that they be given the same rates, that is, the full World War rates, as any other veteran for disability incurred in combat, or any other way.

From time to time we have had misconduct provisions in laws. As to the general pension law, the line-of-duty requirement generally would bar misconduct service-connected cases. Under Public, No. 2 and the Veterans Regulations there is a misconduct bar to both service-connected and non-service-connected disability benefits. As to service pension for disability, the vicious habits bar as to Civil War remained in the law over a long period of time and was finally supplanted by provisions which took into account the average age of the veterans. The vicious habits bar for disability pension still remains in the Indian War service pension laws. As to the Spanish-American War service pension laws, the vicious-habits bar for disability pension was removed over the veto of the President. As to the non-service-connected death cases, there is no misconduct bar with reference to the cause of death for prior wars and, as you know, the Congress, with the approval of the President, removed the misconduct bar in the non-service-connected World War death cases under Public, No. 484, as amended.

Personally, I feel that this group is entitled to consideration. I do not feel, however, Mr. Chairman, that they should get the same rates

as given to combat disabilities. I fully realize that the dependents of these men, whether it is misconduct or what it is, are just helpless and in need of aid as the others are, but I know that it is the desire of the committee that we maintain the compensation rule in the service-connected cases as an equality rule, if possible. We cannot be consistent if we treat this group the same as the other group, because, not in all instances but in some instances, these men became infected with a disease which resulted in a disability against the War Department's orders. We have talked about this thing many times in both committees here and I have tried my best to find a solution, and I have a substitute to offer to you in lieu of the bill as it is now drafted which gives them the wartime rates. I have put another section in regulation 1 (a), part III. In drafting this, Mr. Chairman, I have drafted it with the hope that we might, in helping these people, avoid any criticism from anyone of it being against good public policy to care for them, that has been raised once or twice, as I am sure some members of the committee would realize. So, with your permission, I would like to read this, because there may be some question that you would like to ask about it. It reads:

(a) Any person who served in the active military or naval service, for a period of ninety days or more, during either the Spanish-American War, the Boxer Rebellion, the Philippine Insurrection, or the World War, and who has been honorably discharged therefrom, or who, having served less than ninety days, was discharged for disability incurred in the service in line of duty, who is shown to have been in active service therein before the cessation of hostilities shall be entitled to receive a pension for permanent total disability not the result of his misconduct and which is not shown to have been incurred in any period of military or naval service—

that is the language in the existing law. This is the addition to cure the condition which this bill attempts to cure:

Provided, That any person who so served in the World War and who was on the rolls on March 19, 1933, on account of World War service connected disability from paralysis, paresis, or on account of being helpless or bedridden from World War service-connected disability and who is permanently and totally disabled shall be entitled to receive a pension for permanent and total disability: *Provided*, further, That—

That puts the rate, however, at the nonservice rate of \$30. Now, I offer that as a suggestion. The rate is one which the committee can decide for itself.

Senator CONNALLY. General, your suggested amendment limits it to those cases that were on the roll prior to the Economy Act.

General HINES. That is right.

Senator CONNALLY. He must have been on the roll as the result of disability, and misconduct was excluded.

General HINES. No.

Senator GEORGE. Not in these cases.

General HINES. If the Senator will recall, of this group which we are now talking about, Public, 141, put back the blind cases whether they are due to misconduct or not. The ones they left out were this group with paralysis, paresis, and so on, that was due to misconduct. Now this will bring back 1,100 cases.

Senator CONNALLY. How about some of them that developed it since the war?

General HINES. It would not bring in a new group.

Senator CONNALLY. Why should not it bring in a new group if they suffer from the same cause?

General HINES. Because I have the feeling that we had on the roll, Senator, those cases that really had developed the type of condition that the Congress at that time was endeavoring to care for.

Senator CLARK. General, we cannot find that as a matter of law, can we?

General HINES. How is that, Senator?

Senator CLARK. I say we cannot find as a matter of law that everybody was on before the Economy Act that was entitled to be on. There may be a number of people that could come in and show cause why they were not on. It does not seem to me that we ought to, by law, exclude them from the roll because you are of the opinion they are not entitled to it.

General HINES. I would not want to say. It is my opinion that we had all or most of them on.

Senator CLARK. It just seemed to me that we cannot write into the law what may be a very sound matter of opinion.

General HINES. I undertook to do that because I had the feeling that what the service organizations are trying to do is to restore to that group something which they once had, rather than to extend the base and take in other cases. If I am wrong in that, they will tell you.

Senator CONNALLY. General, don't you think \$30 is low for a bed-ridden case? It ought to be at least \$50. You don't think \$30 is enough do you?

General HINES. I put it on the basis of the other nonservice rate, because I happen to know that there is a bill pending—I am not sure whether it has come out—which contemplates increasing that rate. There have been two suggestions made to increase the rate, one to \$40 and one to \$60. What the Congress will do with it I have no way of telling.

Senator CONNALLY. Under either the act as written here or the amendment a man has got to be practically totally disabled.

General HINES. That is right.

Senator CONNALLY. He is totally disabled.

General HINES. And the other man is totally disabled. They are both totally disabled. The other man may be totally disabled due to an automobile accident, or due to some disease. This man is disabled because of the ravages of a misconduct disease, as we call it.

I am only offering that, Mr. Chairman, as a suggestion for the other bill, which has been before this committee I think twice before, or once before at least. It was before the last Congress.

Senator CLARK. General, this is about the same as the one before the last Economy Act, isn't it?

General HINES. Yes; it is. I think this is about the only group, Senator, that hasn't been restored or corrected in some way, except certain changes which I am sure the Congress would not contemplate making which has resulted in some economies, probably.

Senator GEORGE. This group now receive full hospital treatment?

General HINES. Yes; they are entitled, Senator, to care and treatment in our hospitals, and the difficulty only arises in what happens to the family while they are hospitalized.

Senator GEORGE. In case they have dependents?

General HINES. In case they have dependents. Those are the most pressing cases, and the Members of Congress are undoubtedly importuned to do something for them, and we cannot.

Now, Mr. Chairman, I have nothing further to offer, unless you desire to ask further questions.

Senator GEORGE. What is the estimated cost of this, General?

General HINES. It is 1,100 cases. It is about a million and some dollars, as I recall.

Senator GEORGE. That is estimated on the basis of those who were on the roll?

General HINES. Eleven hundred was the number we used. We would have difficulty in estimating how many others may develop. There would be no way of telling, unless we took the War Department's estimate. Mr. Brady tells me the total amount is \$1,198,000.

Senator GEORGE. If there is nothing else, General, we thank you for appearing here.

General HINES. Thank you, Mr. Chairman. I appreciate it.

Senator GEORGE. Is there any other witness from the Bureau that you desire to have heard, General?

General HINES. No one else from the Veterans' Administration.

Senator GEORGE. Has any other Member of the Congress come in during the testimony of General Hines?

(No response.)

Senator GEORGE. Now there are various representatives here of the veterans' organizations. Mr. Kirby, did you desire to make a statement regarding either one of these bills? We are taking them together.

STATEMENT OF THOMAS KIRBY, NATIONAL LEGISLATIVE CHAIRMAN, DISABLED AMERICAN VETERANS OF THE WORLD WAR

Senator GEORGE. You will confine yourself first to H. R. 5452, if it is convenient for you to do so, unless you want to discuss the other one first.

Mr. KIRBY. Mr. Chairman, in regard to the misconduct bill we feel that the suggestions of Senator Connally and Senator Clark are perfectly proper, that there should not be any limitation of that relief to the men who happened to be on the rolls as of March 20, 1933, if for no other reason than that the alleged misconduct disability is one of the slowest developing disabilities that there is. A man who may have had little or no manifestations 6 years ago may be violently disabled at present. If that amendment should go in as suggested by the Administrator we would eliminate that provision put in March 20, 1933.

Senator CONNALLY. Mr. Kirby, even if the General is approximately correct in his assumption it would only mean relatively few additional cases, would it not?

Mr. KIRBY. The addition would be insignificant, but, as the Senator knows, these are most pressing cases.

Senator CONNALLY. I understand. I am not changing my view. The point I am making is that it would leave it open to everybody, but there would not be a great number of additions to the 1,100 cases already included.

Mr. KIRBY. There would not, and real justice would result from including the men who had not manifested a disability sufficiently at that date.

On the general bill, we are particularly gratified to see the Administrator's approval of more liberal treatment for the widows and

orphans of the service-connected veterans, for the reason that we feel that is probably one of the really scandalous conditions, that a widow who gave her husband in the war is now held down to the \$30.

Senator GEORGE. You are speaking of section 5?

Mr. KIRBY. Section 5. Now on the other section, which the Administrator apparently approved in principle, the allowances for the amputation cases, we feel that the law should be followed through as it is at present. The present law says if the disabled man, as the result of service-connected disability, has suffered an anatomical loss, or the loss of the use of one foot, or one hand, or one eye, the rate of compensation provided—and so forth. Now, in addition it says that in no event shall the rate of compensation, including the \$25 increase for the anatomical loss of one foot, or one hand, or one eye, be less than \$100.

We feel you should carry through the language in the present act which provides the same allowance for the loss of the use in addition to the anatomical loss. We have men who were wounded, whose arms are hanging at their sides, who roll over at night and cannot sleep. I have particular knowledge of one case at the moment. We have a man whose eye was not taken out, who has lost completely the use of the eye. Under this proviso there would be no allowances for him at all, in addition to the present allowances. In other words, it is necessary to lose the arm, or leg, or eye anatomically, whereas in a case where there was an entire loss of the use of the leg, or hand, or eye this would bring no relief. In many cases a man with his arm off or leg off is better off than a man who has the arm or leg hanging on him, because there is no suffering when it is off.

Senator CAPPER. Was the amendment suggested by you considered in the House?

Mr. KIRBY. I do not know how it got in that way. They may have considered it, but why they changed from the law as is and eliminated from the benefit those who have lost the use of, I do not know. And that means the complete loss of the use of. All it is doing is hanging there. He would not get as much as the man who underwent an operation and had the arm cut off, or leg cut off, or the eye enucleated.

Senator GEORGE. On that provision there, Mr. Kirby, would you care to say anything on the point, as suggested by General Hines, that the degree of the disability ought not to enter into it at all and it should be fixed at a flat \$100, that is, the total disability plus the anatomical loss or loss of use of, as you suggest?

Mr. KIRBY. We feel that amputation cases have not gotten proper consideration, but our approach to this was somewhat different from the manner in which the House reported it. We feel that if the men have a horizontal increase on all cases of a set statutory award the treatment would be more equitable. In other words, if a man is getting \$40 and you add to that \$60 that man would get \$100. If another man was getting \$45 and you added horizontally \$60 he would go up to \$105. In other words, instead of raising for amputations to a minimum of \$100, if you can reach an agreement on a certain definite figure and then add that to the allowance in the rating table the men would be stepped up according to the severity of the disability, rather than raising all of them to the minimum.

Senator CONNALLY. You would favor that?

Mr. KIRBY. I would favor that.

Senator CONNALLY. That is General Hines' suggestion.

Mr. KIRBY. We urged that before the House committee.

Senator CONNALLY. You are in agreement with General Hines?

Mr. KIRBY. I am in agreement with him. I think it should be \$60 instead of \$25.

Senator GEORGE. In other words, you would raise the present statutory award?

Mr. KIRBY. I would raise the present statutory award, because that would eliminate some of the inequalities which the administrator pointed out in his testimony by raising everybody to a minimum.

Senator GEORGE. But with the limit of \$100?

Mr. KIRBY. No, no; because some of them run much higher.

Senator GEORGE. You would not limit it?

Mr. KIRBY. No; you would have a double amputation, two losses, the loss of two legs and two arms, and so forth. There could not be any maximum limit on it.

Now there are two matters that we urged before the House that we certainly think ought to be in this bill, and I am sure, from our correspondence, and so forth, with Members of the Senate and House, that you are constantly running into the trouble. Previously in this law, before the Economy Act, there was a proviso that when a man entered the service he was assumed to be in good condition, except for the disabilities noted on his entrance examination. Now we find, and you Senators have found in handling these cases, when you establish a disability for a man the Veterans' Administration will go back and rebut that and claim the man brought that disability into the service. So we think there ought to be inserted in this law the old proposal that when a man entered the service, if there was not a disability noted in his entrance examination, the Bureau, or the Administration, should be estopped from going behind that and claiming that the present disability is an aggravation or some pre-existing disability, even though the official records do not show it. I do not know what the cost would be, but I think it is thoroughly sound. It was in the law prior to the Economy Act of March 20, 1933.

Another proposal that we want in here, that we think would do good, you have got two classes of so-called service-connected cases. You have the man whose case is historically service-connected, then you have the presumptive cases. It is medically unsound that anybody can trace back to an instant of time or place that marked the inception of a chronic disability. You cannot go back and say a man got tuberculosis or mental disability at a certain time or a certain place, that a certain incident caused it. Still when you presume on a limited presumption, service-connected, for these limited constitutional disabilities you pay them at 75 percent of the rate you pay the man who can trace it back historically. For instance, a wounded man knows he was wounded at a certain place, but a victim of chronic disability, that is very often more disabling than a wound, he cannot go back and prove it. Hence he is paid on the basis of 75 percent, because he is a so-called presumptive. We feel a man is either service-connected or he is not service-connected. If he is service-connected he should be paid the same standard of compensation. So we are strong in the feeling, and very strongly agitated, that these men who have come in

under the so-called presumptive group should be paid on the same basis of compensation.

Now, Mr. Chairman, that is about all we have got to suggest in the way of changes in this bill. I appreciate the opportunity for appearing.

Senator GEORGE. You are appearing for your organization?

Mr. KIRBY. Yes, the Disabled American Veterans, and our interest is exclusively in the service-connected group.

This bill, as originally introduced in the House, contained two pension provisions. One was to raise the rate of the non-service-connected, and the other was to pay a \$40 pension to every veteran as he reached 65. Not taking a position against either of those, but in order to keep the service-connected separate from the non-service-connected pensions, we urged very strongly on the committee, including the executive session, that they extract the two provisions, which they did, and handle them in a separate bill, which may or may not be reported out later by the Veterans' Committee.

To be more specific, I will leave with the committee four amendments which we feel should be adopted to improve both these bills.

On page 1 of the draft of the so-called misconduct amendment which General Hines has left with the committee, we would eliminate, in line 16 the words "and who was on the rolls March 19, 1933." The purpose of this change would be to give greater coverage and to include men who might not have been on the rolls at the date specified which was the day before the enactment of the Economy Act, and who might even have had their claims pending at that time.

Subparagraph k of section 6 on page 6 of the bill quotes the present law on a statutory award for the loss of one foot or one hand or one eye, or the loss of the use of a foot, or a hand, or an eye. Further down there is a provision for a minimum of \$100 per month for the loss of one foot, or one hand, or one eye, but it does not provide for "the loss of the use of." As stated previously, we feel strongly that the loss of the use of a hand or foot or eye should be included for, in many cases, where a man has the leg or arm hanging he is in some respects worse off than the man who suffered anatomical loss, for severe pain frequently develops in these members which obviously does not prevail when the hand or the foot or the eye has actually been removed.

As I have already stated, we feel strongly that a man is either service connected or not service connected and if he is service connected should be paid a regular standard amount. As matters now stand the so-called presumptives receive only 75 percent of the \$100 rate, so, in order to meet this situation we propose there be a new section added to the bill to read as follows:

That part of the second proviso, section 28, Public Law Numbered 141, Seventy-third Congress, March 28, 1934 (48 Stat. 524; U. S. C., title 38, section 722), which limits payment of compensation thereunder to 75 per centum of the payments otherwise authorized, is hereby repealed as of the date of enactment of this Act, and the Administrator of Veterans' Affairs is hereby authorized and directed to pay 100 per centum of the compensation otherwise authorized under Public Law Numbered 141, Seventy-third Congress.

We feel a deep injustice is being done in many cases when the man is denied compensation on the ground he brought into the service the disability for which he seeks compensation. Previously, before the Economy Act, there was a conclusive presumption of soundness unless the ailments were made a matter of record at entrance exam-

inations. This was dropped at the time of the enactment on March 20, 1933, so we urge the old language be reinserted in this bill, as a new section to read as follows:

That the first proviso of section 200, World War Veterans' Act, 1924, as amended (46 Stat. 995; U. S. C., title 38, sec. 471), following the first sentence, pertaining to conclusive presumption of soundness, is hereby reenacted into law and shall apply to all claims of World War veterans and their dependents for compensation on account of service-connected disabilities.

Since the bill now being considered passed the House, there have been a number of complaints including many from amputation cases themselves against the form of the section in this measure to add to the allowances for amputations. As the committee is aware, there is granted amputations under existing law a statutory award of \$25 per month, and the amendment before you provides for a minimum of \$100 per month. That this may add to inequalities among men more disabled than a single amputation, it has been urged that the committee merely raise the present statutory award and apply it equally in all cases of the loss of the use of arms, legs, or eyes. In other words, instead of having a minimum we would recommend that the statutory award for amputations be raised from \$25 to \$60 per month and that amount would be added to any other amount the veteran obtains through the rating table.

The D. A. V. appreciates this opportunity to present our views and we sincerely urge that this committee report out a bill generally along the lines we have been discussing.

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

STATEMENT OF JOHN THOMAS TAYLOR, DIRECTOR, NATIONAL LEGISLATIVE COMMITTEE, THE AMERICAN LEGION

Mr. TAYLOR. Mr. Chairman, and Members of the Committee: In the testimony given by the General the use of the word "non-service-connected" was constantly used, and I think that should be clarified in the minds of the members of the committee, because this bill deals with nothing but service-connected. The man must have been service-connected.

Senator CONNALLY. You mean either directly or presumptively?

Mr. TAYLOR. I mean the man must have been a service-connected man.

Senator GEORGE. You are speaking with special reference to sections 1, 2, 3, and 4 of the bill?

Mr. TAYLOR. Exactly so. Originally the widow and dependents were taken care of if the man died from his service-connected disability. It was only the widows and orphans that were taken care of. Then this committee very generously provided that if the service-connected man died of anything at all—you see, that is where the word "non-service-connected" comes in—if the service-connected man died of something else except a service-connected disability, for instance, if he had an arm off and instead of dying with his arm off he was killed by an automobile, that is where the word "non-service-connected" comes in, in that event the widow cannot get the \$30 a month but \$22 a month, and the man had to be 30-percent service-connected.

Now then, later on you cut that 30 percent down to 20 percent, then you cut it down to 10 percent. Now this bill proposes to put in that group every service-connected man.

Senator GEORGE. With any degree of disability?

Mr. TAYLOR. No matter what the degree of disability may be. Every service-connected man, in case of the death, his widow and his children shall be taken care of. So the words being used, "non-service-connected," is rather a misnomer. You see what I mean?

Senator CONNALLY. No limitation on percentage at all?

Mr. TAYLOR. None at all. This finally wipes out what should have been done in the very beginning, and that is that the widows and children of all service-connected disabled veterans, irrespective of the cause of their death, should be taken care of. That is all this bill does, so far as class is concerned.

Now, where the man died of his service-connected disabilities and his widow now gets \$30 a month, it increases that to \$37.50, and where he died of something else and his widow got \$22 a month, it increases it to \$30, but they are all service-connected. Do you see what I mean?

That leads me into the question of the dependent parents, because they are not dependent parents of a non-service-connected man at all; they are dependent parents of a service-connected man, except if the man died of something else except his service-connected disability. Do you see what I mean?

So that the word there, "non-service-connected" is rather a misnomer, and is confusing. Certainly increasing the \$30 to \$37.50, or as the General suggests, \$38, is a very, very nominal increase, and the increase from \$22 to \$30 is certainly a very, very small increase.

I do not think that they can be taken care of by the Social Security Act, because, as has been pointed out by the General, in one State they might get one amount and in another State they might get some other amount.

Senator CONNALLY. The bill does not exclude them. Suppose they get old-age pensions, they would not be excluded.

Mr. TAYLOR. You mean could they get both?

Senator CONNALLY. Yes.

Mr. TAYLOR. They cannot get double benefits.

Senator CONNALLY. I do not see why, unless you exclude them specifically.

Mr. TAYLOR. There is a limitation.

Senator CONALLY. You put the income limitation on?

Mr. TAYLOR. That is right; \$1,000 for a single person and \$2,500 for a married person.

Senator CONNALLY. Insofar as the total limitation is concerned they could get both?

Mr. TAYLOR. Nobody is going to get any such amount as that from the social security, Senator.

Senator CONNALLY. They might have other income.

Mr. TAYLOR. Then they will not get social security, because they practically have to be paupers.

Senator CONNALLY. I wanted to see what was in your mind. I do not want to see that they get the old-age pension as well as this pension.

Mr. TAYLOR. I want to clear up that question about the non-service-connected, the use of the word "nonservice-connected."

Now, as far as the amputation cases are concerned, I think this language is pretty definite here. Of course there are specific cases cited, and you can always bring individual cases out of the 362,000 in the Veterans' Administration, you can always bring out any case to make your point, but bear this in mind, that the average that is paid to the amputation cases now is \$42 a month. That is what the average is. Now they get an additional \$25, the statutory allowance. That makes it \$67, doesn't it? And this proposes—and I think this is a very fair and equitable way to handle this—that in all amputation cases the minimum shall be \$100. I think that is a very, very decent and fair way to handle it, and that was proposed by a Member of Congress with a foot off from New York who I thought would be here today.

The section of the bill which provides for 10-percent-minimum rating for wounds, it seems to me that is pretty definite in the bill. It says "—a minimum rating of permanent partial 10 percentum for wounds incurred in line of duty in active service during the World War." That is for "wounds incurred in line of duty in active service." The only clarification that seems to me that should be put in there, if there is any doubt in the minds of the committee, is "in actual combat."

Senator CONNALLY. General Hines makes the suggestion that the same definition of "wounds" be used as is used in the Army and Navy. It may be more comprehensive to put in "in combat."

Mr. TAYLOR. Then put in the words "in combat."

Senator CONNALLY. Do you suggest that?

Mr. TAYLOR. I think that is a good idea.

Senator CLARK. Why is that?

Mr. TAYLOR. Why put that in?

Senator CLARK. Yes.

Mr. TAYLOR. The argument has been advanced that a fellow could fall off a truck, or something like that.

Senator CLARK. If a man got both legs run over by an ammunition wagon out at Fort Sill and they had to amputate his legs it would be just as much of a loss to him as if he had them shot off in a battle.

Mr. TAYLOR. This refers to less than 10 percent. Now no man rated between 1 percent and 10 percent gets anything. He gets nothing, no matter whether he stopped a bullet, or a piece of shrapnel, or anything else. The purpose of this was to see to it that every man who was actually wounded, rated less than 10 percent, should be recognized and receive a minimum of \$10; that was the purpose of it.

Senator CLARK. It would seem to me this ought to be whether it was in line of duty rather than whether it was in combat.

Mr. TAYLOR. That is exactly what this says, "for wounds incurred in line of duty." That is the language here. But, as I say, the argument was raised whether it would take in someone who had some minor accident happen to him that had no connection with actual combat with the enemy.

Senator CONNALLY. The case that Senator Clark suggests of course would, in fact, get the full amount.

Mr. TAYLOR. Certainly. There isn't any question about that, but this is for fellows that are less than 10 percent.

Now, the last section of the bill, as to the reduction of the interest rate, as it has been brought out, after all the only ones who will suffer from that are those fortunate enough to carry their policies and receive the dividends on them. I think, gentlemen of the committee, that everybody who carries a policy and receives dividends will be very glad to, will be willing to go ahead and see that this interest rate is reduced this slight amount from 6 to 5 percent. We will hear no argument against that at all.

On the misconduct bill I am in accord.

Senator CONNALLY. You mean to accept the bill as it is?

Mr. TAYLOR. Yes, sir, Senator; accept it as it is. It is a very good bill, particularly so far as the widows and orphans are concerned. As far as the misconduct bill is concerned, Mr. Kirby has covered the situation. It restores those who were taken out on account of the Economy Act. That should be done. There are only 1,100 of them.

I heard the cost of this omnibus bill given, but we must realize that these are all service-connected. That cost cannot increase. The dependent parents are certainly going to die off, which cannot increase the dependent parents. And the service-connected men are certainly going to die off, they cannot increase, you see, cannot at all. So I do not see how the costs can be increased, because the marriage date is definitely fixed in the act.

Senator CONNALLY. What date was that?

Mr. TAYLOR. The date of the passage of the act, May 13, 1938, I think it was.

Senator CONNALLY. In other words, if a man marries subsequent to that and dies his widow gets nothing?

Mr. TAYLOR. A man has got to be married prior to that.

I have Watson Miller and Dr. Shapiro here, if you wish to ask them any technical questions, Senator.

Senator GEORGE. I do not; unless there is something further you wish to put in the record.

Mr. TAYLOR. All right. Thank you very much, gentlemen.

Senator GEORGE. We will next hear from Mr. Rice, of the Veterans of Foreign Wars.

STATEMENT OF MILLARD W. RICE, LEGISLATIVE REPRESENTATIVE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. RICE. Mr. Chairman, and gentlemen of the committee: Because the discussion of H. R. 2296 would take a very short time, I would prefer to discuss that first. H. R. 2296 would not, by any means, take care of all of the so-called misconduct cases. It would take care of only those who have been on the rolls prior to March 20, 1933, and only those who were suffering with paralysis, paresis, and blindness, or who were helpless or bedridden, and only those who could establish a service connection under the laws in effect at that time.

There are many misconduct cases, not suffering with so-called venereal diseases, that could come under that classification, who cannot receive any compensation for disabilities which were caused in service. For example, a man who was stunting in an airplane without specific orders—you would expect that a pilot would do a little stunting in order to get himself in trim to be a real pilot—would be guilty of

misconduct and, therefore, not entitled to any compensation or pension whatsoever.

We believe that the remedy is to change the definition of "misconduct" so as to provide that misconduct shall be considered as such only if it is felonious misconduct, and in order that the definition can be changed and go all the way through law we would propose that paragraph IX of Veterans Regulation No. 10, as amended, be and hereby is amended to read as follows:

A disability, injury, or disease will be held to have resulted from misconduct when it is due to felonious conduct.

It would simply insert in present law the word "felonious" prior to the word "misconduct."

If, by chance, it should be considered that that might be going too far, by including all of the cases except those where a disability was incurred in the perpetration of a penal crime, or of a felony, as entitled to such benefits as might be provided for in other service-connection and non-service-connected cases, then the law could be so amended as to make such misconduct cases eligible only for pensions for permanent total non-service-connected disabilities.

If it should be the wish of the committee that these misconduct cases and the venereal cases be taken care of on the basis of pensions for permanent total non-service-connected cases then we would suggest that the law be amended by the language as contained in S. 135, introduced by Senator George, and in its companion bill, H. R. 6355, which would merely provide for the insertion of one word in the present law and regulations, and that would be the insertion of the word "felonious" prior to the word "misconduct," which appears on the second page in the fifth line of S. 135. That would be the only change in the present law. If that change were made in the present law it would, in effect, mean that any veteran who was suffering from any misconduct disability not incurred during the perpetration of a felony would be entitled to receive a pension for a permanent total non-service-connected disability.

I insert the suggested language as follows:

That paragraph I (a) of part III of Veterans Regulation Numbered 1 (a), as amended, is amended to read as follows:

"I. (a) Any person who served in the active military or naval service, for a period of ninety days or more, during either the Spanish American War, the Boxer Rebellion, the Philippine Insurrection, or the World War, and who has been honorably discharged therefrom, or who, having served less than ninety days, was discharged for disability incurred in the service in line of duty, who is shown to have been in active service therein before the cessation of hostilities shall be entitled to receive a pension for permanent total disability not the result of his felonious misconduct and which is not shown to have been incurred in any period of military or naval service."

We believe that this method of taking care of the misconduct cases would take care of a much greater number of those who were actually dependent upon society at a lesser cost than would be provided for under H. R. 2296.

I do not wish to appear as suggesting that we are opposing H. R. 2296.

Senator CONNALLY: Under your suggestion they would still get \$30?

Mr. RICE: They would still get the \$30. That we propose in another bill to be increased to \$60 per month for all war veterans so permanently disabled as to be unable to follow any substantially gain-

ful occupation, which I shall take up later on. But in any event we believe there are numerous worthy misconduct cases that would not come under the provisions of H. R. 2296. We are not proposing this as a substitute necessarily, but it could be put in as an amendment, as an addition. It would take care of the cases where no service connection is possible, and if you will take care of those cases where service connection is not now possible you will be taking care of a much greater number of men.

I cited the case of a man who was piloting an airplane and he was considered guilty of misconduct. Another veteran who was experimenting with some shells, while in military service, and had one of them explode, that may be considered misconduct and therefore he is not entitled to the compensation or pension. Another veteran who, on his way home on a leave of absence innocently walked on the wrong side of the road, was considered to be guilty of misconduct if he was struck by an automobile, and therefore not eligible either to compensation or to a pension. He would not be eligible under H. R. 2296 as it has come to this committee from the House.

We believe that there is a real necessity for taking care of all of the so-called misconduct cases. If it is not the will of Congress to completely eliminate the misconduct for as to World War veterans, as has been done with reference to the Spanish-American War veterans, then we could at least provide that all of those whose disabilities were not the result of felonious misconduct should be entitled to the compensation or pension to which they might otherwise be eligible.

Senator CONNALLY. Will you cite a case of felonious misconduct?

Mr. RICE. A man wounded because of taking part in a burglary or robbery would not be entitled to compensation, because it would have been incurred as the result of a felony.

Senator CLARK. How about a fellow who was trying to break out of a guardhouse?

Mr. RICE. I would not consider that a felony.

Senator CLARK. You do not think a fellow would be entitled to disability compensation whose disability was incurred in that way, do you?

Mr. RICE. Who broke out of the guardhouse?

Senator CLARK. Yes; and the sentry shot him.

Mr. RICE. It does not seem to me the sentry had any business to shoot him; not if a sentry could capture him otherwise. Whether or not that would constitute a felony I am not sure. I suppose it might, because he was escaping the clutches of the law and therefore it would be considered felony under Federal law. I am not positive about that. But whatever might be considered as a felony under Federal law would be eliminated by such a provision in the law.

Now, going to the provisions of H. R. 5452, the first four sections would, in effect, extend eligibility for pensions to the widows and orphans of all veterans who had service-connected disabilities prior to their death, without regard to the degree of disability. The present law requires that there must have been at least a 10 percent service-connected disability in order to be entitled to compensation. We, the Veterans of Foreign Wars, believe that the better procedure would be to extend eligibility for pensions to the dependent widows and orphans and dependent parents of all deceased World War veterans who had 90 days or more service.

Senator CONNALLY. Regardless of service connection?

Mr. RICE. That is right, regardless of service connection. We believe that that is the next logical step to go to, the same as now provided for the widows and orphans of deceased Spanish-American War veterans. Therefore we believe that it would be highly desirable that it ought to be extended to that entire group. I will be glad to submit a proposed amendment for that purpose, if the committee desires.

Senator GEORGE. Could you put it into the record?

(The amendment referred to is as follows:)

Part III of Veterans Regulation Numbered 1 (a), as amended, is hereby amended by adding a new paragraph thereto to be known as paragraph IV which shall read as follows:

"IV. The surviving widow, as defined for pension purposes, child, or children, and/or the dependent mother or father of any deceased veteran who served for a period of ninety days or more in the military or naval forces of the United States during the World War and was honorably separated from such service shall be entitled to receive a pension at the following rates:

"Widow, age under fifty years, \$22, widow, age fifty years or over, \$30, widow with one child, \$8 additional for such child up to ten years of age, increased to \$11 from age ten (with \$6 for each additional child up to ten years of age, increased to \$9 from age ten) (subject to apportionment regulations), no widow but one child, \$15, no widow but two children, \$24 (equally divided), no widow but three children, \$36 (equally divided), with \$6 for each additional child, total amount to be equally divided), dependent mother or father, \$35, (or both) \$20 each."

Mr. RICE. We think this is the next logical step that ought to be taken by the Congress, although we are not opposed to extending it to the less than 10 percent class, as proposed in the first sections of this bill.

Obviously we want to go just as far forward in taking care of the dependents of deceased war veterans as possible. If it is not possible to convince Congress to go all the way, we are willing to go one step forward on the matter.

The first four sections also would make eligible for the first time the dependent mothers and fathers of veterans who prior to death were suffering from service-connected disabilities but did not die of those service-connected disabilities. The bill would also provide that they be entitled to the same amounts as now granted to the dependent mothers and fathers of veterans who did die by reason of service-connected disabilities. On the other hand, the amount provided for the dependent widows and orphans of veterans who did not die by reason of service-connected disabilities, but who did have some service-connected disabilities, is equivalent to about three-fourths of the amount payable to the first group.

We believe that the provision, that a dependent mother or father shall not be entitled to receive the increased amount of pension provided for under the first four sections if the amount of pension and insurance which she has been receiving exceeds the increased amount of pension provided in this bill, should be eliminated from the bill.

We do not believe that the matter of the payment of insurance benefits to a mother, or a wife, should in any event be taken into consideration in determining the amount of pension to be granted to her.

Senator CONNALLY. Does not that go to the issue, though, of dependents? You say "dependents." Would not they be dependents?

Mr. RICE. Generally speaking the receipt of insurance is not taken into consideration in determining the dependency in any law, and we believe it should not be so considered as to this particular law. It was not considered prior to Public, No. 304; it was inserted at that time.

We believe it might even tend to discourage veterans from taking out full insurance policies, or might impel them to change the monthly payment provisions, or hold policies to a lump-sum payment, so that the beneficiary could receive the lump-sum payment all at once and therefore be eligible for the increased amount of pension. It is true that as to those veterans who are dead they no longer have that option; it cannot be done. As to those who are still living and have insurance who see that there might be the opportunity to increase the amount of the pension payable to their dependents, the thing to do would be to provide for lump-sum payments of insurance, so that future insurance payments shall not provide a bar to the receipt of increased pensions otherwise payable. However, that is something that is hardly within the control of veterans now.

Senator CONNALLY. Does not the provision on page 2 exclude them?

Mr. RICE. Beginning on line 17?

Senator CONNALLY. Right there. Does not that exclude them?

Mr. RICE. That is different. That is in determining whether or not she is a dependent. We do not object to that, but we do object to the

Provided further, That no compensation shall be paid to a dependent mother or father, or both, in excess of an amount which if added to the monthly payment of automatic insurance or yearly renewable term insurance to either or both such parents would exceed the amount of compensation herein authorized.

We believe that that ought not to be in the bill. And by the same token we believe that a similar phrase on page 5, in somewhat similar language and to the same effect, should also be eliminated from the bill, because the amount of insurance benefits that a dependent mother or father, or widow or orphan might be receiving as the result of the death of the veteran, which was something he paid for, ought not to be considered in determining the amount of pension payable to her.

Senator CONNALLY. Why did they provide the insurance at all if we are going to pension them off?

Mr. RICE. The reason they provided the insurance, in the first place, was because private insurance companies would not take the risk during the war.

Senator CONNALLY. I do not agree with you there. I think they provided the insurance as a method of allowing the veterans to provide for their dependents.

Mr. RICE. We have not followed that generally, Senator.

Senator CONNALLY. Just along the line you are suggesting there.

Mr. RICE. No.

Senator CONNALLY. Then what does it mean?

Mr. RICE. That would mean that the veterans who have taken out insurance would have their dependents taken care of, but that to the veterans who have not taken out insurance, their dependents would not be taken care of.

Senator CONNALLY. At the time the original law was passed that was true. That is the law.

Mr. RICE. If that were the case we have changed the entire basis of it.

Senator CONNALLY. We have.

Mr. RICE. By providing pensions for all of the dependents within certain classifications.

Senator CONNALLY. We changed it, but the original theory was we were doing it in order to take the place of the pension. Of course we have changed the policy in the meantime.

Mr. RICE. In looking at the hearings back in 1917 and 1918 I got from it that the purpose was to give them insurance because they could not get the insurance through private insurance companies, that that was the real reason for Government insurance. Of course it was hoped by some that by giving them this opportunity the Government might avoid other costly methods of taking care of them subsequently.

As to section 5 of the bill, we are in hearty accord with it, because it would provide a 25-percent increase of pensions to widows of veterans who have died because of service-connected disability.

As to section 6 of the bill, providing a minimum award of \$100 a month to veterans who have lost a leg, or a hand, or an eye, we are glad to endorse that section of the bill, and believe that too much cannot be done for those who have lost a leg, a hand, or an eye. We believe, however, that the last portion of the bill should follow the first portion of the section by making it applicable not only as to anatomical loss but as to the loss of the use of one foot, or one hand, or one eye, and that the minimum amount of \$100 per month compensation should be provided for such badly handicapped veterans.

A statement was made that a man is frequently given assistance, or sympathetic consideration, by reason of the fact that he has an amputation. That may be so in individual cases, but it is not true generally. There are altogether too many amputated veterans who find that they are definitely handicapped in securing suitable gainful employment, by reason of that very handicap. There might be some cases where they would not absolutely need the increased minimum compensation here proposed, but, by and large, we believe it is needed by this class of veterans.

As to section 7, a minimum rating of 10 percent would be granted to any veteran suffering from a wound incurred in line of duty or active service during the World War, we would like to submit that perhaps the language could be improved somewhat by providing that the 10 percent should be given for gunshot wounds incurred in line of duty in active service during the World War.

Senator CONNALLY. Wait a minute. Would a bayonet wound be a gunshot wound?

Mr. RICE. You've got me there. I don't imagine it would.

Senator CONNALLY. "A wound in combat," would not that be better?

Mr. RICE. Yes.

Senator CONNALLY. You might get injured with a bayonet or hit in the head with a rock.

Mr. RICE. I will compromise with you and say "gunshot or bayonet wounds."

Senator CONNALLY. He may be hit over the head with the butt of the gun.

Mr. RICE. Senator, the reason we have been prompted to make the suggestion is because of the statement made by the Administrator that it would be susceptible of loose interpretation.

Senator CONNALLY. It might be a scratch of the finger in combat. It would include everything.

Mr. RICE. Well, you could be scratched by a wire. Possibly you might include the language "gunshot or bayonet wounds," that would cover all of the situations, and would eliminate the case where a man might have a scratch on the finger by a wire. We want to be entirely fair about the matter. We had intended that it should cover men who were wounded on the front line in combat with the enemy. We are not in favor of it being loosely interpreted to cover a mere injury to the little finger, for example, but we believe that the Veterans' Administration would, on the advice of the President, even without the addition of such additional language, be impelled to give it the proper interpretation, the interpretation that is given to it by the War Department. We know that the Veterans' Administration has based its estimate of the cost on the number reported by the War Department as having been wounded, where they were recognized as having been wounded and as eligible because of the wound to the decoration of the Purple Heart. On the basis of such precedent, and the definition of the term used by the War Department, we do believe there is not a great deal of danger of it being misinterpreted. The only reason for suggesting the additional wordage was because of the statement made by the Administrator, that it was possible to be misinterpreted.

Going back for a minute to the matter of the entitlement to increased pensions and the preclusion clause in there, that might be entitled: "In the event that insurance benefits and pension benefits then being received exceeded the amount of increased pensions provided for in this bill."

May I call your attention to the decision made by the Veterans' Administration to the effect that that language was considered also to cover the case of a mother who had two or three sons who were killed in action? Whereas, under prior law, the mother would be entitled to receive a pension on the basis of each of such sons who were killed in action, on the basis of this language she would not be entitled to the increased pension on the basis of each of such sons. We do not believe that that was intended when Congress inserted that provision in the law a couple of years ago.

We believe the best remedy is to take out the preclusion clause completely, because there are only very, very few cases that could possibly be affected at this late date, most of the insurance benefits having been paid on the basis of deaths which occurred in service, or shortly thereafter.

As to section 8, where it is proposed that the insurance loan interest should be reduced from 6 percent to 5 percent, may I say that at our last National Encampment of the Veterans of Foreign Wars in Columbus, Ohio, there was considerable discussion before the members of the rehabilitation committee, as to the advisability of adopting such resolution. There was debate back and forth as to whether the interest rate should be left at 6 percent or be reduced to 5 percent, or 4 percent, or 3 percent. It was taken into consideration that the interest rate for the building up of the reserve fund is 3½ percent, therefore it would not be fair to go below that. There was conflict, you might say, more or less between those who had no loans on their policies and those who did. The basis of the compromise was that

during the last several years there has been a reduction of interest generally as to Government bonds, as to bank notes, and what not, and that reducing this from 6 to 5 percent would be very reasonable. In adopting the resolution on that matter we realized, of course, that it would reduce some of the dividends payable to those now receiving dividends. As an example, I know a veteran who has a loan, \$2,000, on his policy. He pays out on it \$120 per year in interest and receives about \$45 per year in dividends on his policy. If this were enacted into law the interest would be reduced from \$120 down to \$100 a year on that loan, and his dividends would possibly be reduced from 10 to 20 percent, maybe an average of 15 percent, which would mean a reduction of dividends from \$45 down to \$38.25.

The loans made to veterans who hold insurance policies on the basis of 6-percent interest is the highest-paying investment that this insurance fund now has. It seems unfair to us that Government insurance policy loans to needy and disabled veterans should be the only investment that the Government makes that draws as high as 6 percent. We believe that this proposed reduction in interest rate is a very reasonable thing and will not cost anything to the Government whatsoever.

There are other provisions that we believe should have been included in this bill. Last year this committee favorably reported out, and the Congress passed, a bill to provide a pension of \$40 a month to needy World War veterans, veterans so permanently disabled as to be unable to earn a living by the performance of manual labor. I would like to include in my statement a statement of the memorandum of disapproval of the President of that bill, and some comments which I have to make concerning the basis of the statements made in the memorandum of disapproval. It was, for example, stated by the President that—

The second provision of this bill, increasing the monthly pension rate from \$30 to \$40 a month would constitute a 33 $\frac{1}{3}$ percent increase, would practically equal the average rate of compensation for all classes of World War service-connected disabilities, which is now \$40.10 per month, and would approximate the present peacetime service-connected total disability pension rate of \$46 per month.

We believe that the pensions of these men should be increased to \$60 per month. Let me state that the average amount payable to W. P. A. employees is about \$61 per month, and that is considered to be the minimum basis of living for those persons. Let me state also that the lowest amount paid to a regular Government employee for permanent total disability is \$58.33 per month, and the highest, \$116.66.

It certainly is not fair to expect a permanently and totally disabled veteran, together with a wife and children, to live on the niggardly pension of only \$30 per month. Where he receives that amount he obviously, in most instances, is unable to secure any supplementary assistance from any source, because the local agencies are so much pressed with the need of taking care of others who have no income whatsoever.

(The Memorandum of Disapproval referred to is as follows:)

I have withheld approval of the bill (H. R. 8729, 75th Cong.) entitled "An act granting pensions and increases of pensions to needy war veterans."

This bill proposes to redefine permanent and total disability and to increase from \$30 to \$40 the monthly rate of pensions allowable in nonservice-connected

permanent and total disability cases and almost exclusively affects World War veterans.

The first provision of this bill redefining permanent and total disability purposes to liberalize the standards by which permanent and total disability should be judged. I believe that present standards are sufficiently liberal. These standards are now applied to both service connected and non-service connected cases and since this bill deals exclusively with non-service connected cases it contemplates, in the light of the reports which accompanied it, a preferment to the type of case which has lesser merit than others, and further, would tend to add confusion to an already complex administrative problem.

The second provision of this bill, increasing the monthly pension rate from \$30 to \$40 a month would constitute a 33 $\frac{1}{3}$ percent increase, would practically equal the average rate of compensation for all classes of World War service-connected disabilities, which is now \$40.10 per month, and would approximate the present peacetime service connected total disability pension rate of \$45 per month.

Since approval of this bill would add \$5,182,000 to the recurring pension increases, which amount to \$16,000,000 already granted by the Seventy-fifth Congress and would undoubtedly entail dissatisfaction among the directly service connected and peacetime groups and cause further demands for pension legislation and increases in rates now authorized I feel compelled to withhold my approval from the above measure.

FRANKLIN D. ROOSEVELT.

The WHITE HOUSE, June 20, 1938.

Above is the statement of disapproval, by the President, of H. R. 8729. Insisting that the existence of permanent total disability shall continue to be established only where the average pension would be rendered continuously unable to follow any gainful occupation, and refusing to recognize that permanent total disability should be considered to exist where the individual person is rendered unable to earn a support by the performance of manual labor, is not being "sufficiently liberal."

Although it is literally true that "the average rate of compensation for all classes of World War service connected disabilities is now \$40.10 per month," such average rate is arrived at by including the 68 percent of all service-connected disabled World War veterans who receive less than \$40 per month compensation for partial disabilities (55 percent receive less than \$30, and 25 percent receive less than \$20 per month). Such a comparison is therefore seen to be inapplicable, illogical, unjustifiable, unreasonable, and meaningless, except as statistical trickery.

Most families on relief receive more than \$40 per month; the average W. P. A. monthly wage is \$55, ranging up to \$96 per month for a few hours of assigned work.

Inasmuch as (1) Civil War veterans and (2) veterans of the Spanish-American War, Philippine Insurrection, and Boxer Rebellion, suffering with permanent total non-service-connected disabilities, receive pensions of \$75 and \$60 per month, respectively, or \$100 per month if in need of an attendant, while World War veterans and veterans of the Regular Establishment, suffering with permanent total service-connected disabilities, receive \$100 and \$45 (the Veterans of Foreign Wars recommends \$90 instead of \$45 per month) respectively, it is unreasonable to say or to assume that approval of H. R. 8729 "would undoubtedly entail dissatisfaction among the directly service-connected and peacetime groups.

Some 45,000 war veterans, suffering with permanent total non-service-connected disabilities, who now receive pensions of only \$30 per month (who cannot legally be furnished with needed medicines

or medical treatment by the Veterans' Administration, except while under hospitalization), now needing supplemental assistance from some source, will find it very difficult to understand how it happens that the Federal Government can find several billions of dollars to help out the unemployed but will not assume an additional expenditure of some \$5,000,000 to provide somewhat more adequately for its unemployable disabled war veterans.

In this connection I would like to insert in the testimony a copy of the statistics compiled by the Social Security Board as to the average amount of old-age assistance benefits and aid to dependent children benefits paid to beneficiaries in each State. We find it ranges from \$6.18 in Arkansas to \$32.53 in California for old-age assistance, on the basis of the average. The Federal Government furnishes one-half, up to a maximum of \$15. It therefore furnishes \$3.07 in Arkansas for each such case and \$15 for each such case in California, or about five times as much:

There are some veterans now being taken care of under these public-assistance benefits, where there is a matched amount of money furnished by the Federal Government. If all of the aged dependent mothers and fathers of veterans and aged veterans—more than 65 years of age—and if all the dependent widows and children of the veterans were taken from the public-assistance rolls in the various States, such a transfer would relieve the various local communities and the States from the burden and thus enable such States to increase the amount that they are paying to their other destitute citizens. This would also in turn enable the States thereby to be entitled to a greater amount of Social Security benefits, a greater amount of matched funds from the Federal Social Security Board, which would tend to bring up the social-economic level throughout the country.

Such a shift would not impose additional burdens upon society generally, but would raise the social-economic level of those States which are now too poor to take care of that burden. We believe the burden should now be transferred, during this session of Congress, from the local communities and States, to the Federal Government, just as has been done as to the aged and disabled veterans, and the dependent widows and orphans of deceased veterans of the Spanish-American War and Civil War many years ago. That burden was assumed as to the veterans of the Spanish-American War 18 years after the termination of that war. It is now nearly 22 years after the termination of the World War and the Federal Government is still avoiding the assumption of that load.

We believe it would constitute an excellent preparedness against war, as well as constitute equity, to provide for such legislation now, during this session of Congress. Therefore we would like the Congress to insert the two sections of the excellent bill, S. 2440, introduced by the chairman of the Senate Finance Subcommittee on Veterans Legislation, Senator Walter F. George, to be added to the bill that you now have for consideration, H. R. 5452.

The determination of a permanent total disability should be on the basis of the loss to the individual person and not on the basis of the handicap to the average person. For example, the average person could have an amputation of the right hand. An attorney would not be totally disabled, a doctor would not be totally disabled by reason of that disability, but if that man were a ditch digger and had no

education, no adaptability, and did not know how to do anything else than pure manual labor, he would be totally industrially disabled. Under the present law he cannot now be taken care of, because the average man would not be totally disabled. This ought to be changed from the average basis to the individual basis.

It is true the Administrator has the authority to assume jurisdiction in individual cases, but we believe that this is a matter which should be decentralized down to the local Regional Office in every State throughout the country. Therefore we believe the first section of S. 2440 ought to be added to H. R. 5452 and made section 9, and the second section of S. 2440 ought to be added to it and made section 10, so as to provide a pension of \$60 per month to any World War veteran so permanently disabled as to be unable to follow any substantial gainful occupation.

Senator CAPPER. What do you estimate the cost of that?

Mr. RICE. I think the estimate made by the Veterans' Administration on the \$40 bill last year was about \$5,000,000; therefore it would be about \$15,000,000 on the basis of a \$60 bill. Some 50,000 are now rated as suffering with permanent total non-service-connected disabilities. Perhaps another 20,000 or 30,000 ought to be so rated immediately, and could be so rated under the proposed liberalized definition for permanent total disability. Even if the cost should be \$50,000,000 or \$100,000,000 for the first year it would still be highly desirable and justifiable.

Let me say further that this bill would automatically take care of those persons who become debilitated by reason of age to such a point that they are unable to work. It would take care of those who really need to be taken care of not on the basis of any categorical factors such as age only or partial disability.

May I remind the members of this committee that it has been because of the fact that Congress has too long resisted the reasonable requests on behalf of veterans and dependents of veterans of previous wars that finally the veterans of those wars have been impelled to ask for the enactment of law which would provide for benefits on the basis of certain categorical standards which could not possibly be misinterpreted or misapplied by the agency in charge of administering such a law.

We believe this is a very reasonable proposal and it ought to be enacted by this session of Congress. We hope very much that the committee will see fit to add it to this bill.

May I say there are also other provisions that ought to be added to the bill. Full payment of compensation ought to be made to the so-called presumptive cases.

We believe there ought not be any reduction of compensation immediately upon entering into a hospital, but that a hospitalized veteran ought to receive the same amount of compensation or pension at least for the first 90 days of his hospitalization.

There are several other important provisions, Mr. Chairman, that ought also to have the consideration of this committee, but possibly it is the plan of the committee to take them up in the form of other separate bills.

Since the bell has rung, I will refrain from continuing my testimony further.

(The statement referred to by Mr. Rice is as follows:)

States with plans approved by the Social Security Board	Average amount paid to recipients of public assistance for December 1938		
	Old-age assistance	Aid to dependent children (average per family)	Aid to the blind
Total.....	\$19.55	\$32.58	\$23.35
Region I:			
Connecticut.....	26.60		26.02
Maine.....	20.71	37.58	22.83
Massachusetts.....	28.56	95.03	21.85
New Hampshire.....	23.08	39.27	21.55
Rhode Island.....	18.78	47.41	
Vermont.....	14.47	25.65	17.18
Region II: New York.....	24.18	49.00	24.51
Region III:			
Delaware.....	10.84	30.77	
New Jersey.....	19.32	29.53	22.48
Pennsylvania.....	21.19	34.43	
Region IV:			
District of Columbia.....	25.40	46.75	26.57
Maryland.....	17.51	31.88	21.16
North Carolina.....	9.86	15.25	14.59
Virginia.....	9.54	20.23	12.72
West Virginia.....	13.79	21.34	17.27
Region V:			
Kentucky.....	8.73		
Michigan.....	17.11	41.23	26.27
Ohio.....	23.01	40.10	19.66
Region VI:			
Illinois.....	18.52		
Indiana.....	15.53	27.40	19.30
Wisconsin.....	20.78	37.46	23.44
Region VII:			
Alabama.....	9.51	12.65	9.08
Florida.....	13.54	28.35	14.60
Georgia.....	8.76	21.06	10.94
Mississippi.....	6.92		7.11
South Carolina.....	7.40	14.35	9.86
Tennessee.....	13.23	18.38	14.63
Region VIII:			
Iowa.....	19.82		23.20
Minnesota.....	20.42	35.77	24.86
Nebraska.....	17.12	29.32	20.31
North Dakota.....	17.53	34.05	19.35
South Dakota.....	20.04		19.99
Region IX:			
Arkansas.....	6.15	8.14	6.62
Kansas.....	19.62	30.86	20.72
Missouri.....	18.45	30.28	
Oklahoma.....	19.94	13.95	16.13
Region X:			
Louisiana.....	10.26	21.20	13.18
New Mexico.....	11.15	18.57	13.76
Texas.....	13.84		
Region XI:			
Arizona.....	20.10	33.08	24.51
Colorado.....	29.99	30.98	28.82
Idaho.....	21.55	28.60	23.15
Montana.....	20.69	28.84	21.51
Utah.....	20.45	33.32	23.38
Wyoming.....	21.02	30.95	23.65
Region XII:			
California.....	32.53	41.48	47.95
Nevada.....	26.40		
Oregon.....	21.30	38.76	25.49
Washington.....	22.10	29.12	31.00
Territories:			
Alaska.....	27.51		
Hawaii.....	12.64	34.07	14.19

Senator GEORGE. We will next hear Mr. Bull, representing the American Veterans Association.

STATEMENT OF CORNELIUS H. BULL, OF VIRGINIA, GENERAL COUNSEL, AMERICAN VETERANS ASSOCIATION

Mr. BULL. Mr. Chairman, I shall be very brief. The position of our association is practically identical with that of Captain Kirby, of the D. A. V., except we do take the position that section 7 of H. R. 5452 is utterly absurd and should be stricken from the bill. It proposes to compensate a man who was wounded to a less degree than 10 percent. It is going to be excessively costly. It is entirely unjust and uncalled for. As to the cost of it: I have heard no remark yet made that the widows of these men who have been disabled less than 10 percent by wounds will be entitled, under present laws, to go on the pension rolls when the veterans die from any cause whatsoever. That widow, if you please, may be a woman who married the veteran as late as May 13, 1938, and who was perhaps not born until after the World War.

If we go into a pension system, Congress will have to impose a gigantic burden of taxes on this country to pay that bill, because we have 4,000,000 men of the World War still living. If we are going to embark on a pension system, that is one thing. If you are going to talk about compensation; where the man had the end of his finger nicked by a piece of shrapnel and died in an accident 30 years after that, to pension his widow and call that "compensation" is utterly absurd. The American people do not want to be taxed for that. No one wants to be taxed to pay the widow of that man under those circumstances.

Section 7 of the bill is entirely objectionable, both on principle and as to cost. As General Hines just suggested here, it is a door-opener for a universal pension system, although the veterans received the bonus. As Senator Connally just remarked, the grant of the World War insurance was designed to obviate pensions for veterans. They are now here again asking for more and more money of Congress, inching along by degrees.

The cost of this thing is going to run into such gigantic and astronomical sums as to be beyond belief. We, as veterans, citizens, and taxpayers, do not like it. The American people do not want the imposition of a general pension bill. These veterans will be back next year; they will be back a year after that, calling on you gentlemen of the Congress for more and more money, as though we had an inexhaustible reservoir of money instead of an inexhaustible pile of debt.

Senator CAPPER. What is the organization you speak for?

Mr. BULL. This is the American Veterans Association. There are about 13,000 of us, Senator, who believe just as Mr. Kirby believes, and as all right-thinking citizens feel; for the man who was really hurt in service—and I do not care how or where he was hurt—whether he fell off the roof at Camp Lee or whether he stopped a bullet at Argonne—Congress can set no rate of compensation too high. But for the man who has borne arms for his country and has come out of the service unscathed, this is the discharge of one of his duties as a citizen, one of his highest obligations. He is not entitled to a dime. That is our position.

Insofar as the compensation to men for disabilities incident to their own misconduct is concerned, we adopt the same rule as that prevailing in the Army and Navy. When a man is disabled as the result of his own misconduct he is not to be put on a parity with a veteran who was honorably wounded in honorable service. Nor is he to receive a cash reward for contracting a venereal disease.

Senator GEORGE. You think there should be disability on the basis of the handicap?

Mr. BULL. Real disability with a real handicap.

Senator GEORGE. Whether it is wounds or anything else?

Mr. BULL. Precisely, sir. If a man was disabled in service so that we here may enjoy a free democratic country, that is a sacrifice which he made and he should be compensated for it. If his widow and children suffer then this country should pay them an adequate rate of compensation.

There is a bill now in the Rankin committee to give age 65 veterans \$40 a month. Representative Costello, of California, had the Veterans' Bureau submit actuarial statistics. Beginning at the year 1960, that is going to run nearly a billion dollars per year, and it is going to continue until 1968. The last veteran will die somewhere around 1996, and after the veterans come the flow of widows and dependents.

If we are going to compensate men for injuries, let us compensate them for injuries. If we are going to pension them let the American people know they must pay the tax bill for that purpose, and how much it will cost.

Senator GEORGE. I thank you. Mr. Ray, do you care to say anything on these two bills?

Mr. RAY. No, sir; Mr. Chairman; I do not care to say anything at this time on these two bills.

Senator GEORGE. Mr. Nieman.

Mr. NIEMAN. Mr. Chairman, we have nothing to say on the two bills that have just been considered by the committee.

Senator GEORGE. Mr. Church, the Military Order of the Purple Heart. Have you anything to say on these two bills?

STATEMENT OF HERBERT A. CHURCH, REPRESENTING THE MILITARY ORDER OF THE PURPLE HEART

Mr. CHURCH. Mr. Chairman, this is our first appearance before this committee, and perhaps it would be better to explain a little bit as to who we are.

Every man who is a member of the organization is decorated with the Purple Heart decoration, and he has come to it through the bestowal by the War Department; consequently we are very much interested in section 7.

Senator 6, of course, has just as much of our interest as section 7. Section 6, as has already been discussed, takes care of the anatomical loss of the eye, or the arm, or leg.

Senator GEORGE. Does your organization endorse section 7?

Mr. CHURCH. Very much, sir.

Senator GEORGE. Regardless of the degree of disability that may result?

Mr. CHURCH. Yes, sir; and suggests that the phrase "by an act of the enemy" perhaps be inserted there in place of the others that have

been suggested, a bayonet wound or gunshot wound, is inclusive of just two types, but if anything is accomplished by an act of the enemy the War Department recognizes that as singular for a decoration of the Purple Heart.

I am a little bit dubious also as to the increase with regard to section 7; 87,000 seems tremendous to us, but from the information that we have, that comes to us daily, I believe that the number will go above 87,000, and possibly to 100,000.

Senator GEORGE. We understood General Hines to give that rather as the minimum figure.

Mr. CHURCH. A minimum figure, yes. I would just like to call attention to one other point. The Administrator of Veterans' Affairs in Washington states that the average compensation received by veterans not injured in combat service is \$40.79 per man, whereas the average received by men wounded or gassed on the front line is but \$37.33 a month. There is a very great disparity there.

Senator CONNALLY. The first figure includes the second, of course. The average of all of them was \$40.79.

Mr. CHURCH. Yes. The wounded man is down below \$37.33 a month.

We do not look with favor upon introducing the social-security features into the veterans' laws in any way. We would like to see the veteran kept in the law separate, as he is now.

As to section 8, we are absolutely in favor of that, too.

I think that covers it.

Senator GEORGE. Thank you very much, sir. That completes the list of names the committee has who wished to appear. Is there anyone else who wishes to put anything into the record at this time on the two bills? If not, the committee will stand adjourned. We thank you, gentlemen.

(Whereupon, at the hour of 12:15 p. m., the committee adjourned.)

x