

VETERANS PENSIONS

1348 -12

HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-SIXTH CONGRESS
FIRST SESSION
ON
H.R. 7650

AN ACT TO MODIFY THE PENSION PROGRAMS FOR VETERANS
OF WORLD WAR I, WORLD WAR II, AND THE KOREAN
CONFLICT, AND THEIR WIDOWS AND CHILDREN

JULY 28 AND 29, 1959

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

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VETERANS PENSIONS

TUESDAY, JULY 28, 1959

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m. in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Frear, Long, Anderson, Talmadge, McCarthy, Hartke, Williams, Carlson, Bennett, Cotton, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The committee has before it for consideration this morning H.R. 7650, an act to modify the pension program for veterans of World War I, World War II, and the Korean conflict, and their widows and children. I place in the record a copy of the bill, an analysis prepared by the staff of the House Committee on Veterans' Affairs, and reports submitted by the Veterans' Administration and Bureau of the Budget. (The bill analysis and departmental reports follow:)

[H.R. 7650, 86th Cong., 1st sess.]

AN ACT To modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Pension Act of 1959".

SEC. 2. (a) Section 503 of title 38, United States Code, is amended to read as follows:

"§ 503. Determinations with respect to annual income

"In determining annual income under this chapter, all payments of any kind or from any source (including salary, retirement or annuity payments, or similar income, which has been waived, irrespective of whether the waiver was made pursuant to statute, contract, or otherwise) shall be included except—

- "(1) payments of the six-months' death gratuity;
- "(2) donations from public or private relief or welfare organizations;
- "(3) payments under this chapter, and chapters 11 and 13 (except section 412) of this title;
- "(4) payments under policies of United States Government life insurance or National Service Life Insurance, and payments of servicemen's indemnity.
- "(5) lump sum death payments under subchapter 11 of chapter 7 of title 42;
- "(6) payments to an individual under public or private retirement, annuity, endowment, or similar plans or programs equal to his contributions thereto;
- "(7) amounts equal to amounts paid by a widow or child of a deceased veteran for—
 - "(A) his just debts,
 - "(B) the expenses of his last illness, and
 - "(C) the expenses of his burial to the extent such expenses are not reimbursed under chapter 23 of this title;
- "(8) proceeds of fire insurance policies."

(b) Subchapter I of chapter 15 of title 38, United States Code, is amended by adding at the end thereof the following :

“§ 506. Resource reports and overpayment adjustments

“(a) As a condition of granting or continuing pension under sections 521, 541, or 542 of this title, the Administrator—

“(1) may require from any person applying for, or in receipt of, pension thereunder such information, proofs, or evidence as he desires in order to determine the annual income and the corpus of the estate of such person;

“(2) shall require that any such person file each year with the Veterans' Administration (on the form prescribed by him) a report showing the total income which he received during the preceding year, the corpus of his estate at the end of that year, and his estimate for the then current year of the total income he expects to receive and of any expected increase in the corpus of his estate; and

“(3) shall require that any such person promptly file a revised report whenever there is a material change in his estimated annual income or a material change in his estimate of the corpus of his estate.

“(b) If there is an overpayment of pension under section 521, 541, or 542 of this title, the amount thereof shall be deducted (unless waived) from any future payments made thereunder to the person concerned.”

SEC. 3. (a) Section 521 of title 38, United States Code, is amended (1) by redesignating subsection (b) as subsection (f); (2) by striking out all that follows “habits,” in subsection (a) and inserting in lieu thereof “pension at the rate prescribed by this section.”; and (3) by inserting immediately after subsection (a) the following:

“(b) If the veteran is unmarried (or married but not living with and not reasonably contributing to the support of his spouse) and has no child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the veteran's annual income as shown in column I:

“Column I		Column II
Annual income		
More than—	Equal to or less than—	
\$600	\$600	\$85
1,200	1,200	70
	1,800	49

“(c) If the veteran is married and living with or reasonably contributing to the support of his spouse, or has a child or children, pension shall be paid at the monthly rate set forth in column II of the following table opposite the veteran's annual income as shown in column I:

“Column I		Column II
Annual income		
More than—	Equal to or less than—	
\$1,000	\$1,000	\$90
2,000	2,000	75
	3,000	45

“(d) If the veteran is in need of regular aid and attendance, the monthly rate payable to him under subsection (b) or (c) shall be increased by \$70.

“(e) For the purposes of this section—

“(1) in determining annual income, where a veteran is living with his spouse, all income of the spouse which is reasonably available to or for the veteran except \$1,200, or 50 per centum of such income, whichever is the greater, shall be considered as the income of the veteran, unless in the judg-

ment of the Administrator to do so would work a hardship upon the veteran;

"(2) a veteran shall be considered as living with a spouse, even though they reside apart, unless they are estranged."

(b) Section 522 of title 38, United States Code, is amended to read as follows:

"§ 522. Net worth limitation

"The Administrator shall deny or discontinue payment of pension under all the circumstances, including consideration of the veteran's income, it section 521 of this title when the corpus of the veteran's estate is such that under all the circumstances, including consideration of the veteran's income, it is reasonable that some part of the corpus be consumed for the veteran's maintenance."

SEC. 4. Subchapter III of chapter 15 of title 38, United States Code, is amended by striking out sections 541 through 545 and inserting in lieu thereof the following:

"§ 541. Widows of World War I, World War II, or Korean conflict veterans

"(a) The Administrator shall pay to the widow of each veteran of World War I, World War II, or the Korean conflict who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay for a service-connected disability, pension at the rate prescribed by this section.

"(b) If there is no child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the widow's annual income as shown in column I:

"Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$600	\$600	\$60
1,200	1,200 1,800	45 25

"(c) If there is a widow and one child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the widow's annual income as shown in column I:

"Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$1,000	\$1,000	\$75
2,000	2,000 3,000	60 40

"(d) If there is a widow and more than one child, the monthly rate payable under subsection (c) shall be increased by \$15 for each additional child.

"(e) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

"(1) before (A) December 14, 1944, in the case of a widow of a World War I veteran, or (B) January 1, 1957, in the case of a widow of a World War II veteran, or (C) February 1, 1965, in the case of a widow of a Korean conflict veteran; or

"(2) for five or more years; or

"(3) for any period of time if a child was born of the marriage.

"§ 542. Children of World War I, World War II, or Korean conflict veterans

"(a) Whenever there is no widow entitled to pension under section 541 of this title, the Administrator shall pay to the child or children of each veteran of World War I, World War II, or the Korean conflict who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay for a service-connected disability, pension at the monthly rate of \$35 for one child, and \$15 for each additional child.

"(b) Pension prescribed by this section shall be paid to eligible children in equal shares.

"(c) No pension shall be paid under this section to a child whose annual income, excluding earned income, exceeds \$1,800.

"§ 543. Net worth limitation

"The Administrator shall deny or discontinue payment of pension under sections 541 or 542 of this title to a widow or child when the corpus of the estate of the survivor concerned is such that under all the circumstances, including consideration of income, it is reasonable that some part of the corpus be consumed for the survivor's maintenance."

SEC. 5. Subchapter II of chapter 17 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 617. Invalid lift for pensioners

"The Administrator may furnish an invalid lift, if medically indicated, to any veteran in receipt of pension under chapter 15 of this title based on the need of regular aid and attendance."

SEC. 6. (a) The analysis of chapter 15 of title 38, United States Code, is amended as follows:

(1) By striking out "503. Items not considered in determining income." and inserting "503. Determinations with respect to annual income.";

(2) By inserting "506. Resource reports and overpayment adjustments." immediately after "505. Payment of pension during confinement in penal institutions.";

(3) By striking out "522. Income limitations." and inserting "522. Net worth limitation.";

(4) By striking out "541. Widows of World War I veterans." through "545. Income limitations." and inserting

"541. Widows of World War I, World War II, or Korean conflict veterans.

"542. Children of World War I, World War II, or Korean conflict veterans.

"543. Net worth limitation."

(b) The analysis of chapter 17 of title 38, United States Code, is amended by inserting immediately below

"616. Hospital care by other agencies of the United States."

the following:

"617. Invalid lift for pensioners."

SEC. 7. (a) Section 1441 of title 10 of the United States Code is amended by inserting "and chapter 15" after "415 (g)".

(b) Section 608 of the Federal Employees' Pay Act of 1945 (5 U.S.C. 948) is amended by striking out "annual income or" and "section 522 or title 38, United States Code, or".

(c) Subsection (b) of section 20 of the Railroad Retirement Act of 1937 (45 U.S.C. 228 s-1 (b)) is repealed.

SEC. 8. (a) Any claim for pension which is pending in the Veterans' Administration on June 30, 1960, or any claim for death pension filed thereafter within one year from the date of death of a veteran which occurred prior to July 1, 1960, shall be adjudicated under title 38, United States Code, in effect on June 30, 1960, with respect to the period before July 1, 1960, and, except as provided in subsection (c), under such title, as amended by this Act, thereafter.

(b) Nothing in this Act shall affect the eligibility of any person receiving pension under title 38, United States Code, on June 30, 1960, for pension under all applicable provisions of that title in effect on that date for such period or periods thereafter with respect to which he can qualify under such provisions. This subsection shall not apply in any case for any period after pension is granted, pursuant to application, under title 38, United States Code, as amended by this Act.

(c) Subsection (b) shall apply to those claims within the purview of subsection (a) in which it is determined that pension is payable for June 30, 1960.

SEC. 9. This Act shall take effect on July 1, 1960.

Passed the House of Representatives June 15, 1959.

Attest:

RALPH R. ROBERTS, *Clerk.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES, OLIN E. TEAGUE, CHAIRMAN

NON-SERVICE-CONNECTED PENSIONS—H.R. 7650

Title: To modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children and their dependents

Mr. Teague of Texas. Introduced and referred June 10, 1959

1. Provides a sliding scale of pensions based on the income and dependency status of the recipient. Such scale of pension rates applies to veterans, and to widows and children, as indicated below:

Veteran, no dependents			Veteran with dependent		
Annual income		Monthly pension	Annual income		Monthly pension
More than—	But equal to or less than—		More than—	But equal to or less than—	
	\$600	\$55		\$1,000	\$90
	1,200	70		2,000	75
		40		3,000	45

Above rates increased by \$70 when veteran needs regular aid and attendance. In addition, for this group the Administrator may furnish an invalid lift. (Invalid life benefit applies to all wars.)

Widows and children

Widow, no child			Widow, 1 child ¹			No widow, 1 or more children	
Annual income		Monthly pension	Annual income		Monthly pension	Annual income equal to or less than (earned income excluded)—	Monthly pension
More than—	But equal to or less than—		More than—	But equal to or less than—			
	\$600	\$60		\$1,000	\$75	\$1,500	\$35 for 1 child and \$15 for each additional child.
	\$600	45	\$1,000	2,000	60		
	1,200	25	2,000	3,000	40		

¹ Plus \$15 for each additional child.

Of all single veterans now receiving pension, 286,000, or 80 percent, will get more money. Sixty-two percent, or 270,000, of the veterans with dependents get more while 70 percent, or a total of 298,000, widows and orphans stand to benefit by passage of this bill. Eighty-seven percent of veterans receiving aid and attendance will be increased.

Of all pensioners, married and single veterans, widows and orphans, 70 percent will get a raise; 854,000 cases would be increased; 72,000 cases would be added to the rolls because of the higher income limits; 206,000 cases would

VETERANS' PENSIONS

be added to the rolls because of the equalization of death pension eligibility. The total cases helped would be 1,132,000.

2. All income, regardless of source, counts except:

- (a) payments of the 6 months' death gratuity;
- (b) donations from public or private relief or welfare organizations;
- (c) payments by VA of pension, compensation, and dependency and indemnity compensation;
- (d) payments under policies of U.S. Government life insurance or national service life insurance, and payments of servicemen's indemnity;
- (e) lump-sum social security death payments;
- (f) payments to an individual under public or private retirement, annuity, endowment, or similar plans or programs equal to his contributions thereto;

(g) amounts equal to amounts paid by a widow or child of a deceased veteran for—

- (1) his just debts,
- (2) the expenses of his last illness, and
- (3) the expenses of his burial to the extent such expenses are not reimbursed by VA;

(h) proceeds of fire insurance policies.

3. The income of the spouse (if not estranged) may count as the veteran's income. In determining annual income, where a veteran is living with his spouse, all income of the spouse which is reasonably available to or for the veteran except \$1,200, or 50 percent of such income, whichever is the greater, shall be considered as the income of the veteran, unless in the judgment of the Administrator to do so would work a hardship upon the veteran.

4. All waived income counts.

5. Discretionary authority for a finding on the net worth of the veteran or the widow or child which could lead to a determination that the applicant is not eligible for pension because of net worth.

6. Places World War II and Korean conflict widows and children on same basis as widows and children of World War I for purposes of pension eligibility.

7. Under the savings provision, the amendments to title 38, United States Code, will not apply to pensioners on the rolls on the day before the effective date unless they seek and are granted pension under the amended title 38. Thus, no person on the pension rolls on the day before the effective date shall have his pension reduced or shall be removed from the pension rolls because of the enactment. All persons on the pension rolls on the day before the effective date will be permitted election to the higher rates if they qualify under the new program.

8. Effective July 1, 1960.

Estimate of cost of H.R. 7650

[In thousands of dollars]

Year	Total	Living veterans	Deceased veterans' cases	Widow's equalization
1st.....	\$307,880	\$103,315	\$50,303	\$154,268
2d.....	294,230	85,024	47,121	162,085
3d.....	287,698	49,222	40,757	177,719
4th.....	227,900	4,481	31,211	201,170
5th.....	174,830	176,089	18,463	282,436
1970.....	307,830	153,616	12,784	364,229
1975.....	415,046	147,871	18,108	481,025
1980.....	502,934	196,278	20,023	618,285
1985.....	364,828	328,052	15,976	706,856
1990.....	105,772	166,629	11,235	783,636
1995.....	18,575	197,237	17,748	796,411
2000.....	123,514	326,996	31,876	733,357
Cumulative to 2000.....	10,126,140	12,393,140	231,366	22,742,655

¹ Savings.

Hearings: May 9, June 4, 5, 9, and 10, 1959.

Reported: June 11, 1959; H. Rept. 537.

Passed: House, June 15, 1959, by division vote, 226 yeas to 8 nays.

(Pending before Senate Committee on Finance.)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., July 24, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: This will acknowledge your request of June 17, 1959, for the views of the Bureau of the Budget with respect to H.R. 7650, a bill "To modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children."

On April 15, 1959, the Administrator of Veterans' Affairs submitted a draft bill for similar purposes which was introduced as H.R. 6432. This bill was the result of thoroughly considered efforts by the executive agencies over a period of several years to develop a sound and equitable proposal for modernizing the veterans' pension laws. It was designed to modify the traditional veterans' pension program so it could continue to serve a useful and proper function under present day conditions where the Government has developed other extensive and closely related programs to provide income for aged or disabled citizens and for their survivors. It still represents our views.

It has been evident for some time that a thoroughgoing overhaul of the veterans' pension laws was needed in order to correct serious deficiencies which result in inadequate benefits to the genuinely needy while providing pensions to a large and increasing number of veterans who have incomes larger than many people who pay taxes for their support. Expenditures for pensions are mounting rapidly and legislation is badly needed if we are to most effectively spend the billions of dollars for pensions projected in the years to come. In the next 40 years aggregate pension disbursements under present laws are estimated at \$106 billion—an average of more than \$2.5 billion a year.

We believe the provisions of H.R. 6432 would continue the veterans' pension program on a basis which would be fair to the veterans and yet not impose unnecessary burdens upon the taxpayers of the Nation. In keeping with the basic principle that pensions are designed to provide assistance to those in need, it would increase rates for veterans and dependents of veterans who have little or no other income. The largest increases would be for those with families. On the other hand, graduated income limitations would provide progressively lower pensions to veterans as their other income increases. All income, except public or private welfare payments, received by a veteran and his spouse would be counted, and assets would be considered, in determining eligibility for pension. While the maximum income limitations under the bill would compare favorably with those under present law, the sliding income scale and the related provisions would provide a more equitable basis for meeting need. These new provisions, however, would not be applied to individuals now receiving pensions because they would be permitted to continue under provisions of present law as long as they remain continuously on the pension rolls.

H.R. 6432 would increase benefits for 55 percent of all those presently on the rolls and would reduce benefits for no person now receiving pension. It would require added expenditures of \$100 million above present law in its first year, but in the next 40 years would reduce significantly the projected outlays under existing laws.

H.R. 7650 embodies some of the features proposed by the administration. It uses the graduated income limitations to mitigate the all-or-nothing weakness of the present flat income limitations and provide increased pensions to those with lesser amounts of other income. It also counts part of the spouse's income and certain other income now excluded from the limitations, as well as assets, in determining eligibility for pension.

However, while paralleling the administration bill in form, the major substantive provisions of H.R. 7650 depart significantly from the objectives recommended by the President in the following respects:

1. The income limitations proposed are too high to serve as effective tests of need. The maximum limits on outside income of \$1,800 a year for a single veteran and \$3,000 a year for a married veteran are \$400 and \$300 higher, respectively, than under present law and higher than the maximum benefits provided under social security.

2. The rates of pension for veterans in the upper permitted income brackets are excessive. A single veteran with \$1,800 of income would receive a tax-free pension of \$480 a year (\$2,280 in all). A married veteran with \$3,000 of outside

income would receive tax-free pension payments of \$540 a year (\$3,540 in total, or even more if the spouse has income). The inadequacy of the proposed income limits as tests of need is indicated by the fact that other people with income of this size are required to pay \$300 to \$400 of Federal income taxes.

3. Insufficient recognition would be given to veterans with dependent children. A flat maximum rate of \$90 per month would be provided for all veterans with dependents, regardless of number, as contrasted with graduated rates of up to \$100 for veterans with children under the administration proposal.

4. Large and increasing amounts of income would be exempted from the income limitations. The bill entirely exempts other Veterans Administration payments. It exempts \$1,200 a year or 50 percent, whichever is greater, of the spouse's income. It also exempts social security and other contributory benefits completely until the individual has received benefits equal to his prior contributions. These exemptions will result in anomalous and wasteful situations under which individuals or families with incomes of \$5,000, or even \$10,000, a year, will be able to receive VA pensions.

5. Millions of widows and children of World War II and Korean conflict veterans would be established as likely potential recipients of veterans pensions on the same basis as dependents of World War I veterans. The extensive readjustment benefits which have raised the living standard of World War II and Korean conflict veterans and their families and the extension and improvement of our social security programs so that survivorship protection is almost universally enjoyed by them make this costly change of relatively low priority.

6. The bill, including the provisions for widows and children, would cost \$308 million more than present law the first year. In the next 40 years, instead of effecting a saving, it would add \$10 billion to the cost of the program under present law.

In the 1960 budget message (p. M73), the President stated:

"We must continue veterans' pensions and increase pension rates for those who are without other resources, particularly if they have families. However, eligibility should be determined according to effective tests of need, both as to income and as to net worth, so that payments will no longer be made where the veteran or his family has adequate resources for basic necessities from other sources. Properly applied, I believe this approach can better serve those who are now in need and at the same time minimize the burden placed on taxpayers by present laws."

H.R. 7650 represents a considerable departure from the principles recommended by the President. On the other hand, enactment of legislation along the lines of H.R. 6432 would be in accord with the program of the President, and we therefore urge that it receive your favorable consideration.

Sincerely yours,

ELMER B. STAATS,
Acting Director.

VETERANS' ADMINISTRATION,
July 24, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: I am pleased to respond to your request for report on H.R. 7650, 86th Congress.

The purpose of the bill is to modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children.

Disability pensions are now available to these veterans if they are seriously disabled from causes not related to service. The basic pension rate is \$66.15 monthly and is raised to \$78.75 when the disabled veteran is 65 years of age or has been on the pension rolls for 10 consecutive years. Those who require aid and attendance are paid \$135.45 per month. No pension however is paid to a single veteran whose annual income exceeds \$1,400 or to a married veteran with an annual income in excess of \$2,700.

Death pensions are payable to certain widows and orphans of veterans of World War I, World War II, or the Korean conflict who die from causes not attributable to their service. The basic monthly rate for a widow alone is \$50.40. If there is a widow and one child the rate is increased to \$63, and \$7.56 is payable for each additional child. Pension of \$27.30 monthly may be paid

for a child if there is no widow, \$40.95 for two children, \$54.60 for three children, and \$7.56 for each additional child. Pension may not be paid to a widow or a child whose annual income exceeds \$1,400. The widow with one or more children is subject to an income limitation of \$2,700 annually.

H.R. 7650 would establish a graduated scale of pension payments which would vary according to income and family status. The maximum annual income limitation would be \$1,800 for a single veteran, a widow, or a child, and \$3,000 for a veteran with a wife or child and for a widow with a child. The monthly pension rates would range through three increments from \$85 to \$40 for a single veteran; \$90 to \$45 for a veteran with wife or child; \$60 to \$25 for a widow; \$75 to \$40 for a widow and child, plus \$15 for each additional child; and \$35 for a child alone, plus \$15 for each additional child. The veteran's rate would be increased by \$70 monthly if he needs regular aid and attendance.

In determining annual income the bill would require exclusion of the following: (a) payments of the 6 months' death gratuity; (b) donations from public or private relief or welfare organizations; (c) payments by the Veterans' Administration of pension, compensation, and dependency and indemnity compensation; (d) payments under policies of U.S. Government life insurance or national service life insurance, and payments of servicemen's indemnity; (e) lump sum social security death payments; (f) payments to an individual under public or private retirement, annuity, endowment, or similar plans or programs equal to his contributions thereto; (g) amounts equal to amounts paid by a widow or child of a deceased veteran for (1) his just debts, (2) the expenses of his last illness, and (3) the expenses of his burial to the extent such expenses are not reimbursed by the Veterans' Administration; and (h) proceeds of fire insurance policies.

Currently (a), (c), (d), (f), and (h) are excluded as well as mustering-out pay, Federal or State bonus payments, railroad retirement benefits, annuities paid by service departments to survivors of deceased retired members of the Armed Forces, and compensation for overtime performed in the Federal Government.

Other changes in income computation provided by the bill are nonrecognition of any waiver of income, and charging the veteran with his spouse's annual income in excess of \$1,200 or 50 percent, whichever is greater, unless to do so would work a hardship on him. Further it grants authority to deny pension when the net worth of the claimant's estate is so large that a part should be used for his maintenance.

Under existing law widows and children of World War II or Korean conflict veterans are ineligible for pension unless the veteran at time of death had some percent of service-connected disability. H.R. 7650 would eliminate this requirement and thereby make these groups eligible for death pension on the same basis as widows and children of World War I veterans.

The bill would preserve the eligibility under present law of persons on the pension rolls when it would become effective (July 1, 1960), as well as those whose claims are pending at that time. The new program would, of course, be available to such persons and, if they so elected, it would become the only system under which they might qualify thereafter.

Section 5 of the bill authorizes the Veterans' Administration to furnish an invalid lift, if medically indicated, to veterans receiving pension based on need for aid and attendance. This benefit would be available to eligible veterans of all wars.

You will recall that on April 15, 1959, I submitted to the Senate a proposal to modernize the pension programs for veterans of World War I, World War II, and the Korean conflict, and their dependents. I pointed out present inequities and deficiencies and explained how my proposal would remedy them. H.R. 7650 embodies a number of the basic principles I advocate. However, in certain areas it departs from the concept of pension based on need.

My proposal recommended the principle of a graduated scale of pension payments. I believe the rate tables I recommended are consistent with a pension program designed to assist needy veterans and dependents. On the other hand the maximum income limitations proposed by H.R. 7650 are too high while the tests of need are too low.

Any program based on need should contain a realistic test of need. H.R. 7650 departs from this principle in failing to take into account all moneys available for support. This is exemplified in its provisions excluding certain payments from computation as annual income. The availability of a dollar rather than its source should control in determining whether a person needs assistance.

H.R. 7650 partially recognizes this principle in requiring that a portion of a spouse's income should be charged to a veteran seeking pension assistance. The basis for partial exclusion is not apparent. Recognizing the realities of the situation, I believe that all of a spouse's income should be counted if the veteran and his spouse are living together.

While a pensioner is being maintained at Veterans' Administration expense in a hospital or home, the need on which his pension is based has been materially reduced. I have recommended the elimination of this duplication of benefits by reducing his pension after a short period of such hospitalization or home care. H.R. 7650 does not take account of this duplication.

As previously noted the bill provides for equalizing death pension eligibility requirements. This was not included in our legislative program this year because of the primary importance of correcting the more basic inequities in the present pension system. It should be remembered, of course, that veterans of World War II, and the Korean conflict have been provided with liberal readjustment benefits for themselves and their families.

The first 5-year net additional cost of H.R. 7650, if enacted, is estimated as follows:

[In thousands of dollars]

Year	Total	Living veterans	Deceased veterans' cases	Death pension equalization
1st	307,886	103,315	50,303	154,268
2d	294,230	85,024	47,121	162,085
3d	267,698	49,222	40,757	177,719
4th	227,900	14,481	31,211	201,170
5th	174,830	176,089	18,483	232,436

¹ Savings.

Over the next 40 years H.R. 7650, which includes \$22 billion for death pension equalization, would cost \$10 billion more than existing law. My proposal, on the other hand, would significantly reduce projected outlays under existing law.

Insofar as it embodies those basic principles I submitted with my proposal of April 15, 1959, H.R. 7650 represents a forward step. However, I feel that my proposal would provide a more realistic test of need, result in a more equitable pension system than is authorized by present law or as it would be amended by H.R. 7650, and carry out the President's desire to "better serve those who are now in need and at the same time minimize the burden placed on taxpayers by present law."

Sincerely yours,

SUMNER G. WHITTIER, *Administrator.*

The CHAIRMAN. The first witness this morning is the very distinguished Director of the Bureau of the Budget, Mr. Maurice H. Stans.

STATEMENT OF MAURICE H. STANS, DIRECTOR OF THE BUREAU OF THE BUDGET

Mr. STANS. Mr. Chairman and members of the committee, I appear here this morning at the request of the committee to discuss H.R. 7650 which was passed by the House on June 15, 1959.

With me today is Deputy Director Elmer B. Staats and several members of the staff of the Bureau and the Commissioner of Social Security, William L. Mitchell, who are here to assist the committee in answering any questions of detail that the committee may be interested in following.

The legislation which you are considering involves major modifications in the approach to veterans' pensions and, if enacted, is likely to determine national policy on veterans' pensions for many

years to come. Moreover, because of the size and cost of the veterans' pension program, legislative proposals affecting this program are naturally of interest not only to veterans but to all Federal taxpayers.

I would like immediately to clear up one point with regard to this legislation on which there has apparently been some misunderstanding in the Congress and by the public. Of the major pension bills that have recently been considered by the Congress, the administration has, until the views of the Bureau of the Budget were submitted to your committee last Friday, expressed its position only on H.R. 6432.

This is a bill which was transmitted to the Congress by the Administrator of Veterans' Affairs on April 15, 1959. It still is the bill favored by the administration. I want to make it as clear as I can that H.R. 7650 in its present form is not satisfactory to the administration for a number of reasons.

Mr. Chairman, it has been evident for a number of years that a thoroughgoing overhaul of the veterans' pension programs was needed to place these programs on an equitable and sound basis.

First, it has been clear that a number of serious deficiencies exist in the provisions of the present law. These result in inequitable treatment of individuals in essentially similar situations. They also result in inadequate benefits to the genuinely needy while affording pensions to a large and increasing number of veterans who have incomes larger than many people who pay taxes for their support. I will discuss this later.

Second, there have been important changes in our society. The veteran population of our Nation has expanded to 23 million; with their dependents they constitute nearly 45 percent of our entire population. Also, our social security system has grown and now is applicable to 9 out of 10 veterans.

Third, the cost of veterans' pensions has been mounting rapidly with the prospect that the current annual expenditure of \$1 billion under present law will triple to about \$3 billion a year in the next several decades and will aggregate more than \$100 billion in the next 40 years.

In speaking of veterans' pensions, it is highly important to bear in mind that these are payments which are made by the Government to veterans who did not incur any disability while in the service, or to their surviving dependents. These non-service-connected pensions, therefore, must be carefully differentiated from the compensation and other benefits which are paid to veterans with service-incurred injuries. It is generally recognized that the Government has a much more direct obligation to the service disabled than it does to individuals who served in the Armed Forces during a war period without any injury and who may later require aid for reasons which are not related to their prior military service.

At the direction of the President, the executive agencies have in the last 4 years spent a great deal of effort to work out a suitable proposal for modernizing veterans' pensions. Included in these efforts was an intensive factfinding study of benefits by the President's Commission on Veterans' Pensions, headed by General of the Army Omar N. Bradley.

In the 1960 budget message, the President stated :

We must continue veterans' pensions and increase pension rates for those who are without other resources, particularly if they have families. However, eligibility should be determined according to effective tests of need, both as to income and as to net worth, so that payments will not longer be made where the veteran or his family has adequate resources for basic necessities or from other sources. Properly applied, I believe this approach can better serve those who are now in need and at the same time minimize the burden placed on taxpayers by present laws.

To carry out the President's recommendations, the Administrator of Veterans' Affairs on April 15, 1959, submitted to Congress a draft bill which was introduced in the House as H.R. 6432. In keeping with the basic principle that pensions are designed to provide assistance to those in need, this bill proposed ;

1. Liberally increased pension rates for veterans and surviving dependents of veterans with little or no other income. For example, for veterans with dependents, maximum monthly pension rates were increased from \$66.15, or \$78.75 for those over 65 years old or on the rolls more than 10 years, to rates of \$90, \$95, or \$100 a month depending upon the number of dependents. This represented increases of 14 to 51 percent over existing rates. It compares with an increase of about 8 percent in the cost-of-living index which has occurred since 1954 when pension rates were last increased.

2. Graduated income limitations, generally in five steps, which would provide progressively smaller pensions to veterans with progressively higher amounts of other income. The maximum income limits proposed—\$1,440 for single veterans and a range of \$2,740 to \$2,860 for veterans with dependents—were higher than those of \$1,400 and \$2,700, respectively, under the existing law.

3. Inclusion of all income, except public and private welfare payments, under the income limitation to be used in determining eligibility for pension ; and consideration, too, of assets owned by the veteran.

4. A savings clause for all individuals now receiving pensions, in order that they could continue receiving pensions no less than those computed under provisions of present law so long as they remain continuously on the rolls.

H.R. 6432 would increase the benefits for 55 percent of all persons presently on the rolls and would not reduce benefits for anyone now receiving a pension. It would require added expenditures of almost \$100 million above present law in its first year but in the next 40 years would reduce significantly the projected outlays under existing law. This would occur principally because payments to newly qualifying veterans with higher incomes—which will tend to be higher in future years with the growth of social security and other retirement benefits—would be reduced under the sliding-scale formula.

H.R. 7650 as passed by the House does embody some of the concepts proposed by the administration. It uses graduated income limitations, which would mitigate the all-or-nothing weakness of the present flat income limitations. It provides increases in pensions for those with little or small amounts of other income. It would also count part of the spouse's income and certain other income which is now excluded from the income limitations in existing law. It provides for consideration of assets in determining eligibility for a pension.

In a number of major respects, however, H.R. 7650 departs significantly from the recommendations of the President, particularly from his main principle that "eligibility standards should be determined according to effective tests of need":

1. The income limitations in the bill are too high to serve as an effective test of need. The maximum limitations on outside income would be \$1,800 a year for a single veteran and \$3,000 a year for a married veteran. These are \$400 and \$300 a year higher, respectively, than the present income limitations of \$1,400 and \$2,700.

The excessiveness of the maximum income limitations in H.R. 7650 as measures of need can be demonstrated by comparing them with the benefit levels under the old-age, survivors, and disability insurance program (OASDI), which was enacted to serve the needs of retired and disabled people generally:

(a) Under H.R. 7650 a single veteran with an income of \$1,800 a year will qualify for a veteran's pension even though his income would then be more than double the average annual OASDI benefit of \$865 now being paid to retired workers. A single veteran who is receiving an average OASDI benefit will, under the bill, get a tax-free VA pension of \$840 a year. It is true that the average OASDI benefit will increase through the years. Nevertheless, under the bill, a single veteran receiving the maximum OASDI benefit possible in future years, amounting to \$1,524, will still get a tax-free VA pension of \$480.

(b) A married veteran would, under H.R. 7650, be allowed a top limit of other income of \$3,000 a year, and \$4,200 or even more if his wife has income. The average retired couple under OASDI now receives \$1,428, and H.R. 7650 would provide such a couple a tax-free VA pension of \$900 a year more. The maximum OASDI benefit in future years for such a couple will be \$2,286, and H.R. 7650 would provide a tax-free VA pension of \$540 more.

In our judgment, the maximum income limitations established by H.R. 7650 are too high. They are correspondingly higher in the lower brackets which are set in proportion and which actually govern the amount of money paid to a larger number of beneficiaries.

2. The pension rates for veterans in the bill's upper income brackets are too high. A single veteran with \$1,800 of income would receive a tax-free pension of \$480 a year—\$2,280 in total. A married veteran with \$3,000 of outside income would receive a tax-free pension payment of \$540—\$3,540 in total, and would be eligible for the same pension even if his spouse had additional income of \$1,200, or in some cases more than that.

The maximum amount of total income including pension under H.R. 7650 for a single veteran is \$720 a year more than the amount proposed in H.R. 6432. For a married veteran with a total income of \$3,540 it is \$680 more. These disparities in the top brackets also affect the lower brackets relatively.

It seems to us that the level of payments to veterans proposed under H.R. 7650 is an excessive, long-term burden to the taxpayers who must foot the bill, keeping in mind that the veteran population is now very large and the number of VA pensioners will be greatly in-

creasing. We believe it can be assumed that the number of VA pensioners who pay income taxes is relatively small, because their OASDI and VA pension benefits are tax free and those over 65 receive double tax exemptions.

People with far less income than the veterans who would receive pensions under H.R. 7650 are now required to pay substantial Federal income taxes. This can be demonstrated by reference to the standard tax table for 1958 issued by the Commissioner of Internal Revenue. For example, this table shows that a single person would start paying Federal tax if his income exceeded \$675. A single person with an income of \$2,280, which is the figure for a veteran in the maximum bracket, would be required to pay a Federal tax of \$292. A married couple, filing jointly under this schedule, would start paying tax when income exceeds \$1,325 a year; with \$3,540 of total income which is possible for a married veteran in the top bracket, the tax would be \$395.

Data from the Department of the Treasury indicate that a substantial proportion of all people who pay Federal personal income tax have total incomes lower than the maximum income plus pension which would be allowed under H.R. 7650. In 1956, the last year for which detailed data are available, approximately 43 percent of the 14 million taxpayers who filed taxable individual returns had adjusted gross incomes of \$2,280 or less. Similarly, 18 percent of the 32 million people filing taxable family returns had incomes of \$3,540 or less.

Information from the Bureau of the Census shows that the great majority of people 65 years of age or older have incomes lower than the top amounts of \$2,280 and \$3,540 possible for those receiving pensions as provided in H.R. 7650. In 1957 nearly 85 percent had incomes less than \$2,280 a year. If the Federal Government were to underwrite incomes for all our 15 million elderly on the basis proposed in H.R. 7650, the cost would be tremendous.

3. While some of the rates in H.R. 7650 are too high, insufficient recognition would be given to disabled veterans who have dependent children. A flat maximum rate of \$90 per month would be provided for all veterans with dependents, regardless of number. This contrasts with graduated rates under the administration bill of up to \$100 a month for veterans with children. We believe the need principle supports such a scale.

4. Large amounts of income would be exempted from the income limitations proposed under H.R. 7650, and these amounts will increase into the billions with the passage of time. The provisions which produce the most objectionable results are these:

(a) Exemption of \$1,200 or 50 percent, whichever is greater, of the spouse's income.

(b) Exemption of social security and other contributory benefits until the veteran's contributions have been recouped.

(c) Exemption of all other VA payments, as well as other income equal to the debts of the veteran and the expenses of his last illness and burial.

In a real test of need, there seems no reason to exclude any part of the spouse's income. Moreover, since the bill makes no distinction between income to a spouse from work and from investment or other

sources, it would actually create incentives for veterans to transfer assets or sources of income to their spouses.

The exemption of the contributory portion of social security benefits or other retirement payments until the veteran has recouped the full sum of his contributions contradicts the need principle. These recurring retirement and annuity payments, regardless of source, are available to buy the essentials of living. The significance of these exclusions is indicated by the one fact that, while the portion of OASDI benefits represented by return of contributions does not loom large at present, it is estimated that by 1985 about one-third of all OASDI benefits would not be counted as income under H.R. 7650. Inasmuch as OASDI benefits will be on the order of \$25 billion by 1985, this would be a huge loophole. Similarly, billions of dollars of company, civil service, or insurance annuity payments would be allowed to go uncounted in determining need for pension.

Now let me give you a few individual case illustrations:

(a) H.R. 7650 would permit a retired Federal employee receiving \$5,000 or more a year from the civil service retirement system to obtain a VA pension for several years.

(b) A professional man, such as a physician, who had purchased from an insurance company an annuity of \$10,000 or more a year, could, depending on his other income, receive a pension until his earlier premiums had been recouped; the same would be true of a business executive who had contributed to a company retirement plan.

(c) A veteran whose wife has an income of \$6,000 a year could qualify for pension.

It is hard to understand why individuals with such substantial incomes should be eligible for pensions under a program which is intended to be based on need.

Some of these exemptions from the income limitations are found in existing law, but this does not make them desirable or appropriate. They result in anomalous and wasteful situations. If allowed to continue in H.R. 7650 they will go far toward undermining the effectiveness of the need principle.

5. H.R. 7650 would provide a separate \$1,800 exemption for each child of a deceased veteran without regard to the financial situation of the mother or of the child's foster father. Even earned income would be exempted from this limitation. For example, under this provision three children would have a combined exemption of \$5,400 a year for income such as social security payments, plus whatever they earned. The net result of these income provisions would be the payment of pensions to practically all minor children of deceased veterans.

6. The bill would also liberalize the eligibility requirements for dependents of deceased World War II and Korean conflict veterans so that they correspond to present requirements for survivors of World War I veterans. Since there are 20 million World War II and Korean conflict veterans, this would establish many millions of widows and children as potential recipients of pensions.

Extensive readjustment benefits have helped to increase the opportunities and raise the living standards of World War II and Korean

conflict veterans and their families. These veterans are also in a much different situation than veterans of earlier wars, because with the extension and improvement of our social security programs 90 percent of them are currently insured under the survivorship provisions of OASDI. Furthermore, dependents of World War I veterans did not receive eligibility on the basis proposed by H.R. 7650 until 1944, 26 years after that war ended, whereas only 14 years have elapsed since the end of World War II.

We believe that the eligibility requirements for survivors incorporated in H.R. 7650, which would cost \$154 million the first year and \$23 billion in the next 40 years, are not as meritorious as other changes favored by the administration and are particularly undesirable in their present form in view of the high income limitations and the numerous exemptions which, as I have pointed out above, depart from the principle of need—a principle which, we believe, should be as applicable to widows and children as to veterans.

H.R. 7650 is a bill that, in the eyes of the administration, is too costly to the American taxpayer. In its first year the benefits provided by the bill would cost \$308 million more than authorized by present law. In other words, there would be an immediate increase of 30 percent in Federal expenditures for non-service-connected veterans' pensions. Furthermore, over the next 40 years, H.R. 7650 would add \$10 billion to the cost of these pensions under present law whereas the administration proposal would, with liberal pensions but a strict test of need, reduce future pension costs. This is illustrated in the following table:

Projected pension costs

[In millions]

Fiscal year	Present law	Net change from present law	
		H. R. 7650	H. R. 6432
1st year.....	\$993	+\$308	+\$98
2d year.....	1,038	+294	+46
3d year.....	1,128	+268	-58
1965.....	1,144	+175	-422
1975.....	1,833	+415	-672
1985.....	2,947	+365	-1,380
Cumulative to year 2000.....	165,737	+10,128	-47,862

If the veterans' pension system is to be reasonable, we believe it must be modified so that payments are fully justified on the basis of real need, which means that they must be properly related to other social welfare programs and must take account of other veterans' benefits.

Readjustment benefits, for example, have provided education and training, unemployment compensation, and home loan benefits for World War II and Korean conflict veterans at a cost to date of about \$27 billion. Furthermore, we should and will continue to provide disability and death compensation and hospital and other benefits for veterans disabled in service, who are our first responsibility.

The Federal Government is presently spending \$5 billion a year for veterans' services and benefits and veterans already enjoy a highly

preferred position among the groups which receive special Federal assistance.

There is one more important point. World and domestic developments have placed upon the Federal Government a whole range of urgent responsibilities which have resulted in the continuation of a high Federal budget and create the prospect that financial stringency will continue for many years. Continuing world tension requires large security expenditures, and there are also great pressures for expansion in a wide range of domestic programs. The continuation of Federal expenditures and taxes at record peacetime levels has helped generate inflationary pressures, which, if allowed to continue unabated can weaken our whole economy. In this situation, there are many claimants for Federal resources and not all desires can be met.

We are gratified that the principle of basing veterans' pensions on need has received wide acceptance. However, this will mean little or nothing if the income limitations and other specific provisions of law which govern the payment of veterans' pensions are allowed to deviate to widely from the basic standards in the other social programs applicable to the general population.

We support the continuation of a separate veterans' pension system. However, we believe that the benefit provisions of H.R. 7650 are deficient in the many respects which I have noted and that the cost of pensions under this bill would be far higher than is necessary. We urge your committee to adopt a pension bill which will provide a sound, equitable, and adequate program free from the serious defects which H.R. 7650 contains.

The CHAIRMAN. Thank you very much, Mr. Stans.

Mr. Stans, do I understand that this bill as passed by the House would increase the non-service-connected pensions by 30 percent?

Mr. STANS. In the first year.

The CHAIRMAN. How much would the increase be over the 40-year period?

Mr. STANS. The increase would be \$10 billion between now and the year 2000.

The CHAIRMAN. How long has it been since the last increase?

Mr. STANS. The last increase in pensions, I understand, occurred in 1954.

The CHAIRMAN. Was it last year that this committee reported on a bill granting a 10-percent increase for those in the service-connected categories?

Mr. STANS. As I understand it, the bill that was reported out was enacted last year, but I am not sure of the percentage at the moment.

The CHAIRMAN. Can that information be furnished?

Mr. STANS. I will furnish it for the record.

(The information supplied by the Director of the Bureau of the Budget follows:)

The last general increase in veterans' service-connected disability compensation rates was authorized by Public Law 85-168, approved August 27, 1957. It provided increases of 10 percent in basic rates for disabilities rated from 10 to 90 percent in degree and in the additional allowances for dependents. The basic rate for total disability was increased from \$181 to \$225 a month (about 24 percent). Most statutory rates were increased 10 percent, although some were raised by 30 percent and others were left unchanged. The estimated first-year cost of the bill was \$169,700,000.

The CHAIRMAN. It is my recollection that it was 10 percent.

Mr. STANS, are you prepared to furnish a statement showing an itemized cost comparison between the House bill and the administration bill?

Mr. STANS. Breaking down each of the money changes in cost. I am not prepared today, but I will be very glad to supply that to the committee with the assistance of the Veterans' Administration.

(The following was later received for the record:)

H.R. 7650 compared with present law

1ST-YEAR COST ANALYSIS

[In thousands of dollars]

	Total	Living veterans	Deceased veterans' cases
Present law cost ¹	\$992,703	\$729,216	\$263,487
H.R. 7650 cost changes: ²			
Increased total cost.....	307,886	103,315	204,571
Rate changes.....	\$122,796	\$86,349	\$36,447
Income limitation increases.....	30,432	16,576	13,856
Invalid lift.....	390	390	-----
Equalization.....	154,268	-----	154,268
Decreased total cost (protected by savings provision).....	69,872	52,967	16,905
Rate changes.....	45,005	29,100	15,905
Corpus of estate.....	4,170	3,170	1,000
Income exclusion.....	20,697	20,697	-----
Total cost pension program under H.R. 7650 ¹	1,300,589	832,531	468,058
Total cumulative cost (without equalization) (to year 2000).....	93,122,710	-----	-----
Total cumulative cost (with equalization) (to year 2000).....	115,865,365	-----	-----

1ST-YEAR CASELOAD ANALYSIS

On rolls present legislation.....	1,223,400	795,000	428,400
On rolls under proposal.....	1,501,100	\$26,500	674,600
New cases.....	277,700	31,500	246,200
Entitled under liberalization by income.....	(72,000)	(31,500)	(40,500)
Equalization for dependents of deceased Veterans World War II or Korea.....	(205,700)	-----	(205,700)
Increased cases (70 percent).....	854,400	556,400	298,000
Protected cases (30 percent).....	369,000	238,600	130,400
From decreases.....	(339,700)	(211,300)	(128,400)
Terminations (exceeded income limitation under the proposal).....	(29,300)	(27,300)	(2,000)

¹ World War I, World War II, and Korean conflict.

² Limitation of spouse income provision to \$1,200 or $\frac{1}{2}$ reduced terminations or decreases by \$17,567,000.

H.R. 6432 compared with present law

1ST YEAR COST ANALYSIS

[In thousands of dollars]

	Total	Living veterans	Deceased veterans' cases
Present law cost ¹	\$992, 703	\$729, 216	\$263, 487
H. R. 6432 cost changes ²			
Increased total cost.....	97, 705	78, 555	19, 150
Rate changes.....	\$95, 613	\$77, 210	\$18, 403
Income limitation increases.....	2, 092	1, 345	747
Decreased total cost (protected by savings provision).....	230, 907	170, 069	51, 838
Rate changes.....	146, 470	108, 556	37, 914
Corpus of estate.....	4, 170	3, 170	1, 000
Government maintenance.....	12, 000	12, 000
Income exclusion ³	68, 267	55, 313	12, 924
Total cost pension program under H. R. 6432 ⁴	1, 090, 408	807, 771	282, 637
Total cumulative cost (to year 2000).....	57, 875, 687

1ST YEAR CASELOAD ANALYSIS

On rolls present legislation.....	1, 223, 400	795, 000	428, 000
On rolls under proposal.....	1, 237, 221	801, 600	434, 621
New cases.....	12, 821	6, 600	6, 221
Entitled under liberalization by income.....	(12, 821)	6, 600	6, 221
Increased cases.....	⁴ 669, 055	⁵ 441, 526	⁶ 227, 527
Protected cases.....	⁷ 554, 345	⁸ 373, 474	⁹ 200, 871
From decreases.....	(469, 521)	(293, 082)	(176, 439)
Terminations (exceeded income limitation under the proposal).....	(84, 824)	(60, 392)	(24, 432)

¹ World War I, World War II, and Korea in conflict.

² Limitation of spouse income provision to \$1,200 or 1/2 reduced termination increases by \$35,114,000.

³ Includes effect of spouses income.

⁴ 55 percent.

⁵ 56 percent.

⁶ 53 percent.

⁷ 45 percent.

⁸ 44 percent.

⁹ 47 percent.

Comparison of H. R. 6432 with H.R. 7650

1ST-YEAR COST ANALYSIS

[In thousands of dollars] !

	H. R. 6432, 86th Cong.	H. R. 7650, 86th Cong.
Present law cost ¹	\$992, 703	\$992, 703
Cost changes: ²		
Increased total cost.....	97, 705	307, 886
Rate changes.....	\$95, 613	\$122, 796
Income limitation increases.....	2, 092	30, 432
Invalid lift.....		390
Equalization.....		154, 268
Decreased total cost (protected by savings provision).....	230, 907	69, 872
Rate changes.....	146, 470	45, 005
Corpus of estate.....	4, 170	4, 170
Government maintenance.....	12, 000	
Income exclusions ³	68, 267	20, 697
Total cost pension program ¹	1, 090, 408	1, 300, 589
Total cumulative cost (without equalization) (to year 2000).....	57, 875, 687	93, 122, 710
Total cumulative cost (with equalization) (to year 2000).....		115, 865, 365

1ST-YEAR CASELOAD ANALYSIS

On rolls present legislation.....	1, 223, 400	1, 223, 400
On rolls under proposal.....	1, 236, 221	1, 501, 100
New cases.....	12, 821	277, 700
Entitled under liberalization by income.....	(12, 821)	(72, 000)
Equalization for dependent of deceased veterans World War II or Korea.....		(205, 700)
Increased cases.....	⁴ 669, 055	⁵ 854, 400
Protected cases.....	⁶ 554, 345	⁷ 369, 000
From decreases.....	(469, 521)	(339, 700)
Terminations (exceeded income limitation under the proposal).....	(84, 824)	(29, 300)

¹ World War I, World War II, and Korean conflict.² Limitation of spouse income provision to \$1,200 or ½ reduced terminations or decreases.³ Includes effect of spouses income.⁴ 55 percent.⁵ 70 percent.⁶ 45 percent.⁷ 30 percent.

The CHAIRMAN. The bill before the committee, as I understand it, takes in all the widows of non-service-connected veterans.

Mr. STANS. That's correct.

The CHAIRMAN. At the present time World War II widows are eligible provided the veteran has 10 percent or more disability?

Mr. STANS. Providing he had a disability of zero percent or greater.

The CHAIRMAN. Under present law?

Mr. STANS. That is what I was referring to. That is what I understand.

Mr. Chairman, on some of these technical questions, it might be helpful if Mr. Whittier, the Administrator of Veterans' Affairs, could come to the table with me and help to answer them.

The CHAIRMAN. What is the answer to that question?

Mr. WHITTIER. 10 percent, Mr. Chairman.

The CHAIRMAN. Is what?

Mr. WHITTIER. 10 percent.

The CHAIRMAN. In other words, a widow is only eligible for pension providing she has been married to a veteran that had a minimum of 10-percent disability.

Will you identify yourself for the record?

Mr. WHITTIER. Sumner Whittier. I am the Administrator of Veterans' Affairs.

I think the problem that is being discussed is sometimes referred to as equalization or parity. There is a distinction in the treatment between the widows of World War I and the widows of World War II veterans.

The CHAIRMAN. I am speaking of World War II. I am not speaking of World War I.

Mr. WHITTIER. In order to be eligible for World War II, a widow needs some service-connected percentage; the husband at the time of death must have some percentage of service-connected disability.

The CHAIRMAN. How long were World War I widows in this situation before the qualifications were liberalized to the present point?

Mr. WHITTIER. I should think about 26 years.

The CHAIRMAN. And for World War II widows the time would be 14 years?

Mr. WHITTIER. That's correct, sir.

The CHAIRMAN. In other words, that is 12 years sooner?

Mr. WHITTIER. That would be correct, Mr. Chairman.

The CHAIRMAN. At the present time, there must have been some degree of disability for a widow to be eligible?

Mr. WHITTIER. The husband must have had some degree of service-connected disability at the time of the veteran's death in order for his widow to be eligible.

The CHAIRMAN. I understood it was 10 percent, but you say it may be less?

Mr. WHITTIER. It need not be 10 percent. It can be less than 10 percent.

The CHAIRMAN. It can be less than 10 percent. Is there a fixed minimum?

Mr. WHITTIER. I think the law says, zero percent.

The CHAIRMAN. Zero percent?

Mr. WHITTIER. Zero percent.

The CHAIRMAN. That means none?

Senator KERR. Would the Senator yield?

Are you telling the committee, Mr. Administrator, that under the law in order for eligibility not to exist there must be no service-connected disability?

Mr. WHITTIER. Not quite, sir. The Veterans' Administration—

Senator KERR. If there is zero disability, there is no eligibility for pension, is there?

Mr. WHITTIER. No, there is a distinction, sir, between having an ascertainable disability and having a zero percentage of disability.

A zero percentage means there was a service-connected disability which is now latent or dormant and which may increase at some time, may return.

Senator KERR. Well, the distinction is that there must be service-connected disability?

Mr. WHITTIER. That is the basic distinction.

Senator KERR. Although, at the time, even, of death, that might not be to the extent of being effective to the extent that it would be determinable?

Mr. WHITTIER. You are absolutely right, Senator. A man may have been killed from a non-service-connected cause. He may have died of influenza or in an automobile accident.

The distinction of whether or not his widow would be eligible was whether or not at the time of that death he had a percentage of ascertainable disability granted by the Veterans' Administration, service connected.

Senator KERR. Thank you.

The CHAIRMAN. The law says, "at the time of his death had a service-connected disability for which compensation would be payable at 10 per centum or more in degree disabling, or at the time of his death the veteran was receiving or was entitled to receive compensation based upon service-connected disability"?

Mr. WHITTIER. Yes, sir.

The CHAIRMAN. The law says service-connected disability, but it doesn't say the extent.

What is the minimum percentage?

Mr. DRIVER. Mr. Chairman, I am William J. Driver, Chief Benefits Director, Department of Veterans Benefits.

In order to draw compensation, he must have a minimum disability ratable at 10 percent but in order for the widow to be eligible there must have been present at the time of death a condition, regardless of its degree, 1, 2, 3, 4 percent, which, if it had been ratable at 10 percent, would have been compensable, so that actually, in order for the widow to be eligible, the severity of the disability does not have to be great enough to qualify for compensation.

The CHAIRMAN. How many widows would come in under the provision in the House bill?

Mr. DRIVER. An addition of about 206,000.

The CHAIRMAN. Is there any question about the fact that under present law a widow is eligible if there is any service-connected disability?

Mr. DRIVER. That's right, sir.

The CHAIRMAN. This House bill eliminates all requirements for service-connected disability?

Mr. DRIVER. There must just have been the required number of days' service on the part of the veteran and the meeting of the income limitation on the part of the widow or child.

The CHAIRMAN. But under the pending bill there is no requirement for any service disability.

Mr. DRIVER. That is correct, sir. The number of cases, sir, in the first year, we would add 205,700, approximately.

The CHAIRMAN. What would this cost?

Mr. DRIVER. The cost of that would be \$154 million.

The CHAIRMAN. You figure these programs, as I understand it, on the average life expectancy of those affected, is that right?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. And that is 40 years?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. Over the 40-year period, how much would this widow provision in the House bill cost?

Mr. DRIVER. Approximately \$22 billion.

The CHAIRMAN. Now, do you have other items of increased cost under the House bill as compared with the administration bill?

Mr. DRIVER. I have a breakdown of the cost of the House bill. I haven't got them compared.

The CHAIRMAN. Do you have a comparison with the present law?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. The committee would like the comparison with the present law and with the bill recommended by the administration. The administration bill proposes some increases?

Mr. STANS. Yes, it did; and some decreases.

The CHAIRMAN. So we would like to have an itemized comparison with present law and with administration recommendations.

Mr. STANS. We will present that in a table.

The CHAIRMAN. You do not have it with you?

Mr. STANS. No, sir.

Mr. DRIVER. I have all but the data comparing a detailed breakdown of H.R. 7650 with the administration bill. The cost of the present law for the cases we are talking about, World War I, World War II, and Korea, is just under \$1 billion—\$992,702,000.

The increase proposed in the administration's bill would be just short of \$98 million—\$97.7 the first year; and, of course, there was no provision in the proposal for the equalization of the widows feature.

The increase proposed by H.R. 7650, the bill which passed the House is in total of \$307,886,000.

Senator KERR. Over present law?

Mr. DRIVER. Yes, sir.

Senator KERR. \$209 million over the administration bill?

Mr. DRIVER. Approximately, yes. The breakdown on that cost in total is as follows:

For living veterans, \$103,315,000. This would go to veterans themselves.

For deceased veterans cases, to the widows and orphans of deceased veterans, \$204,570,758.

Senator KERR. Just right there, the administration bill would provide that the \$98 million increase over present law, what that would be to living veterans—

Mr. DRIVER. Living veterans, and also widows who qualified under present law.

There are rate increases proposed.

Senator KERR. So that insofar as the cost for the first year is concerned, as between the administration bill and the bill before us, it comes about by reason of the provision for benefits to the widows of the Korean war and later?

Mr. DRIVER. That isn't true altogether, sir.

Senator KERR. I said, in the main.

Mr. DRIVER. The largest single item of cost in the House proposal is the equalization feature for widows and orphans.

Senator KERR. You said that would be \$203 million?

Mr. DRIVER. No, sir; that provision, the equalization provision, is \$154 million.

Now, you must know that on the rolls under present law we have a substantial number of widows and orphans cases from World War I and we also have World War II and Korean widows who qualify because the veteran at the time of death met the service-connected requirement.

The CHAIRMAN. The new widow provisions account for about half the total cost of the House bill?

Mr. DRIVER. Yes, sir, for the first year.

For deceased cases, there are about \$150 million for the new feature for equalization of World War II and Korean cases, and another \$50 million which would go to cases already on the rolls qualifying under present law.

Going back to the breakdown again, \$122,795,000 is due to rate increases proposed by the bill; \$154,268,000 to equalization.

There is \$69,872,000 due to the savings provision, the so-called grandfather clause in the bill.

The CHAIRMAN. That aggregates \$307,885,000.

Over the period of 40 years, what would be the total cost?

Mr. DRIVER. \$10 million above the present law.

The CHAIRMAN. I understood you to say the widow provision would cost \$22 billion?

Mr. DRIVER. Yes, sir. The proposal, if we were to separate the widows' equalization feature from it, the House bill, H.R. 7650, would result in a reduction of approximately \$12 billion from present law's anticipated expenditures.

The \$22 billion feature, which the widows equalization would cost, results in a net increase of \$10 billion over present law.

The CHAIRMAN. How much would the increase be under the House bill, compared with present law?

Mr. DRIVER. Total increase of the House bill in the net would be \$10 billion over present law.

The CHAIRMAN. There would be a \$22 billion increase for widows and a saving of \$12 billion elsewhere? Is that due to the deaths?

Mr. DRIVER. No, sir; it is due to the lower rates paid in the higher income categories and the fact that as time passes, as Mr. Stans indicated in his statement, we will find more and more veterans in the upper-income categories because of receipts of money from income maintenance programs, such as social security, and they, then, under this proposal of a graduated scale of payment, would qualify for the lower amount and that would bring about a reduction.

It is the widows feature that causes the increase.

The CHAIRMAN. The House bill would result in a net decrease of \$10 billion during the period? And the administration bill would cost how much?

Mr. DRIVER. The administration bill which did not include a proposal for widows equalization would cost, as compared to the \$12 billion less than H.R. 7650 would cost on that basis, about \$47 billion less. It would save \$47 billion from the present anticipated expenditures for the next 40 years of the present legislation.

Senator KERR. The present law?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. Would any of that be due to the deaths of veterans?

Mr. DRIVER. It would be due in the main to the lower income limits at the upper levels and smaller payments of pension at these levels.

The CHAIRMAN. During the next 40 years the death rate of World War I veterans will increase?

Mr. DRIVER. For World War I, II, and Korea, when we project the cost of present legislation, we do it taking an actuarial evaluation of deaths which will occur so that the present law cost which is \$105 bil-

lion to the year 2000 is projected on an anticipated number of losses, deaths, among all veterans.

This same basis is used to compare H.R. 7650 or any other proposal, so that we have taken into account the deaths.

Senator KERR. Would the Senator yield?

As I understand it, the reason for the \$47 billion saving in the administration bill, as compared to the present law, is because of the need factors which would be written into the program by the administration bill.

Mr. DRIVER. Yes, sir; we would propose that all income be counted. We would propose that lesser pensions be paid.

Senator KERR. The implementing of the need factor or formula?

Mr. DRIVER. Yes, sir.

Senator KERR. Now, the House bill has a part of that in it?

Mr. DRIVER. Yes, sir.

Senator KERR. So that if you were to eliminate the provision from the House bill providing widows equalization, the application of the need factor formula for living veterans and deceased veterans cases would bring about a saving of \$12 billion by the House bill as compared to present law?

Mr. DRIVER. Correct, sir.

Mr. STANS. May I interrupt, Senator, to give you an illustration of why and how the administration bill proposes to reduce the cost over a significant period of years?

Under present law, a veteran with \$1,400 of income, qualifies for a pension which means that he would receive the regular monthly payment of either \$66.15 or \$78.75.

Senator KERR. Under present law?

Mr. STANS. Under present law.

Now, he gets the same check every month whether his income is zero or whether it is a thousand dollars a year. If he qualifies and receives social security of a thousand dollars, that does not affect in any way the size of his pension check.

The administration provision is to recognize that social security and any other income in steps, in brackets, so that as his outside income goes up to a thousand dollars or more, he then receives a smaller amount of veteran's pension check. That is the basic principle inherent in the administration proposal to recognize need by aggregating and considering all other income.

Senator CURTIS. Where do you start those steps, at \$1 or \$1,440?

Mr. STANS. For a single veteran it starts at \$390 as the first step.

The second step is—this is in the administration proposal—the second step is \$690; the third step, Senator Curtis, is \$990; the fourth step is \$1,290; the next is \$1,440.

Senator CURTIS. So under the present law, a veteran can earn or have income up to, say, \$1 less than the exemption, and get the full benefit—

Mr. STANS. That is correct.

Senator CURTIS. You would go back on a single person, if he had as much as \$390 income, it would lessen his veteran's pension some?

Mr. STANS. That is right, if it exceeded \$390.

Senator CURTIS. Would it lessen it a dollar—dollar for dollar?

Mr. STANS. Let me give you an illustration. No; it does not reduce it dollar for dollar. If his income is under \$390, a single veteran under the administration bill would get \$85 a month.

Senator KERR. That is in addition to his \$390?

Mr. STANS. That is correct. If his income is between \$390 and \$690 he gets \$62 a month. He would have potentially \$300 more income from the top of the one bracket to the top of the next.

Senator CURTIS. If he had \$300 more income—

Senator KERR. He would get \$300 less pension.

Senator CURTIS. The pension would be reduced to how much?

Mr. STANS. The pension would be reduced \$23 a month or \$276.

Senator KERR. Almost dollar for dollar.

Senator CURTIS. He would have a \$24 incentive for earning that \$300 income?

Mr. STANS. The next—

Senator CURTIS. Is that correct?

Mr. STANS. \$24 is correct.

Senator CURTIS. In other words, if he performs some duty, makes \$25 a month; his net gain would be \$2?

Senator KERR. No; it would not. If he earned \$276—if he earned \$300—

Senator CURTIS. If he earned \$300?

Senator KERR. If I understood the statement, if he earned \$20 or more, he could lose \$270 from his pension.

Senator CURTIS. I put the question the other way.

If he earned \$300 more—

Mr. STANS. Above \$390.

Senator CURTIS. Above \$390, his pension would be reduced by \$276?

Mr. STANS. \$276.

Senator CURTIS. In other words, his incentive for performing service, making \$25 a month, which amounts to \$300 a year, would be \$24.

Mr. STANS. We are talking now about elderly pensioners and disabled people, and that income may not be earned at all.

More likely it would be social security benefits.

In other words, if his social security benefits advanced \$300 under the illustration we are using, he would lose \$276 of his veteran's pension.

Senator CURTIS. At the present time, are the social security beneficiaries—there will be more of them under World War II than World War I—

Mr. STANS. Yes, sir; many.

Senator CURTIS. Anyone who has been out of a labor market since the Social Security Act was passed, or is in a category not covered by social security, and had to retire before it was cut, wouldn't be in there?

Mr. STANS. That's correct. Then he would receive the highest level of veterans' pensions under our proposal.

OASI insured status now extends to 90 percent of the World War II-Korean conflict veterans and 80 percent or more of World War I veterans.

Senator KERR. On that illustration you gave, Mr. Stans, I understood that if it is other income between \$390 and \$690, he would lose \$272 of his veteran's pension.

Senator ANDERSON. \$276?

Senator KERR. \$276.

In other words, if his other income, say, were \$490, which would be \$100 above the \$390, that would cause his pension to be reduced by \$276?

Mr. STANS. That's correct, except in the relationship—the relationship really ought to be to the \$490.

In other words, if he earns almost \$500 a year, he gives up \$276 of his pension.

Senator KERR. But the point about it is that his pension is not affected if his other income is not in excess of \$390 a year?

Mr. STANS. That's correct.

Senator KERR. If it is in excess of \$390 a year by as much as \$10, it would result in his veteran's pension being reduced by \$276?

Mr. STANS. Senator, you can't avoid that kind of a situation, where there are steps or brackets.

Senator KERR. I wasn't arguing with it. I was just trying to get the picture.

Mr. STANS. I want to say this: You cannot avoid that kind of a situation in any bracketing system. That is why we have \$390 basic exemption to start with.

Senator ANDERSON. Do I understand now, then, that you don't believe that it would be worth while to give him any credit at all on this? What incentive would there be to the man who has \$390 to get up to \$420 if he is going to lose \$276?

Mr. STANS. As I said, I think it is logical to assume that a high proportion of these cases do not involve earned income; they receive social security or other pension checks.

Senator ANDERSON. He can send the social security check back. Wouldn't he do it? Would he give up \$276 to get \$20?

Mr. STANS. If he sent the social security back he would lose a lot more than \$276. Anyway it would not be permitted under the law.

Senator ANDERSON. One thing, if he goes from \$390 to \$410, only \$20, it costs him \$276 to do so?

Mr. STANS. What I am pointing out, Senator, is that at the same time that he has \$410 of income.

Senator ANDERSON. He had \$390?

Mr. STANS. That's correct. That is a condition inherent in any bracket system. We could have a lot more brackets, Senator, and narrow the range of that. We could have a bracket for every \$10 of income and modify the pension payment accordingly.

Senator ANDERSON. You could have an offset credit so that in case he got extra income some might be deducted from the pension, but he shouldn't lose \$276 if he only got \$20 more. You are going to take away from a person the complete incentive if you drop it entirely.

Mr. STANS. That would complicate the administration tremendously. That is the reason the first \$390 is left exempt.

Senator ANDERSON. It complicates the administration but also complicates the veteran; doesn't it?

What are you trying to do, complicate the administration or the veteran? I think that is the question.

Mr. STANS. Isn't it clear that if the first \$390 is free of consideration that the veteran is then in a position to get almost \$400 of income a year without affecting his pension?

Senator ANDERSON. No, it isn't, because I think if you go to the parallel of the income tax, which you mentioned just a while ago, the Government doesn't come to me and say "if you make another \$100 it will cost you \$400." They say, "If you make the \$100, you keep \$80 or \$75 or \$60, but you do keep some of it." Why can't you keep some of the earnings above \$390?

Mr. STANS. I assure you it would be possible to work out a modification of the bracket system. This was done in five steps with the basic exemption of the \$390 in order to achieve the simplest form of schedule.

Senator ANDERSON. I am not quarreling with what you are trying to do. I only say to you that you start on the assumption that the veteran is a fool. He wouldn't go out and earn this extra money in order to cut down his pension.

Mr. STANS. That description is the last thing in my mind, Senator.

Senator ANDERSON. When a man makes \$390 of outside income and he has a chance to pick up \$20, \$30, or \$40, but in picking up \$20, \$30, \$40, he loses \$276, he would be an idiot to do it, wouldn't be?

Mr. STANS. May I compare that with the present situation where the veteran can earn \$1,400 and still receive a pension but if he earns \$20 more above \$1,400 he loses his entire pension of \$78 a month.

Senator ANDERSON. I am not sure that is right, either.

Mr. WHITTIER. Mr. Chairman, if I may, to the Senator—Senator, it is true, as has been said, that that inequity does appear in a number of places.

However, the law that is recommended certainly moves a long step forward to correct the present law.

Under the present law, a veteran is eligible for a pension if he makes less than \$1,400.

Under the present flat pay scale the pension would amount to \$945. If his social security or his retirement pay were to go up as much as one penny—for the acquisition of 1 cent more or \$1 more or \$10 more—over the \$1,400 he would lose \$945 a year which is really a catastrophic drop.

When you are attempting to determine need, although it is true, as you point out, that there may be some problem in the proposed law, it is a problem to a considerably lesser degree than in the present law.

I think many who dealt with this felt exactly as you feel, that there is this problem, and we are now trying to take a long step forward toward correcting it.

Senator KERR. Mr. Chairman, I would like to say that I have the greatest respect both for the budget personnel and the Veterans' Administration personnel and I appreciate their presence here.

Now, as I understood the Administrator, he said that the administration proposal would go a long way to make the program more equitable for the veteran.

Mr. WHITTIER. What I said, Senator—

Senator KERR. I am sure you are perfectly sincere in trying to convince the committee of that. But I would hesitate to, I would hesitate to try to convince the veterans in my State that a program that is going to pay them \$42 million less in the next period of time than the present law would be a program that would be more equitable for them.

Wouldn't you think that a fellow in this position should look with some concern upon the degree of effort necessary to get that job done? I am not saying that it isn't; I am not saying that it isn't what ought to be done, but I am just thinking about trying to use the argument that it would be more equitable for the beneficiaries to give them \$42 million less.

Mr. WHITTIER. Senator, I was talking about the reply to the question from Senator Anderson. He was talking about the difference which you lose if you get an increase in pay.

May I point out a rather dramatic fact, that in these various income groups, 71 percent of the single veterans, I repeat 71 percent of the single veterans or over a quarter of a million of them now are drawing pensions and have incomes between 0 and \$400. There are nearly 40 percent of the married veterans whose income is less than \$400 from all outside sources.

There are, I think, half of the widows whose income is in those low brackets, and the question is how to give more to those who have no income or little income.

The proposal attempts to distribute need so that you provide the greatest amount for those who have the greatest need.

The CHAIRMAN. When you speak of \$400 income, does that include everything—social security and other things?

Senator KERR. Other than their pension, Mr. Chairman.

The CHAIRMAN. Social security, too?

Mr. WHITTIER. Senator, if we—

The CHAIRMAN. What is not included in the need test—social security is not and what else?

Mr. DRIVER. Payments by the Veterans' Administration under present law, Senator; all payments by the Veterans' Administration are excluded—insurance, compensation—payments made by the pensioner to any retirement fund, a private retirement fund, payments made into social security during his working years. These are exempt. He is permitted to recoup up to that point.

Senator KERR. Payments made or benefits he receives from payments he has made.

Mr. DRIVER. During the working years of the man he pays in *x* number of dollars. When he comes to us as a pensioner, we then permit him to exclude from income reported to us an amount equal to what he paid in.

Under present law we do not count the amount he receives until he receives back an amount equal to the contribution during his working years. It takes him on the average of 9 months to recover in social security payments today.

When World War II veterans are at the age of the World War I veteran, it will take them approximately 4 years to recover their payments so that during that period any social security payments they received would not be counted against his income limits.

The CHAIRMAN. What does the House bill do on that?

Mr. DRIVER. The House bill does nothing to that, sir. It permits, it continues existing law. It permits him to recover his contribution. We propose that all payments be counted.

The CHAIRMAN. What are the items mentioned by Mr. Stans and not included in the need test under the House bill as compared to the present law?

Mr. DRIVER. The House bill compares exactly to the present law.

The CHAIRMAN. I understood there were certain liberalizations.

Mr. DRIVER. Under the present law, as I might have mentioned, all payments made by the Veterans' Administration—contributions to private retirement funds, recoveries under fire insurance policy, payments made by somebody else to keep him in a rest home—under the administration proposal, we propose that all types of income, except public and private charity, be counted against the need test.

We propose, for example, that the money he made—the money he paid into social security be counted from the day he begins to draw it.

We also propose that the income of the spouse, where they are living together and it is reasonably available to the veteran, be counted.

Now the House bill went back to the present law and permitted all these exclusions with the exception of 50 percent of the spouse's income or \$1,200.

Senator KERR. The fact is that the administration bill does not liberalize the need formula that would be applicable.

The CHAIRMAN. He wasn't speaking of the House bill.

Mr. DRIVER. Yes, sir. The House bill retains present law in the main; the administration bill proposed that we count all moneys available to the veteran in the main.

Senator WILLIAMS. You said, "in the main." What difference did the House bill make in the present law?

Mr. DRIVER. With regard to spouse's income, the House bill states that the amount of money which will be excluded will be 50 percent of the spouse's income or \$1,200, whichever is greater.

Senator WILLIAMS. That is the only change?

Mr. DRIVER. That's right, sir. The House bill, also, I might say, continued in regard to another feature having to do with money; they continued a provision that the administration bill suggested, that there would be no waivers permitted.

Under present law there are provided by Federal statute certain waiver provisions whereby, for example, a civil servant could waive a portion of his retirement pay to get within the income limits.

The administration proposed that it was unfair to permit the man to create his own need by waiving certain funds rightfully due him.

The House bill continues this provision.

The CHAIRMAN. Mr. Stans, would you feel inclined to make any recommendations as to changes in the bill now before this committee?

Mr. STANS. I think, Senator, there are a number of ways of getting at this particular problem of making an effective test of need. The administration bill proposed one way of doing that.

Another way of doing it would be to amend the House bill to remove a number of provisions which we think are objectionable or provide excessive benefits or do not adequately reflect the test of need.

We could submit a number of suggestions, Mr. Chairman, as to how the House bill could be amended.

The CHAIRMAN. The committee would be glad to have that for consideration.

Are there any further questions?

Thank you very much, sir.

Senator WILLIAMS. Mr. Stans, in connection with the question raised by Senator Anderson, and you pointed out in this notch provision between \$390 and \$690, if a veteran earns \$690, his pension drops by \$276; is that figure correct?

Mr. STANS. It drops by \$276.

Senator WILLIAMS. In other words, if he earns \$689, he would make \$275 more than he would if he earns the extra dollar; is that correct?

Mr. STANS. No. That is a misunderstanding, Senator. He can earn up to \$390 and also get a pension of \$1,020 a year.

Senator ANDERSON. I might say it this way: If he made \$391, he would lose \$275 by earning the extra dollar.

Senator WILLIAMS. The next notch is at \$690?

Mr. STANS. Next notch is at \$690. He could earn \$690, in which case he gets a pension of \$744.

Senator WILLIAMS. If he earns \$990.

Mr. STANS. He gets a pension of \$480.

Senator WILLIAMS. There is a notch, as that transfers over on the \$1 margin where the whole \$276 is hanging on the \$1.

Mr. STANS. There is that; there is no question about it, the extra dollar of income puts it in the next bracket.

Senator WILLIAMS. I think social security payments are notched on a monthly basis, broken down where if a man has an income and he exceeds it any one month, he loses that 1 month's payment only; is that not correct?

Mr. STANS. Yes, sir.

Senator WILLIAMS. Have you given any consideration to that factor here, rather than causing him to lose his whole pension annually, but just reduce the 1 month involved in the earnings?

Mr. STANS. That is a variation that could be introduced, Senator. Certainly, again, it would be more complicated administrationwise.

As I say, the reason for excluding the first \$390 from consideration was to allow the flexibility necessary to offset the impact of the bracket changes.

Senator WILLIAMS. I appreciate that, but I think we all recognize that there is, to a certain extent—we destroy this incentive on the part of the veteran to earn if he is fearful of losing his earned annual pension. I think that the existing law is weak in that same respect, and while it is recognized that perhaps there would be more administrative difficulty to it—but could you check with the other agency which is administering a similar proposal and see how much more there is involved and give us your recommendations as to whether or not that could be carried over in this feature?

Mr. STANS. Yes; we could, but I would like to say one thing more just so that we don't overemphasize the particular point.

As I understand it—and I don't have precise figures—more than 70 percent of the income of those receiving veterans pensions is unearned income. So when we are talking about incentives to earn,

we should recognize that only a very small part of their income is earned income.

Senator WILLIAMS. That would be true in respect to the other agencies involved, as well, though, from an administrative standpoint and would not be a factor, a differential.

In line with what the chairman said, as I understand it, you will submit to the committee perhaps some recommendations in between your original proposal and maybe the House bill if you think there is some area of agreement that can be reached in between there.

Mr. STANS. If that is the objective of the committee, we would certainly be willing to do that.

We would submit figures to produce any given result.

Senator WILLIAMS. Do you think there is a possibility to work out an area of agreement between your original proposal and the other proposal—I will put the question that way.

Mr. STAN. I certainly think it is possible to work out figures that we could discuss with the committee and attempt to find some basis of agreement; yes.

Senator WILLIAMS. As one member of the committee, I think we would appreciate receiving that, if you would make some suggestions in that connection which we could study.

Mr. STANS. Putting it another way, Senator, there are features of the House bill, which are, to us, much more objectionable than others. I think that we could point out to you the ones which are the most unsatisfactory.

Senator WILLIAMS. Yes.

The CHAIRMAN. Thank you very much, Mr. Stans.

Are there any further questions?

Senator ANDERSON. Have you pointed out which ones are objectionable in your testimony?

Mr. STANS. Yes.

The CHAIRMAN. Thank you very much, Mr. Stans.

The next witness is Mr. Whittier, Administrator of Veterans' Administration.

STATEMENT OF SUMNER G. WHITTIER, ADMINISTRATOR OF THE VETERANS' ADMINISTRATION; ACCOMPANIED BY WILLIAM J. DRIVER, CHIEF BENEFIT DIRECTOR, DEPARTMENT OF VETERANS BENEFITS

Mr. WHITTIER. Mr. Chairman, I think the matter has been very thoroughly covered in considerable detail.

Mr. Chairman, I am Sumner Whittier. I am Administrator of Veterans' Affairs.

I have already been answering questions. I have no prepared statement, but I should certainly be delighted to assist the committee in any way possible.

The CHAIRMAN. Will you give a brief statement of your views on the pending bill?

Senator KERR. I take it he is telling us that that has already been done by the Director of the Budget?

The CHAIRMAN. The Chair thinks the Veterans' Administration should be on the record.

Mr. WHITTIER. I didn't hear the chairman.

The CHAIRMAN. The committee would like to have your views as well as those of the Director of the Budget.

Mr. WHITTIER. I should be very glad to review them.

I think that working with the House committee and a number of others, talking with a great many people, out of the very many views that there were, the administration worked out a sound proposal which was sent to Congress. That proposal was then changed and amended by the committee, voted on by the House and sent over here.

I think when you approach this legislation there are probably three main questions to be asked:

One is the amount of outside income that a veteran is permitted and still be eligible to get his pension.

At the present time, the law says that a veteran may receive \$1,400 from outside income. The administration bill increased that to \$1,440 for single veterans.

The House bill that is before you raises it to \$1,800 outside income. It raised the outside income limits for the married veteran, too. The administration bill raised the married veteran's income limit from the present \$2,700 to \$2,860 and the House bill raised it beyond that to \$3,000.

Now, if we are discussing the question of need, and that is the principle on which we are attempting to base the legislation, and look at the figures we discover that 71 percent of the single veterans, probably 54 percent of all pensioners, have incomes of less than \$400 a year from outside sources. Those who are in the upper brackets are actually only a small percentage of those getting pensions. If we try to follow through on the principle of giving the greatest help to those who have the greatest assistance, then it seems to me when you increase the limits to \$1,800 or to \$3,000, you are increasing pension eligibility for the people who do not have the greatest amount of need.

Senator ANDERSON. Where did you get the 54-percent figure?

Mr. WHITTIER. The Veterans' Administration figures, sir.

Senator ANDERSON. And I understood somebody to say that 71 percent of the single veterans—

Mr. WHITTIER. That's correct, sir, and the next statement was made that 39 percent of the married ones would have less than \$400.

Senator ANDERSON. How do you get 51, then?

Mr. WHITTIER. No, sir. Thirty-nine percent of all married veterans.

Senator ANDERSON. I wish somebody would check the tape. I wrote 70 percent have less than \$471—

Mr. WHITTIER. I think that that was my testimony, and I either misspoke or there is a misunderstanding. I am not sure, but I can give you now the correct figure.

Senator ANDERSON. The figure for married ones is what?

Mr. WHITTIER. The correct figure is 39 percent of all married veterans on the rolls have annual incomes of less than \$400.

Senator ANDERSON. Possibly I wrote it down wrong.

Mr. WHITTIER. The next question to be asked in the discussion is:

What is to be counted in computing outside income? There are probably two major differences between the administration proposal and the House bill. The first has to do with the spouse's income.

Under the present law, the spouse's income is not counted at all.

Under the House proposal, the spouse's income will be counted beyond \$1,200, or 50 percent of her income, whichever is higher.

That would permit a veteran to put his assets in her name. It does not include assets that do not earn income, for example, money in the safety-deposit box, that kind of thing that she may have. It is possible for the wife to be making \$6,000 and the husband still be eligible for the pension.

It seems to me that some of these large amounts do not meet the test of real need.

The CHAIRMAN. Did you mention items that the House bill does not include as income? Would you go over that again?

Mr. WHITTIER. There are two basic areas, I think. The first one is spouse's income, the income of the wife or husband, whichever is not the veteran, is the major area.

The House did make a step forward in that area over the present law. The House bill—

The CHAIRMAN. When you say a step forward does that mean it is included or excluded? What do you favor?

Mr. WHITTIER. I would favor it over the present law, very much so, Senator.

There are many features of the House bill—

The CHAIRMAN. Was that in the original administration bill?

Mr. WHITTIER. I favor the House recommendation, but—

Senator ANDERSON. You favor something beyond that?

Mr. WHITTIER. Yes; I would favor the administration bill.

Senator ANDERSON. What about community-property States? Does that have any effect upon that?

Mr. WHITTIER. No, it does not, sir.

The second area of change in the House bill is the question of recoupment.

As Mr. Driver pointed out earlier, at the present time the Veterans' Administration counts all private and public income, pay from all public or private retirement funds including social security.

Using social security, which has been discussed as an example, the Veterans' Administration does not count the amount of money that a man actually paid into that system.

Once the amount of his actual contribution has been paid, the Veterans' Administration then does count social-security payments as part of outside income, does count retirement funds beyond that point.

The administration proposal included in it the inclusion of all of the sums, including the amount that was contributed. Those are the two basic areas.

The third difference between the administration proposal and the House bill is the matter of widow's equalization. That was here discussed. And in the recommendation that we made, we did not include a proposal favoring that.

Those are the three main distinctions between the two proposals.

The CHAIRMAN. And you are opposed to the widows' provision in the House bill?

Mr. WHITTIER. We feel, sir, that it is more important at this time to enact a pension bill; that that is where the need certainly is.

The CHAIRMAN. Are you opposed to it or not opposed to it?

Mr. WHITTIER. Well, I would not be opposed to it at the proper time sir. At the present time, we are opposing it.

Senator WILLIAMS. When is the proper time?

Mr. WHITTIER. Well, sir—

Senator ANDERSON. Just before election.

Senator WILLIAMS. I think that you should make it clear that you are for it or against it and if you have a reason for a projected date you should be able to tell us when.

Mr. WHITTIER. I think primarily the thing to do, Senator, what we are attempting to do first is correct the pension law as it stands.

The CHAIRMAN. This committee has the House bill before it.

I want to know whether you favor or oppose the House bill now before the committee.

Mr. WHITTIER. I stand on the bill that I submitted, sir, which did not include widows' equalization.

The CHAIRMAN. Are you opposed to the widows' provision in the House bill?

Mr. WHITTIER. At this time, sir.

The CHAIRMAN. Now will you answer Senator Williams' question: When would you favor the widows' provision in the House bill?

It was 26 years after World War I before those widows were given outright pensions, would that be a factor in determining the time when you would favor the House bill provision?

Mr. WHITTIER. If it is a matter of equalization, there are considerable differences between the length of time, and I certainly think that length of time should be taken into consideration.

The CHAIRMAN. What is your main objection to the widows' provision now?

Mr. WHITTIER. I think there are two things. I think that is certainly one. I think the other is that the cost involved—this is a large item, of course, in the pension proposal.

The CHAIRMAN. Would you favor following the practice for World War I widows and wait 12 years more?

Mr. WHITTIER. I don't know that I should like to say that absolutely, sir. I would like to examine need. I would like to examine it in the whole context of veterans' legislation.

The CHAIRMAN. That is what we are doing now. I don't assume the last time we took action on this matter 5 or 6 years ago—

Mr. WHITTIER. 1954, sir.

The CHAIRMAN. 1954. Well this is 1959. That was 5 years ago. You wouldn't favor any change then certainly for 5 years? Is that it?

Mr. WHITTIER. Yes, sir.

The CHAIRMAN. You opposed the widows' provision now but you might give it a reconsideration at the end of another 5 years?

Mr. WHITTIER. That's correct, sir.

Senator ANDERSON. Could I ask, Mr. Chairman, who keeps the books on this contribution to social security?

Mr. DRIVER. The Social Security Administration, Senator.

Senator ANDERSON. You get that information from them?

Mr. DRIVER. Yes, we do, sir.

Senator ANDERSON. It involves no problem to you, sir?

Mr. DRIVER. Any exchange of correspondence within the Government is somewhat of a problem but it is an administrative problem; Senator. It goes on rather smoothly. We have a well-organized procedure to do it.

The CHAIRMAN. Are there any further questions?

Senator KERR. Let me ask you a question:

The term "widows' equalization" has been used here this morning.

In simple language that sixth graders could understand, that just means providing the same benefits to widows of Korean veterans as are now available to World Wars I and II?

Mr. DRIVER. Not the same benefits, Senator. They have the same benefits today. It would provide the benefit on the same method of qualification.

Senator KERR. How's that?

Mr. DRIVER. For World War I widows there are two requirements to receive a pension: Her spouse must have had the required 90 days of service, some part of it in wartime, and she must meet the income limitation of \$1,400, if she is alone, or \$27 if she has minor children with her.

The CHAIRMAN. You ought to make it clear that it was 26 years after World War I before World War I widows of veterans with non-service-connected disability were permitted to receive a pension?

Mr. DRIVER. No, sir; they were permitted to receive pensions, sir, in 1934. At that time, in addition to the income limitation and the service requirement on the part of the veteran, there must have been demonstrated at the time of death a 30-percent direct service connection on the veteran's part, 30 percent.

The CHAIRMAN. Mr. Stans then was incorrect in his statement?

Mr. DRIVER. No, sir. If I may continue, I think I can reconcile that.

In 1938, 4 years later, the law was amended to eliminate the 30-percent direct service connection in favor of a 10-percent service connection either by direct incurrence in service or by presumption of incurrence in service.

In 1939, a year later, about 5 years after they were first authorized pensions, this service connection requirement was modified to zero percent ascertainable from 10 percent direct or presumed.

So we have gone through, in a period of 5 years, the 30 percent to 10 percent to 0 percent ascertainable.

The 0 percent ascertainable, which is identical to the requirement in the law today for World War II and Korean widows was removed for World War I widows in 1944 and it is that date to which Mr. Stans is making his reference, Senator.

The proposal in the House will, and what we refer to when we talk about widows' equalization, remove from the requirement for World War II and Korea widows and orphans the 0 percent ascertainable requirement that is in the law.

The CHAIRMAN. How many years after the end of World War I did widows begin receiving payments comparable to those provided in the pending House bill?

Mr. DRIVER. 1944, sir.

The CHAIRMAN. Twenty-six years after the World War was over, that is what I am trying to make clear.

We went through this metamorphosis of stringent requirements—
Explain it so the committee can understand fully.

Mr. DRIVER. If they meet the requirements of income and if the veteran had the necessary length of service.

The CHAIRMAN. I understand that. Consider it from the standpoint of service-connected and non-service-connected.

Mr. DRIVER. That's right. We have over 50,000 widows on the rolls today from World War II and Korea.

Senator WILLIAMS. Put the question this way: As I understand it, under the existing law the widows of World War II and the Korean war widows are entitled to all the benefits that the widows of World War I were entitled to prior to 1944; is that correct?

Mr. DRIVER. Yes, sir. Senator, they are entitled to the same benefits; in some instances they have more difficulty qualifying for them because of the requirement of a service-connected condition.

Senator KERR. If they have the same benefits, how is it that it is going to cost \$22,742 million for the benefits to be equalized?

Mr. DRIVER. We can equalize the number of eligibles by lowering the requirements to qualify.

Senator KERR. If you lower the requirements to qualify, then without that lowering the situation is not the same?

Mr. DRIVER. That's correct, Senator, and that is what everyone has referred to as parity, equalization, among the widows of the wars.

The CHAIRMAN. One of the qualifications involves whether there is service-connected disability—

Mr. DRIVER. That's correct.

The CHAIRMAN. That is what I wanted to emphasize. It was 26 years after World War I before widows of veterans with non-service-connected disability received a pension?

Mr. DRIVER. That's right.

The CHAIRMAN. Now for World War II widows they are asking it 14 years after the end of that war.

Mr. DRIVER. That's right, sir.

The CHAIRMAN. I am leaving out the other qualifications.

Mr. DRIVER. I think it should also be understood in that regard, sir, that in 1944 while World War II was still in progress, the widows and orphans of World War II became eligible for a pension, although they had to meet some service-connected requirement.

This, of course, was not available to widows of World War I until 1934, long after World War I ended.

Senator KERR. I am sure that the chairman understands the meaning of this term, but I don't, and I don't because when I asked one witness the question I understood him to say that \$22 billion would be the cost of giving the same formula of eligibility to Korean war veterans which is now effective for World War I veterans?

Mr. DRIVER. For World War II and Korean war veterans, Senator.

Senator KERR. Then the \$22 billion is the cost of giving the widows of World War II veterans and Korean war veterans the same rule of eligibility now effective for widows of World War I.

Mr. DRIVER. And since 1944 has been effective for widows of World War I. Prior to that—

The CHAIRMAN. But it was not in effect until 26 years after World War I was over.

Mr. DRIVER. That's correct.

Senator KERR. I am not interested in the history of the case. I am interested in the elements of the case and I have no objection to what the chairman is interested in. I am just trying to get informed on the bill.

Is the chairman opposed to that?

The CHAIRMAN. The chairman is exactly of the same condition as the Senator from Oklahoma. He is trying to get informed too.

Senator KERR. If he is in the same position as the Senator from Oklahoma, he is in an uninformed condition.

The trouble is that the hand is quicker than the eye. The one minute, I am informed, and the next minute I am not. I believe that you can explain this so that one of us sixth graders can understand it.

What I am trying to get you to do——

Mr. DRIVER. I will do my best, Senator.

Senator KERR. Then I want you to tell me this, if it is going to kill \$22,700 million to put World War II widows and Korean war widows under the same rule of eligibility as is now in effect for World War I widows, how is it possible for you to tell the committee that they can qualify on the same basis as World War I widows.

Mr. DRIVER. I didn't say that. If I did, I was certainly mistaken. I said that the benefit which they received is identical, the number of dollars per month.

The question of qualifying for the benefit is the point at issue.

Senator KERR. All I am trying to do is just get it out here so that I can understand it. I believe that you understand it.

Mr. DRIVER. The qualifications, sir—there are three for World War II and two for World War I.

Senator KERR. Under present law?

Mr. DRIVER. Yes, sir.

Senator KERR. This bill would fix it so there would be only two?

Mr. DRIVER. Two for each.

Senator FREAR. This would place the widows of disabled veterans or non-service-connected veterans the same—the same now for World War II and Korean, as it does for World War I, is that what equalization means, equalizing the widows of World War II and Korea to World War I?

Mr. DRIVER. Qualification requirement for pension.

Senator FREAR. What I meant to say, you cleared it up a great deal for me. That is simple to me.

The CHAIRMAN. Equalize it 12 years earlier?

Mr. DRIVER. That's right.

Senator KERR. Are you prepared to tell the committee that what the Congress did in 1944 for the widows of World War I was not done until that time because it wouldn't have been equitable or just for them until that time, or is it reasonable to assume that they did what they did in 1944 in recognition of an obligation which may have been in existence a good while and they had just gotten around to recognizing it?

Mr. DRIVER. Senator, I wouldn't presume to say why they did it, but I would say this, from my study of the history of Veterans' Administration, that there has always been an eye kept on the cost involved.

We are talking about billions of dollars as we do in many other programs. I think that the process of change from the various stringent requirements in 1934 before World War I widow could get a pension, to the point in 1944 where it was made less stringent or more liberal, was with an eye on the age of the person we are considering, the distance from the war, and this always has been a factor in legislation affecting veterans, and the dollars involved.

Senator KERR. In other words, you think that we ought to wait until the same percentage of those that would benefit is in effect or until the percentage of those that would be benefited is reduced to either where the percentage was in 1944 with relation to World War I veterans, or until the Government is able financially to do as much before we do it, is that what you are saying?

Mr. DRIVER. No, sir. I would suggest that the Congress in its wisdom should look at the nature of the war, at the numbers of people involved, the type of benefit, the need for the benefit, the age and circumstances of the people who would qualify and receive the benefit, and then they should look at it in the light of the ability of the country to stand for the cost of the bill. All of those factors have to be weighed.

I think it is inevitable, however, when you compare one war with another, one group of beneficiaries from a war with another, you automatically get to the point that Senator Byrd has made: You look at the number of years after the war when this beneficial legislation came into being.

I think the fact that it was 26 years for World War I does not in and of itself make that a magic figure for World War II, but I think it certainly must be influencing.

The CHAIRMAN. Just one more question: It is undoubtedly a fact that if there is any degree of service-connected disability, the widow regardless of the war, is entitled to a pension?

Senator KERR. On the same basis.

The CHAIRMAN. World War I, World War II, Korean war?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. There may be some Civil War widows; is that correct?

Mr. DRIVER. Is that correct?

The CHAIRMAN. Would they be entitled to a pension on the same basis?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. All wars?

Mr. DRIVER. Yes, sir.

The CHAIRMAN. The question is whether to take in widows of veterans with non-service-connected disabilities?

Mr. DRIVER. From the last two wars.

The CHAIRMAN. From the last two wars, and take them in 12 years sooner than was done in World War I. Am I correct in that?

Mr. DRIVER. Yes, Senator.

The CHAIRMAN. Are there any further questions?

Senator KERR. Yes; there is.

You say now that the widows, all widows of any war are eligible if there was a service-connected disability on the part of the deceased husband?

Mr. DRIVER. I am saying that if you put the requirement of a service-connected disability in the picture, if you just put that one thing in, you have added the feature which would qualify all of them and that takes in—

The CHAIRMAN. You don't need a needs test?

Senator KERR. As I understood you, if it wasn't a fact that as of now, without this bill, or the administration bill, that any war widow in this country whose deceased spouse had a service-connected disability is eligible for a pension?

Mr. DRIVER. The other features being equal. I assumed that that is understood. For example, that World War I—

Senator KERR. Does that apply to Civil War veterans of the Confederate Army?

Mr. DRIVER. Yes, sir. Widows of the Confederate Army are qualified and drawing pensions.

Senator KERR. When did that happen?

Mr. DRIVER. The Confederate forces?

Senator KERR. When did that happen?

Mr. DRIVER. About a year and a half ago.

The CHAIRMAN. This committee acted on that.

Senator KERR. Couldn't you say that would be precedent? How long was that after the Civil War?

Mr. DRIVER. About 100 years.

Senator KERR. Now, how persuasive do you think that ought to be with the committee in determining the time when we make it applicable to widows of World War II and the Korean war?

Mr. DRIVER. I don't think the Civil War should be persuasive in anything, Senator, it was unique in many respects that it came somehow—

The CHAIRMAN. That was 100 years ago, the centennial is being celebrated.

Senator KERR. You know, we have a number of precedents of when Congress recognizes responsibility here and I think that if we are going to argue that duration of time, based on congressional action as precedent being persuasive, that we ought to have them all before us because we wouldn't want to totally ignore that.

The CHAIRMAN. Senator Long brought the matter of Civil War widows up in this committee.

Senator KERR. I didn't know it was a hundred years since the Civil War was over.

The CHAIRMAN. It has been 99 years since it started.

Senator KERR. The Senator from Oklahoma is having his general fund of information greatly augmented here.

The CHAIRMAN. Are there any further questions?

Thank you very much.

Senator BENNETT. I think the witness said that he thought that the age of the people who might be eligible should be taken into account. Do you have statistics as to the average age of widows who will become eligible under this provision?

Mr. DRIVER. Under this provision, Senator?

Senator BENNETT. If it is adopted; yes, sir.

Mr. DRIVER. The average age of the widows would be in the vicinity of 40.

The average age of World War II or Korean widows would be in the neighborhood of 40 years.

Senator BENNETT. Is that a reason for—

Senator KERR. Depends on which precedent you are going on, World War I precedent or the Civil War precedent.

Senator BENNETT. Forty years.

Mr. DRIVER. The age factor in here, I mentioned that, this is the needs program—in case of the living veteran, for example, he must meet a test of unemployability if he isn't totally and permanently disabled, in order to get a pension.

In the case of the widow, there is no such requirement. She does not have to be disabled either permanently or totally so that I think that the question of age must certainly be related when you try to decide on the problem of need.

The CHAIRMAN. Are there any further questions?

Thank you very much.

The next witness is Representative Ed Edmondson, of Oklahoma.

STATEMENT OF HON. ED EDMONDSON, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF THE STATE OF OKLAHOMA

Senator KERR. May I say a word about the Congressman?

I wanted to say to the committee that the Congressman from the Second District of Oklahoma has been one of the very most vigorous and effective Members of the Congress in seeking equitable legislation for veterans and their dependents and he not only is a great legislator and a great man from Oklahoma in his own right, but the brother of our present distinguished Governor, and I take great pleasure in presenting him to the members of this committee.

Mr. EDMONDSON. I think the Senator has an even more famous brother than I do, so I appreciate the remarks on all counts here.

Mr. Chairman, I appreciate this opportunity to appear before your committee on the matter of H.R. 7650. You undoubtedly recall that when this bill passed the House, it passed under a suspension of the rules, with no amendments on the floor possible.

This, then, is the first opportunity that has been presented for the presentation of amendments to this bill since the bill was reported by the House Committee on Veterans' Affairs.

Since House passage, I have made copies of H.R. 7650 available to all veterans' organizations in the Second District of Oklahoma and have asked for comments and suggestions.

Generally speaking, the following are the principal items on which improvement of H.R. 7650 is desired by the veterans, at least those from the Second District of Oklahoma:

First, the provisions regarding income of spouse are, I believe, in need of revision. Some veterans feel in all fairness that they should be entirely eliminated while others have suggested that it will suffice to provide in the bill for review in cases where the wife's income is not made available for the veteran's support.

Second, the "corpus of estate" provisions that appear in this bill are in need of modification, at least to the extent that will assure that Veterans' Administration regulations are in accord with congressional

intent on the question of when corpus of the estate should have to be spent to provide for the maintenance of veterans.

Third, the DAV feels strongly in my section of the State that a veteran who is entitled to pension benefits for his disability should not be required to waive all compensation payments due him for the service-connected portion of his physical disability to receive at least some pension consideration. A graduated scale formula for pensions appears justified in cases of this type where there is a compensatory disability.

Fourth, all Government insurance proceeds and benefits from commercial insurance policies, at least to the extent of the \$10,000 that ordinarily prevails on a serviceman's policy, should be excluded from income calculations.

It is my personal belief also that it would be desirable to provide that a veteran now receiving a pension, who elects to take his pension under the new law, should be permitted by law at a later time to return to his old basis of participation on determination that it is more beneficial to him than the new formula.

Now, those sum up the suggestions, Mr. Chairman, that I feel the veterans of the Second District of Oklahoma would particularly appreciate being considered by this committee, and I personally feel that all of them have real and solid merit.

The CHAIRMAN. Thank you very much, Congressman.

Are there any questions?

Senator LONG. Just one question:

Do I understand that under this bill if living veterans elect that which is most favorable for them now, that somewhere further on down the line it would be less favorable to them?

Mr. EDMONDSON. Our analysis of the bill convinces us that it is entirely possible to have just that happen, to have them benefit at this time from an election under the new law and then at a later date discover that they would be receiving more under the present law.

My contention is that they should have the election to go either way in the future if it is to their benefit to do so.

Senator LONG. I notice that this cost estimate here published by the Veterans' Affairs Committee would indicate that there would be major savings insofar as pensions for living veterans that are concerned in the year starting after, well, during the 4 years with major savings starting at the fifth on up through every year thereafter. Is that your understanding of it?

Mr. EDMONDSON. I think that the figures of the Veterans' Affairs Committee as presented to the House definitely supported that there would be savings once you extended this program in the future if you did not provide that they could return to this old pension program.

Senator KERR. I wonder if those savings in part would be effected by the application of this law to veterans who would receive pensions in the future but who do not now receive them and, as I understand the choice in the future, it applies only to veterans now receiving pensions.

Mr. EDMONDSON. That is my understanding too, sir.

Senator KERR. This bill, if passed, would be effective with reference to any veteran not now receiving a pension who might in the future receive one?

Mr. EDMONDSON. It would be effective to all of them and it would also be effective to those who wanted to elect to come over.

Senator KERR. At this time?

Mr. EDMONDSON. Yes, sir.

Senator KERR. But I understand a substantial part of the projected saving would be made by reason of the fact that any veteran not now receiving a pension but who in the future would be eligible to have a pension would have his benefits determined by this legislation rather than by the existing laws.

Mr. EDMONDSON. I am sure the Senator is correct in that; yes, sir.

The CHAIRMAN. Thank you very much.

Mr. EDMONDSON. Thank you, Senator. Thank you for the kind words.

The CHAIRMAN. The next witness is Mr. Omar B. Ketchum, Veterans of Foreign Wars of the United States.

STATEMENT OF OMAR B. KETCHUM, DIRECTOR, NATIONAL LEGISLATIVE AND REHABILITATION SERVICES, VETERANS OF FOREIGN WARS

Mr. KETCHUM. Mr. Chairman, members of the Senate Finance Committee, first, I should like to introduce my associates here, Assistant Director Mr. Francis Stover, a combat disabled veteran of World War II, and Mr. Ed Zable, who is also a Navy veteran of World War II.

I appreciate your courtesy in permitting me to present the viewpoint of the Veterans of Foreign Wars with respect to the House-approved pension bill, H.R. 7650, which would establish a new schedule of requirements, income limitations, and monthly pension payments for veterans of World War I, World War II, and Korea, together with a revised schedule of income limitations and monthly pension payments to widows and orphans of deceased World War I veterans. In addition, the bill would authorize the payment of pensions to widows and orphans of deceased World War II and Korean veterans under the same conditions and in the same amounts as apply to widows and orphans of deceased World War I veterans.

On June 10, 1959, VFW Commander in Chief John W. Mahan, of Helena, Mont., appeared before the House Committee on Veterans' Affairs and presented a 12-page statement, together with two pages of specific pension recommendations, which, in general sense, outlined the longstanding policy and philosophy of the Veterans of Foreign Wars concerning pensions for veterans and the widows and orphans of deceased veterans. In view of the fact that Commander Mahan's statement is incorporated in the hearings before the House Committee on Veterans' Affairs entitled "Operation of Pension Program," it would be time consuming to repeat his well-defined position on veterans' pensions. Unfortunately, Commander in Chief Mahan is en route back to Washington from an official foreign trip, or he would have been here today. I will, however, reemphasize some of the points outlined by Commander in Chief Mahan in his House statement and restate VFW-recommended amendments to H.R. 7650, which were transmitted by letter to the chairman and members of the Senate

Finance Committee shortly after H.R. 7650 was approved by the House of Representatives.

Commander Mahan, in his House statement, said the VFW has long considered the payment of pensions to disabled and aging war veterans and the widows and orphans of deceased war veterans as one of the foundation stones of the veterans' benefit program. Mahan further emphasized that the traditional concept of a veteran's pension is to provide dignified Government assistance, rather than charity, to those who have served their country above and beyond the normal requirement of citizenship. He also pointed out that the idea of income limitations governing the payment of pensions to war veterans and widows and orphans of deceased war veterans is fairly recent in pension history. In fact, the policy of paying pensions on a specific needs basis came into being as a result of the Economy Act of 1933.

Commander Mahan, speaking for the Veterans of Foreign Wars, made it crystal clear in his House statement that the VFW has long held the concept of a veterans' pension to be "a dignified supplement to a substandard income" and not something payable only under a rigid public assistance "needs test" which closely approximates a requirement of poverty. The principal objection Commander Mahan raised against a typewritten copy of H.R. 7650, which had been only sketchily observed before the bill went into print, was the fact that the minimum income limitations of \$600 per annum which applies to veterans without dependents and the \$1,000 which applies to veterans with one or more dependents are too low and move further toward a public assistance or "county poor farm" needs test. Commander Mahan warned the House committee that any new pension bill with income limitations lowered to \$600 and \$1,000, respectively, would invoke widespread opposition and would not quiet the growing agitation for a liberalized program.

Commander Mahan and the Veterans of Foreign Wars recognize that H.R. 7650 would provide some increases for the great majority of those pensioners who are now on the part III pension rolls because of first, a savings clause and, second, the already low income of those now receiving pensions. However, the VFW does not overlook the fact that H.R. 7650, if enacted, will impose lower income limitations and sharper restrictions upon those veterans who seek to come on the pension rolls in the future than they would face under existing pension law and regulations. For example, under existing law a veteran with dependents may have annual income, not counting his wife's income, up to \$2,700 per year and receive an annual pension of \$945 which adds up to a total of \$3,645. Under H.R. 7650 a married veteran with \$2,700 income, if otherwise eligible, could receive an annual pension of \$540 which adds up to a total allowable income of \$3,240.

Senator KERR. May I interrupt right there, Mr. Chairman?

The CHAIRMAN. Senator Kerr.

Senator KERR. If I read those figures correctly, an unmarried veteran gets better treatment than a married veteran.

Mr. KETCHUM. No, I hardly think so, Senator. I merely used—

Senator KERR. You say here—

Mr. KETCHUM. The situation would be comparable for a single veteran. I merely used the married veteran formula there. I could have also included the same formula which applied to a single veteran.

Senator KERR. Well, now, what is the difference? Both illustrations you give us there are of married veterans?

Mr. KETCHUM. That is right; under the existing law and H.R. 7650.

Senator KERR. What is the difference in the situation that entitled the first one to \$3,645, and the second one to \$3,240?

Mr. KETCHUM. That is because of the difference in the income limitations which apply in the House-approved bill 7650.

Senator KERR. I see.

Mr. KETCHUM. And the present income limitations.

Senator KERR. I see. That is what H.R. 7650 would do for the same veteran which, under the present law, he would get \$3,645?

Mr. KETCHUM. That is right.

Senator KERR. I see. All right.

Mr. KETCHUM. Now, in addition, H.R. 7650 would include for limitation purposes all income of the wife reasonably available to the veteran with the exception of \$1,200. It is, therefore, obvious that insofar as maximum allowable income is concerned, including pension payments, H.R. 7650 is not as generous in some income categories as the present law.

Departing from the text, I think that is perfectly obvious, because the Director of the Bureau of the Budget, and the Veterans' Administration, have pointed out that H.R. 7650, if enacted, would save approximately \$10 billion up to the year 2000, because of the difference in the income limitations.

It was for that reason——

Senator KERR. Just 1 minute.

This veteran you are talking about who was getting \$3,645 under the present law would not automatically be transferred to a situation where he would get only \$3,240?

Mr. KETCHUM. No. I am talking about those who would be entitled in the future, Senator, as proposed in H.R. 7650.

Senator KERR. I see.

Anybody now receiving it——

Mr. KETCHUM. That is right.

Senator KERR (continuing). Would be permitted——

Mr. KETCHUM. He could stay where he is.

Senator KERR. He would continue to receive it.

Mr. KETCHUM. That is right. I am talking about those who would qualify in the future.

Senator KERR. Yes.

Mr. KETCHUM. It was for that reason Commander Mahan strongly recommended that the minimum income limitation applying to veterans without dependents be not less than \$1,200 and the minimum income applying to veterans with dependents be not less than \$2,400 and that the monthly pension payments in these two categories be set at \$100 per month. The VFW recognizes that H.R. 7650 does increase the maximum income limitations up to \$1,800 for the veteran without dependents and up to \$3,000 with dependents. However, under the escalator device the monthly pension payment reduces as the income moves upward, and that applies again to those coming on the rolls later.

Under date of June 12, following favorable action on H.R. 7650 by the House Committee on Veterans' Affairs, Commander Mahan

wrote a letter to Chairman Teague of the House Veterans' Affairs Committee expressing disappointment because the minimum limitations in the bill were considerably lower than those recommended by the VFW and that the related monthly pension payments were well below the \$100 per month which the VFW recommended. However, because the bill would provide pension increases for the great majority of pensioners presently on the rolls and would provide pension equality for the widows and orphans of deceased World War II and Korean veterans, Commander Mahan pledged in his letter to Chairman Teague that he would not demand that H.R. 7650 be killed nor would he state that he would rather have no new pension legislation than have H.R. 7650. In this letter Commander Mahan did point out that he reserved the right for himself, his staff, and his organization to seek liberalizing amendments. It is for that purpose that I appear here today, in the absence of Commander Mahan, to state VFW position and present the amendments which we hope the Senate will accept in its consideration of H.R. 7650.

First, I am offering for the record, and I am sure the reporter has it, a mimeographed sheet entitled, "Suggested Changes in H.R. 7650 as Proposed by the Veterans of Foreign Wars." This sheet, in section I, outlines four separate tables identified as (a), (b), (c), and (d) which would establish income limitations in three categories and three related monthly pension payments for veterans with no dependents, for veterans with dependents, for widows with no children and widows with children. Under the tables identified as (a) and (b), information is provided to indicate extra allowances in the monthly pension rates where the veteran is so disabled as to require aid and attendance, and for extra allowances for each additional child up to a total of \$45.

Section II of this proposed amendments sheet would establish revised rates for orphans of deceased war veterans. The difference between these proposed rates and H.R. 7650 are slight except the VFW proposes higher income limitations.

Section III deals with net-worth limitation or "corpus of the estate" test. In the criticisms of H.R. 7650 which have reached our office here in Washington, we find that the section setting up a "corpus of the estate" test to be one of the most objectionable. This section would invest the Administrator of Veterans' Affairs with unrestricted authority to assess the net worth of a veteran or a widow or orphan children and to determine first, if the estate is available for the upkeep of the applicant or applicants involved, and if in the Administrator's judgment payment of pension would not be needed unless or until the estate has been dissipated.

Again, as previously stated, this net-worth-limitation determination and authority collides squarely with the VFW concept that veterans' pensions should not be predicated on a strict needs basis and that a veteran or his widow or orphans should not be penalized because they had accumulated some property or an estate, often through sacrifice and frugality, which does not produce satisfactory income. If payment of pensions to war veterans or the widows and orphans of deceased war veterans are to be conditioned upon poverty or near poverty, it might be well to cease dignifying such payments as veterans'

pensions and transfer veteran applicants to the public assistance rolls. In some States public assistance payments to indigent families are substantially more than the present maximum pension payments. Welfare reports in the District of Columbia daily press reveal public assistance and mothers aid payments doubling existing veterans' pension payments.

The VFW wholeheartedly supports the section in H.R. 7650 which would grant pension payments to the widows and orphans of deceased World War II and Korean veterans on the same basis as pensions are now payable to widows and orphans of World War I veterans. Such a provision has been a longstanding major objective of the Veterans of Foreign Wars and Commander in Chief Mahan indicated to me before he left on his foreign trip that the principal reason he had pledged not to fight H.R. 7650 is because of this provision and if, for any reason, the Senate Finance Committee or the Senate as a body should delete this item, he might switch his position and demand that H.R. 7650 be killed.

The VFW also approves and applauds the increases in the income limitations to \$1,800 for veterans without dependents and \$3,000 for veterans with dependents. This has been another longstanding objective of the Veterans of Foreign Wars and we strongly urge this provision be maintained by the Senate in the bill. There are other advantages in H.R. 7650, such as excluding from widows' income, payment of just debts, expense of last illness and burial cost of the deceased veteran. With the few VFW-proposed amendments involving a raise in the minimum income limitations and a small increase in the monthly rates of pension payments, together with repeal of the net-worth limitation it is the belief of the Veterans of Foreign War that H.R. 7650 would be acceptable in general to most veterans. It is further believed that the additional cost of the amendments proposed by the Veterans of Foreign Wars will not exceed by more than \$100 million the present estimated cost of H.R. 7650 as approved by the House of Representatives.

Senator KERR. That is \$100 million a year?

Mr. KETCHUM. That is right.

In mentioning additional costs by reason of the proposed amendments, I should like to point out to the Senate Finance Committee that in relation to the U.S. national income and total numbers of veterans, the cost of the veteran benefit program proportionately is substantially less today than it has been in the past. For example, in the early 1930's veterans' benefits absorbed about 30 percent of Federal tax receipts, while today veterans' benefits require less than 8 percent of Federal tax receipts. I strongly suggest that when you measure the number of veterans today in relation to the national income and the cost of the veteran benefit program, the American people are getting a bargain and they could well afford to add a few additional hundreds of millions of dollars to the hospital, compensation, and pension programs. May I urge this distinguished committee to give the most careful consideration to the amendments proposed by the Veterans of Foreign Wars and to the worthy features already incorporated in H.R. 7650.

The CHAIRMAN. Thank you very much, Mr. Ketchum.

(The suggested changes referred to follow :)

Suggested changes in H.R. 7650 of the Veterans of Foreign Wars

(a) Veteran no dependents			(b) Veteran with dependents		
Income		Pension	Income		Pension
More than—	But equal to or less than—		More than—	But equal to or less than—	
\$1,200.....	\$1,200.....	\$100	\$2,400.....	\$2,400.....	\$100
\$1,500.....	\$1,500.....	75	\$2,700.....	\$2,700.....	75
\$1,500.....	\$1,800.....	50	\$2,700.....	\$3,000.....	50

Above rates in tables (a) and (b) to be increased \$75 per month where the veteran requires aid and attendance and \$15 per month in table (b) for each additional child up to a total of \$45.

(c) Widow no children			(d) Widow with children		
Income		Pension	Income		Pension
More than—	But equal to or less than—		More than—	But equal to or less than—	
\$1,200.....	\$1,200.....	\$60	\$2,400.....	\$2,400.....	\$75
\$1,500.....	\$1,500.....	45	\$2,700.....	\$2,700.....	60
\$1,500.....	\$1,800.....	30	\$2,700.....	\$3,000.....	40

RATES FOR CHILDREN OF WAR VETERANS

1. (a) No widow and two children: \$50 per month whose annual income (excluding earned income) does not exceed \$3,000 a year.

(b) No widow and three children: \$65 per month whose combined annual income (excluding earned income) does not exceed \$3,000, additional \$15 for each child.

NET WORTH LIMITATION

1. Eliminate the section providing discretionary authority for a finding of the net worth of the veteran or the widow or child which could lead to a determination the applicant is not eligible for a pension.

The CHAIRMAN. Mr. Ketchum, I would like to comment in regard to your percentages, Federal revenue today is 20 times as much as it was in 1930; 30 percent was absorbed by Federal tax receipts in 1930.

When I came to the Senate in 1933 \$4 billion was collected in taxes. Now we collect \$80 billion in taxes.

I simply wanted to make the situation clear.

Mr. KETCHUM. What I am trying to indicate, Senator, is that the American people, through the national income, based on the number of veterans involved in the question of the program, could afford to pay more in relation to what they have paid in the past.

The CHAIRMAN. This was not national income, was it? It was tax receipts.

Mr. KETCHUM. Tax receipts or national income.

The CHAIRMAN. I have no objection, but I want to make it clear.

Mr. KETCHUM. I understand.

The CHAIRMAN. We collected \$4 billion in the thirties, and now we collect \$80 billion.

Are there any questions?

Thank you very much, Mr. Ketchum.

The next witness is Mrs. Edythe M. Fletcher, Widows of World War I, Inc.

Mrs. Fletcher, will you proceed, please?

**STATEMENT OF EDYTHE M. FLETCHER, NATIONAL PRESIDENT,
WIDOWS OF WORLD WAR I, INC.**

Mrs. FLETCHER. Mr. Chairman and members of the Senate Finance Committee, I am Edythe M. Fletcher, representing the Widows of World War I, as their national president. We have been organized since February 7, 1946, as an independent organization. We are not an auxiliary to any veterans group.

As the representative of the only organization composed entirely of women who are the widows of veterans of World War I, it is an honor to be allowed to appear before this distinguished group on behalf of these widows.

Gentlemen, it would be utterly impossible for me to describe some of the deplorable conditions under which many of our widows are existing. Through our work throughout the country, we find many hardships and many heartaches. I would like to point out to you some of the causes of these conditions.

Many of the widows are not employable, some because of physical disabilities and many through the lack of ability to work on jobs that require special training. They are unable to compete with the business world as it is today.

In a recent survey made of the members of this organization, it was amazing to find that so many were actually trying to live, in view of the ever increasing high cost of living on their small pension of \$50.40 with no other income whatsoever.

Many are not eligible for social security, either in their own right or that of their deceased husbands. Many were widows before social security was enacted into law. Let us not lose sight of the fact that it was necessary for them to use what savings they may have had to care for the husband until he passed away, rather than suffer the humiliation of taking the "pauper's oath." Many widows who cared for the husband through his illness have been compelled to give up the home of many years and live with relatives or in an undesirable neighborhood.

May I call to your attention that many husbands actually died from service-connected disabilities which we were unable to prove, due to the fact, as you well know, they were so anxious to return to their homes and families, and since a physical checkup was not required, no record was made of any injury or illness they may have incurred in line of duty, not realizing that the hurried discharge would eventually cause much hardship on their families in years to come.

The widow who is employable and is fortunate enough to have a gainful occupation cannot have an income of more than \$1,400 a year. This provides a very meager living, with only the bare necessities of life. At this point I can cite an actual case. The pension

was cut off by the Veterans' Administration for just \$2 over the \$1,400 limitation and the widow was required to return the pension which she had received during the year. Many widows were left with families to raise. Our sons and daughters were the veterans of World War II and Korea. We worked hard to give them an education and provide for them. In December 1944 the first bill was passed giving the widow \$38 per month. Prior to the passing of this bill, there was no pension for the widow or the children, of a World War I veteran. Since that time three other bills have passed increasing the pensions, namely, 1946 to \$42, 1952 to \$48, and 1954 to \$50.40, a total increase of \$12.40 over a period of 10 years. Other bills have passed granting widows of another war an increase of \$25 since 1946, a period covering 12 years and they have never been restricted to an income limitation.

Our widows help themselves whenever possible. Many are outstanding businesswomen as well as widows of prominent business and professional men who served their country and paid the supreme sacrifice. These women do not and probably will never receive a pension, but they, too, are working hard for those less fortunate.

Mr. Chairman, we ask you and the members of your committee to oppose H.R. 7650 as this bill would create additional hardships on those who will become eligible for pension after June 30, 1960, as well as those now on the pension roll.

We, the widows of World War I, feel that H.R. 7650 is not the answer to the needs of the widows who must depend on their pensions for survival. I beg of you, gentlemen, that if we are to be classed with the widows of other wars in this bill, H.R. 7650, that you amend said bill to cover sufficient pension increase and a higher income limitation in order to meet the increasing cost of living.

We would like to propose that the table set up for H.R. 7650 for World War I widows read as follows:

Income per year :	Per month
\$600-----	\$70
\$600 to \$1,200-----	60
\$1,200 to \$1,800-----	55

Many of our widows need hospitalization, but due to their small income, they are unable to afford the necessary medical assistance.

Again, I urge that the members of this committee give special consideration to H.R. 7650.

It has been a privilege to appear before this distinguished body, and I especially want to thank Senator Byrd for granting my request to speak on behalf of the widows of World War I.

Thank you for your kind attention.

The CHAIRMAN. Thank you very much, Mrs. Fletcher.

Are there any questions?

Thank you very much.

The next witness is Mr. F. B. Taylor, Veterans of World War I, Department of Virginia.

Mr. TAYLOR. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Taylor.

STATEMENT OF F. B. TAYLOR, QUARTERMASTER ADJUTANT, VETERANS OF WORLD WAR I, DEPARTMENT OF VIRGINIA

Mr. TAYLOR. Senator Byrd and gentlemen of the committee, I do not have a prepared statement.

I am F. B. Taylor, quartermaster adjutant, Veterans of World War I, Department of Virginia, and I came here representing our department as a result of the action of our State convention held last month in Danville, Va., immediately after the passage of H.R. 7650 by the House of Representatives.

We considered the bill at that time very carefully, studied it, and have continued an analysis of its provisions.

We are opposed unalterably and unanimously, and by convention action so acted, to H.R. 7650 as it is drawn presently.

The veterans of World War I at this time who qualify receive a monthly pension of \$66.15. After 10 years, that is, or at age 65, that is automatically raised to or increased to \$78.75.

Most of our members are now rapidly passing from the labor market. We are of the average age of 64. I personally am 70, and I am unable and it is no longer possible for me to enter the field of industry and activity.

Our men are dying at the rate of 350 per day, according to the records of the Veterans' Administration.

We do not feel that H.R. 7650 gives realistic consideration to our problems and to the problems of the members of our organization, and we respectfully urge and request that this committee analyze carefully, through its qualified staff, the intricate provisions and the inequities that will result to the widows, the orphans, and the veterans of World War I.

We feel, gentlemen, that it would be far better that no new veterans legislation be passed at this time than to have H.R. 7650 passed as it came out of the House of Representatives.

In general, we are more in agreement with the recommendations made by the Veterans of Foreign Wars represented here, and in their statement recently submitted to you.

We have no objection to the veterans of World War II and their widows and orphans being included, even though it is only 16 years after the war, whereas we waited for 26 years for aid in non-service-connected pensions.

We see no reason whatsoever for the veterans of World War II and of Korea having to go through the suffering that our group went through during the depression, which resulted in the bonus army and that terrible period there when the veterans of this country were dying in abject poverty, with no relief, and even though this period of 10 years is moving up, we have no objection whatsoever to seeing the World War II veteran and his widow and orphan receive assistance in their hour of need from the Federal Government.

However, we are well aware of the condition of the Treasury of this country. We are well aware of the problems faced by our Government.

We are well aware of the problems of taxation faced by our average citizen, and we fear that if they are included at this time that the public will revolt against the payment of taxes that will be necessary

to carry this extra \$22 billion, as estimated it will cost before the year 2000, and that the veterans, as a whole, and the great mass, will suffer where need is required.

Thank you.

The CHAIRMAN. Thank you very much, sir.

Do you have a copy of the resolution adopted by the Veterans of World War I of the State of Virginia?

Mr. TAYLOR. Yes, sir.

The CHAIRMAN. Please put that in the record too.

Mr. TAYLOR. Yes; I will present that; I will present it this afternoon.

(Document referred to follows:)

RESOLUTION PASSED UNANIMOUSLY BY THE VETERANS OF WORLD WAR I, U.S.A.,
DEPARTMENT OF VIRGINIA, IN ANNUAL CONVENTION AT DANVILLE, VA., JUNE 12,
13, AND 14, 1959

Whereas the Veterans' Affairs Committee of the House of Representatives has reported to the House of Representatives for consideration bill H.R. 7650 (Veterans' Pension Act of 1959); and

Whereas a study of this bill reveals many provisions which we believe are harmful to the interests of veterans of World War I who may be eligible for a non-service-connected pension after such legislation would become effective as provided therein: Be it

Resolved, That the Department of Virginia, Veterans of World War I, U.S.A., go on record as unanimously opposed to bill H.R. 7650 as presently drawn; further be it

Resolved, That the Department of Virginia, Veterans of World War I, U.S.A., be of record as being in favor of the following changes in the current law:

(1) Increased limit for earned income of single veterans to \$1,800 per year; increased limit for earned income for married veterans to \$3,000 per year; with provision that OASI benefits, private insurance company annuities, and veterans' pension not be considered in calculating above enumerated limitations; further be it

Resolved, That copies of this resolution be forwarded to both U.S. Senators from the State of Virginia and to each Member of the House of Representatives from the State of Virginia for their information and consideration.

GEO. R. DANIELS, *Commander*,
F. B. TAYLOR,

Department Quartermaster, Roanoke, Va.

The CHAIRMAN. Are there any questions?

Senator LONG. I would like to ask a question of the witness.

How many members are there in your organization?

Mr. TAYLOR. At the moment we have 140,000, sir, barracks in 36 States.

Senator LONG. Active members?

Mr. TAYLOR. We were chartered by Congress last year, sir.

Senator LONG. Active?

Mr. TAYLOR. Paid members.

The national adjutant is in the room and will verify that, sir.

Senator LONG. Let me get this straight in my mind.

Are you in favor of only an increase in pensions that affect your group, or is it your feeling that there should be no increase for anyone at this time?

Mr. TAYLOR. We are in favor of an increase in pension for our group commensurate and in keeping with the increased cost of living, but we are unwilling to demand that and to press for it, rather than to

see legislation, overall pension legislation, passed, which will endanger and imperil the entire pension program for the veterans of this country.

Senator LONG. Do you believe this bill, if passed, would be of any substantial benefit to the World War I veterans?

Mr. TAYLOR. As it stands now?

Senator LONG. Yes.

Mr. TAYLOR. For those who are on the rolls now, the grandfather clause protects them. For those who would qualify in the future, sir, after June 30, 1960, it will penalize them. There is no question about that. Any fair analysis of that bill as it stands now, as it was presented to this committee, to the Senate, cannot arrive at any other statistics.

Senator LONG. Your conclusion is for a man 65 or 70 years old, a man who applies for the pension for the first time, after having postponed his application as long as he felt that he could, that he would actually be injured by the bill?

Mr. TAYLOR. Penalized. Definitely, sir.

Senator LONG. Yes. Thank you, Mr. Chairman.

Senator KERR. Not if he put it in and was successful in his effort to get one prior to June 30, 1960.

Mr. TAYLOR. If he is on the rolls June 30, next year, he is protected by the grandfather clause. He goes on. But the man—there are only 800,000 of us on the rolls now, Senator Kerr.

Senator KERR. Prior to the time of the average World War I veteran, that he would be 65.

Mr. TAYLOR. We are 64 now.

Senator KERR. That being the case, the average would be 65 prior to June 30, 1960.

Mr. TAYLOR. Yes, sir. But he does not go on automatically. He must apply and qualify.

Senator KERR. I understand.

Mr. TAYLOR. There are only 800,000 of us qualified out of 3 million living.

Senator KERR. Having done so, his right would be fixed under present law.

Mr. TAYLOR. That is right, provided he had qualified by June 30 of next year, he is protected by the grandfather clause.

Senator LONG. It does seem to me, though, that it would be inequitable certainly to penalize a man who, let us say, is 65 now, and managing to get by without a pension, and who holds out until he is 70, and then they tell him when he gets to be 70 that he cannot get as much as he could have gotten if he had tried at 65.

Mr. TAYLOR. Senator Long, that is a very sensible observation. You are 100 percent right.

The CHAIRMAN. Thank you, Mr. Taylor.

The committee will adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 12:40 p.m., an adjournment was taken until Wednesday, July 29, 1959, at 10 a.m.)

VETERANS' PENSIONS

WEDNESDAY, JULY 20, 1959

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Frear, Smathers, Talmadge, McCarthy, Williams, Carlson, Bennett, and Cotton.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The first witness will be presented by Senator Kerr.

Senator KERR. Mr. Chairman, and members of the committee, it is a great honor to me to present to this committee the national commander of the American Legion, one of the outstanding citizens of my State of Oklahoma.

I know the pride that the chairman felt when Mr. Daniels of his State was the national commander of the American Legion, so he understands the pride that is in my heart now that Oklahoma's distinguished son is national commander.

He is here with the very charming and gracious president of the Legion's National Auxiliary, Mrs. Charles W. Gunn. While she is not from Oklahoma, she is with the commander who is, and unless the Senator from her State is here, why, I would also claim the privilege of presenting her.

Senator CARLSON. Mr. Chairman, before the commander proceeds, I would like to state that the commander, Mr. Moore, showed very good judgment by coming to Kansas and marrying one of the Kansas girls from Chanute, Kans., and we too are very happy to have him here this morning.

The CHAIRMAN. The commander has been graciously introduced, and deservedly so. I should like to say Dan Daniels is one of my very best friends. He is a fine man.

You may proceed Commander Moore.

STATEMENT OF PRESTON J. MOORE, NATIONAL COMMANDER, THE AMERICAN LEGION; ACCOMPANIED BY MRS. CHARLES W. GUNN, NATIONAL PRESIDENT, AMERICAN LEGION AUXILIARY, AND ROBERT M. McCURDY, CHAIRMAN, NATIONAL REHABILITATION COMMISSION; WILLIAM F. HAUCK, DIRECTOR, WASHINGTON OFFICE; MILES D. KENNEDY, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION; JOHN J. CORCORAN, DIRECTOR, NATIONAL REHABILITATION COMMISSION; JAMES V. DAY, DIRECTOR, NATIONAL PUBLIC RELATIONS COMMISSION; CLARENCE H. OLSON, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION; JOHN S. MEARS, LEGISLATIVE REPRESENTATIVE, NATIONAL LEGISLATIVE COMMISSION; CHARLES W. STEVENS, ASSISTANT DIRECTOR, NATIONAL REHABILITATION COMMISSION; EDWARD McGRAIL, ASSISTANT DIRECTOR, PROGRAM MANAGEMENT, NATIONAL REHABILITATION COMMISSION; WARREN MacDONALD, RESEARCH ANALYST, NATIONAL REHABILITATION COMMISSION; EDWARD GOLEMBIESKI, CHIEF OF CLAIMS, NATIONAL REHABILITATION COMMISSION; AND MICHAEL M. MARKOWITZ, REHABILITATION DIRECTOR, DEPARTMENT OF PENNSYLVANIA, THE AMERICAN LEGION

Mr. MOORE. Thank you, Mr. Chairman.

Mr. Chairman, and members of the committee, on behalf of the American Legion, I appreciate this opportunity to urge your favorable consideration of the bill, H.R. 7650.

The American Legion supports H.R. 7650 because it would substantially accomplish what we believe to be necessary and long overdue liberalizations in the non-service-connected disability and death pension programs for World War I, World War II, and Korean conflict veterans and their surviving dependents.

For more than a decade the American Legion has sought equalization of the eligibility requirements for death pension. The requirements applicable to claims of widows and children of World War II and Korean conflict veterans are much more restrictive than those which apply to death pension claims based on World War II service. H.R. 7650 would correct this inequity as of the effective date of the bill.

In addition, the bill would give full or partial effect to other pension resolutions adopted by the 1958 National Convention of the American Legion. These resolutions called for:

Increases in the existing "flat" rates of pension;

Elevation of the existing income limitations of \$1,400 and \$2,700 per annum to \$1,800 and \$3,000, respectively;

Certain liberalizations with respect to computation of annual income; and

Less restrictive disability requirements for veterans aged 65 or more.

H.R. 7650 would provide rate increases comparable to those requested by the American Legion for 70 percent of all persons now receiving pensions; would permit payment of pension at reduced rates where outside income does not exceed the requested limits of \$1,800 and

\$3,000; and would partially accomplish our requests relative to income computations.

The Veterans' Administration estimates that, in the first year, approximately 854,000 cases out of 1,223,000 now on the rolls would be eligible for increased pension; and, that approximately 72,000 cases would be added by the higher income limitations. The majority of cases to be benefited would be veterans of World War I.

H.R. 7650 would make no change in the statutory disability requirements for veterans' pensions. In its report (No. 537, p. 5) on the bill, however, the House Committee on Veterans' Affairs commented to the effect that the Veterans' Administration policy with respect to the claims of certain elderly veterans is too strict. The committee stated that it recommended and expected the agency to review its regulations relative to veterans with advanced age and high disability to insure that those who meet the income limitations will not be denied pension on the basis of employability when they are not working a substantial part of the time at a gainful occupation.

It is this problem which the convention resolution previously mentioned sought in part to correct. The American Legion believes that a veteran who has reached age 65 should not be denied a pension providing his annual income, either earned or unearned, does not exceed the applicable limitations.

Among veterans' organization, the American Legion has been the major advocate for retention of a reasonable test of need as a requisite for entitlement to pension. H.R. 7650 upholds this principle, although the bill would make significant changes in the nature of the test.

These changes would be achieved by:

- (1) Substituting for the present flat rates and single income limitation a graduated scale of payments for veterans and widows, thereby distinguishing between levels of need and relating the amount of pension payable to the degree of need;

- (2) Authorizing the Administrator of Veterans' Affairs to deny or discontinue payment of pension to a claimant where, in his judgment, the corpus of such person's estate is such that it would be reasonable that some part thereof be consumed for his or her maintenance.

In addition, H.R. 7650 would require certain married veterans to include in the computation of their annual income a portion of their spouses' income. The first \$1,200 or 50 percent, whichever is greater, of a spouse's income would be excluded from such computation; the remainder would be included if "reasonably available" to the veteran and provided that to do so would not work a hardship upon him.

These proposed changes in the test of need have been advanced for various reasons but principally as a means of correcting alleged inequities in the existing system. It is argued that a graduate scale of payments based on the amount of the beneficiary's other income will provide greater benefits for those in greatest need and that it will remedy the so-called "all or nothing" aspect of the single income limitation system. The "corpus of estate" test is designed to prohibit payment of pension to those who, while otherwise qualified, have assets sufficient to provide for their own needs. Taking a spouse's income into consideration is intended to insure that all income reasonably available for the veteran's support will be counted

and to prevent a veteran from qualifying for pension by transferring ownership of income-producing property to his spouse.

These several proposals had not been advanced at the time of the American Legion's 1958 national convention and are therefore not comprehended by the pension resolutions then adopted. Those resolutions still form the American Legion's basic policy with respect to pension legislation.

At its meeting of April 29–May 1, 1959, the American Legion's national executive committee did take cognizance of such proposals to modify the pension needs test. This was in connection with its study of the bill, H.R. 6432, which incorporated the draft transmitted under date of April 15, 1959, to the Speaker of the House by the Administrator of Veterans' Affairs, pursuant to the President's budget message request.

The national executive committee found the provisions of H.R. 6432 to be unacceptable to the American Legion. By resolution unanimously adopted, the executive committee authorized the national commander to continue efforts to secure improvements in pension legislation, considering the convention resolutions; and, to cooperate with the House Veterans' Affairs Committee in an attempt to eliminate inequities in existing pension legislation.

With respect to proposed changes in the test of need, the report adopted by the national executive committee set forth the following specific guidelines:

1. The respectable position of pension as a form of income must not be placed in jeopardy.
2. The change must not create more defects or inequities than it seeks to eliminate.
3. The result should permit ease and economy of administration.
4. The result must be readily understandable to the average beneficiary.
5. The result must make for continued public acceptance of the pension program.

For purposes of the pension program, the needs test is primarily a device for channeling limited resources to the area of greatest need. It must be kept in mind, however, that the concept of "need" for war veterans' pensions is not the same as might apply for purposes of ordinary public assistance. Therefore, any change undertaken in the pension needs test must be such as will further the purpose of the program and be in the best interests of both the beneficiaries concerned and the Nation as a whole.

After due deliberation in keeping with the foregoing principles and guidelines, we advised the House Veterans' Affairs Committee in our statement of June 5 that—

1. The American Legion sees merit in a graduated scale provided adequate payments are authorized;
2. It would be equitable to take cognizance of not to exceed 50 percent of a spouse's income provided that the money is available for the veteran's support and that the Administrator be authorized to ignore such income where its inclusion would work a hardship upon the veteran; and
3. It would be reasonable to extend the "corpus of estate" test to the pension program provided we can be assured that it would be

applied in the same manner that it has been in the claims of parents for death compensation.

H.R. 7650 would meet our request relative to inclusion of a spouse's income. The bill does not, however, fulfill what we believe to be the minimum rates required for veterans and widows; and, with respect to the estate test, the bill would require its administration to be on a continuing basis rather than as an initial qualification as has been the case with claims for death compensation by dependent parents.

Under date of June 12, we advised the chairman of the Committee on Veterans' Affairs that the American Legion is disappointed in the fact that H.R. 7650 does not meet the rates recommended by our organization.

Concerning the "corpus of estate" test, we felt that its application should be restricted to initial claims for pension and to claims for reinstatement to the rolls following removal for excessive income. This would be in keeping with the manner in which this test has been applied since 1942 to claims for death compensation on the part of dependent parents.

The requirement of an annual accounting of each beneficiary's net worth, together with revised reports within the calendar year, will prove unnecessarily burdensome to both the Veterans' Administration and the claimant concerned. If a claimant's estate is not excessive when properly placed on the rolls, it is not apt to become excessive so long as the claimant continues to meet the income requirements.

The principal means by which there could be a material change in the size of a pensioner's estate would be through inheritance. The regulations already provide that money inherited must be reported as income. Likewise, the income derived from the rental or sale of inherited property must be reported.

The added cost of administering a continuing "corpus of estate" test will far outweigh any possible savings to be derived therefrom.

The American Legion is aware of the opposition which has been expressed to enactment of H.R. 7650 on the basis of the bill's expected long-range cost. The American Legion is equally aware of the many errors to which such estimates are subject.

Regardless of the time element, cost estimates are no better than their underlying assumptions. Slight errors in basic assumptions become greatly magnified if the estimate is projected too far into the future. A good case in point is the long-range estimates of the cost of the pension program under existing legislation which were developed for and endorsed by the President's Commission on Veterans' Pensions.

These estimates were projected in 5-year steps to the year 2000. We are now in a position to compare the estimate for the year 1960 with the Veterans' Administration budget request for the 1960 fiscal year. The President's Commission estimates appear to be more than \$177 million too high for disability pensions alone. The Commission's estimates for 1960 were based on an expected caseload of 998,000 veterans of World War I, World War II, and the Korean conflict. The Veterans' Administration now expects only 840,500 such veterans to be on the rolls. This is a difference of 157,500 veterans for 1 year alone, or an error of 19 percent.

The estimates for the President's Commission were prepared less than 4 years ago. If they are this faulty already, what validity could they have when carried out to the year 2000? It is difficult to justify the use of long-range estimates as an argument against a proposal such as H.R. 7650.

The Veterans' Administration has pointed out that its current estimate of the cost of this bill should be considered as "magnitude figures" only, in view of the many intangibles involved. It is our understanding that these estimates assume no change in the existing social security benefit formula and no increase in company retirement benefits over present levels. If this be true, it seems clear that the long-range cost of H.R. 7650 will have been overstated insofar as the pension needs of World War II and Korean conflict veterans are concerned. A much lower percentage of these veterans will have to fall back on pension as compared with veterans of World War I.

It is understandable that the Congress would want to inform itself as to the probable cost of any legislation. We believe, however, that estimates projected as far into the future as the year 2000 will serve no useful purpose unless the dollars involved are related to other factors, such as the national income for the same period.

Insofar as veterans' legislation is concerned, the American Legion believes that if the principles are right, the cost will never go beyond the Nation's ability to care for its wartime defenders and their dependents.

We submit that the principles incorporated in H.R. 7650 are right, and that the bill merits favorable action by this committee.

The action of the House in approving H.R. 7650 has raised the hopes of many needy veterans, widows, and orphans. It is unlikely that an opportunity to meet their hopes and at the same time correct many of the problems raised by existing legislation will present itself in such a fashion soon again.

In the development of H.R. 7650, the American Legion cooperated with all interested parties to the fullest extent possible. We do not contend that the bill is perfect in all respects, but it does represent a substantial meeting of the minds of those most concerned with the problems of veterans and their dependents.

None of the interested parties is entirely satisfied and each has sacrificed desired objectives. The bill is admittedly a compromise measure. Certainly, it falls short of fulfilling the American Legion program as expressed in our pension resolutions adopted by the convention.

In view of these concessions on our part, the present provisions of H.R. 7650 represent the minimum acceptable plan. Any restrictive amendments such as a further lowering of the rates would necessarily result in withdrawal of the American Legion's support. We therefore respectfully urge the committee to report H.R. 7650 in its present form.

Thank you very much for the time and attention you have given me, and for your sincere interest in this important legislation.

Mr. Chairman, with your permission, I would like to introduce the national president of the American Legion Auxiliary, Mrs. Charles W. Gunn, of the State of Oregon.

After she and Mr. McCurdy have completed their statements, we will all be very glad to accept any questions.

The CHAIRMAN. You may proceed.

**STATEMENT OF MRS. CHARLES W. GUNN, NATIONAL PRESIDENT,
AMERICAN LEGION AUXILIARY**

Mrs. GUNN. Thank you, Mr. Commander.

Mr. Chairman and members of the committee, much of my experience in the American Legion Auxiliary has been in rehabilitation and child welfare activities. Consequently, I have come in close contact with widows and orphaned children of the veterans of our wars. I know of the great good that was done for those dependents of World War I when Congress in 1944 enacted legislation to provide death pension for them. At the same time, I know of the hardships that have befallen widows and orphaned children of the veterans of World War II and the Korean conflict because they are not, under the present law, generally eligible for death pension.

As national president of the American Legion Auxiliary, with its nearly 1 million members, I have met with the rank and file of our organization in nearly every State across the land, and I can assure you, Mr. Chairman, that the American Legion Auxiliary stands unified in support of the provisions of the pending legislation that includes death pension parity for the widows and orphaned children of veterans of World War II and Korea.

I express the sincere hope that this committee will favorably report the legislation now under consideration, particularly that portion pertaining to death pension.

Thank you so very much for your time and attention.

The CHAIRMAN. Thank you very much, Mrs. Gunn.

Mr. MOORE. Mr. Chairman, with your permission, I would like to introduce the chairman of the American Legion National Rehabilitation Commission, Robert M. McCurdy, of California, "Mr. Rehabilitation" in the American Legion.

Mr. McCURDY. Honorable Chairman and members of the committee, I have no prepared statement, but there are a few points that I would like to accent in connection with H.R. 7650.

I think that, first, the committee should appreciate the work and the effort and toil that have gone into bringing this bill to realization. Starting some 6 months ago, we have held dozens of meetings and had dozens of telephone calls with Mr. Teague and his staff, and with the staff and Mr. Whittier, of the Veterans' Administration; with our own national commander, with our field representatives throughout the United States such as are represented here this morning by Mike Markowitz, of Pennsylvania.

I am sure some of you know Jim Crider, of Tennessee; he has been consulted, and also Mel Dixon, of Florida, and others throughout the United States. It took a lot of give and it took a lot of take to work out a reasonable and fair bill.

We think that the bill that we now have is a minimum bill. If we inspect H.R. 7650, it is a relatively simple bill. It is relatively understandable by members of your honorable committee and beneficiaries.

It is a conservative bill, and I am sure it would interest the members of this committee to know that in the formation of this bill we had many objectives, but in a broad view we wanted, No. 1, to be fair to the Members of Congress. We wanted to be reasonable in the requests we make of you honorable gentlemen who have such responsibility.

We are also tax conscious, we are taxpayers, too, and we wanted to be fair to the public.

We, of course, have uppermost in our minds the welfare of our widows and our orphans and our disabled veterans, and we also wanted to be fair to them.

This bill provides a modest increase to most of the beneficiaries of pensions.

Our situation is this: The last increase in pensions was in 1954 when they received a 5 percent increase. I do not have to call your attention to the trend of the economics in our country since 1954.

Other groups, all employees, the Members of Congress themselves, have had consideration since 1954, and we have supported these measures.

We believe in adequate compensation, but it would appear that at this time the forgotten man is the disabled, totally disabled, unemployable veteran. He is a class that Congress alone can take care of his compensation, and he is the man who, since 1954, has stood alone and as the one overlooked.

Well, this is a basic bill. It retains our basic premise of disability; it retains our basic premise of need.

We think that you can understand, that you do understand, that the bill is based on total and permanent disability; that it is based on unemployability; that it is based on limited income. We are inclined to say that this is a bill for the nonservice connected. True, to a degree; but there are many service-connected men who draw pensions.

I am not sure whether it has ever been called to the attention of your honorable committee, that about 70 percent of all service-connected men are rated 30 percent or less. When they are rated 30 percent or less and can otherwise qualify, they go on the pension roll, so there are a considerable number of service-connected men who are on the pension rolls and are not nonservice connected as referred to oftentimes.

The cost projection to the year 2000, I don't see it published anywhere else. It seems to me that those figures are figures that are published to frighten people or discredit something. I was just doodling a little and I thought I would project cost projections for each one of the members of your honorable committee.

You maintain a home in Washington and in your home State—I have assumptions, too, the same as the Bureau of the Budget. So I assume that it costs you not less than \$20,000 a year to live. You know that it is going to cost you \$800,000 just to live to the year 2000. Well, we are not going to stop living on account of it. It may or may not be right, but think about it; \$800,000 just to maintain yourself and your family, and the taxpayers are going to pay it.

It is a little ridiculous, that's what I am trying to get over, this Bureau of the Budget projection. At some point somebody should tell them.

Here is another thing: They give these big figures and when they give the big figures, I always think of what has happened during the last year. There was a \$13 billion error within the last year, that embarrassed everybody. If they can make a \$13 billion error in 1 year, do you believe that anyone is capable or competent to project anything to the year 2000? I just can't accept it as a basis or as a reason or anything else for being against a bill to aid the disabled, their widows and their orphans.

Well, there was reference made to the Bradley Commission report. I believe that Mr. Stans made reference to the Bradley Commission report. But I think that when he does make reference that he should not stop short of all the facts.

You know the Bradley Commission report, they were very conservative, but they recommended and stood solidly behind equalization for widows and orphans.

Now Mr. Stans didn't tell you that, but that is a fact, too; that is in the report. I could talk about this a long time. Sometimes I think that maybe the less said the better.

H.R. 6432 was supported yesterday. H.R. 6432, they said, by the year 2000, saved \$47 billion. There it is again; that is a figure.

But let us assume for a second that it is going to save \$47 billion, who is it to save on? That is on the present program of pensions based on the present program. They are going to take it out of the hide of the disabled, the widows, and the orphans, and this is the group, these are the low-income group—they have to qualify by not having income—that the President, in his message, said should have more.

What is the consistency in a bill of that kind? I just have a very, very hard time reconciling myself.

I am sure that all you gentlemen know, with me, how difficult it is to understand veterans' affairs, veterans' pension programs. This one, H.R. 7650, is relatively simple.

Do you know that in H.R. 6432 there are 19 tables, there are 103 different rates in that bill, and I don't believe that your staff could ever understand it, and I am certain they can't understand it to be able to tell a constituent what he or she might be entitled to. In that way it is impossible.

Well, I just want to mention one thing, that we are for H.R. 7650 the way it stands. I, too, compromised and gave. I did my best to be fair with the Congress, and be fair with the people, and be fair with our veterans. We did get in substantial agreement by giving. It does not go as far as my personal opinion goes. But I think that when you are considering passing this out, which we hope you do, without amendment, but when you are considering it, I think you also ought to consider alternates.

In the House Veterans' Affairs Committee there are 120 pension bills pending. Our own program, as adopted at the convention, if enacted, would cost \$750 million. We didn't ask for that. We compromised on it. We agreed upon a conservative bill that warrants and justifies support, and we respectfully ask that you support it.

Thank you very much, gentlemen.

The CHAIRMAN. Thank you very much.

Mr. MOORE. Mr. Chairman, this concludes our testimony. We wish to express our deep appreciation for the courtesy extended to us.

The CHAIRMAN. Are there any questions?

Senator KERR. The witness who has just spoken, you referred to the fact that the Director of the Budget told us yesterday that the administration bill, what is that, H.R. 6432?

Mr. McCURDY. Yes.

Senator KERR. Would save \$47 billion by the year 2000, and I believe Mr. Whittier, Administrator of the Veterans' Administration, told us that he thought that would be an equitable bill to the veterans. I asked him what argument he would use if he were a Member of Congress when he went home talking to the veterans and the widows and orphans whose interests were at stake in this legislation, what argument he would use to them in trying to convince them that that which would reduce the benefits of the present law, if it continued in effect, by \$47 billion, would be an equitable program for those whose benefits would be reduced to that extent.

He didn't answer the question, and I just wonder if you had thought of an answer that a man on this committee might be able to give in persuading them that that was an equitable arrangement.

Mr. MOORE. Senator Kerr, to use some of your logic, I would like to report if he were in the position of a Congressman, his answer to your question may have been different. [Laughter.]

Senator TALMADGE. I have one question, Mr. Chairman.

Commander Moore, I have received several hundred letters about this bill, and, of course, the majority of them from my home State, but some from virtually every State in the Union. A great many of those letters obviously are from World War I veterans objecting to the bill. Do you have any knowledge as to why World War I veterans would object to this bill?

Mr. MOORE. Yes, sir. There is a considerable number of World War I veterans that are in favor of \$100 a month straight across the board pension bill, for \$100 regardless of need or anything else.

I might say that resolution has been presented to the American Legion for the past 10 national conventions, every year, and that resolution has been defeated by a substantial majority at each of those conventions.

But at the present time those that do want that \$100 a month pension are very vociferous and writing many more letters than perhaps the more conservative veteran is.

Senator TALMADGE. You think their objection then is predicated upon the fact that it is not liberal enough to the veterans of World War I?

Mr. MOORE. That is correct, sir. They want more.

Mr. CORCORAN. Mr. Chairman, may I add a comment there?

Mr. Senator, the VA points out that of the people who will be increased as a result of the liberalizing provisions of this bill, 88 percent of them are World War I veterans, and of those who will be added to the rolls for the first time, 92 percent of them will be World War I veterans.

Senator TALMADGE. Thank you.

The CHAIRMAN. Senator Frear.

Senator FREAR. Thank you, Mr. Chairman.

National commander, and our national president, I would like to say to Mrs. Gunn, you have added a great deal to the frontline of attack by the American Legion. I think the American Legion Auxiliary is an organization very worthy of its name, and of its operation. It is a child-welfare program, as you have very well mentioned. It is one of the outstanding programs, I think, in this program of a voluntary nature. Certainly, your work as national president has been quite influential in the States, especially in our little State of Delaware.

I am sure you know Mr. George Ehringer, of Dover, and his wife, and the interest they have taken in this program. And truly, the veterans organizations and the American Legion in particular, in their rehabilitation program, deserves more credit than the general public may give them. They also have voluntarily done this work, and I believe you have a background for coming to Congress and asking them for assistance and support of the widows and orphans and veterans.

I think there is no one more conscious on this committee than the junior Senator from Delaware regarding the finances of America, of the Treasury Department. We listen attentively when the Treasury and the Budget Director come down here and tell us about the condition, and where is the money coming from, and so forth, and I think we are responsible for getting that money. It is a little bit difficult for the junior Senator from Delaware, however, to always recognize the fact that when we want something for our veterans and we want something for the people in this country who don't have quite all they need, it is a rather difficult program to put over, but sometimes it is rather easy to get a program that we want to ship overseas to somebody to be approved.

I think your visit to Delaware also, Mr. National Commander, was of great benefit. We look forward in that little State to the visits of the national commander and of the national president, also.

I am very grateful for your appearance here and the expressions you have made on behalf of 7,650, to both of you.

I have no questions, and the chairman was very considerate in letting me make these comments.

Thank you, sir.

The CHAIRMAN. Are there any further questions?

Senator CARLSON. Just one.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. Mr. Commander, I notice you approve H.R. 7650, and yet you state in your statement that you are disappointed in the rates, that they did not meet the recommendations of your organization.

What are those rates and how much additional cost would they be? I think it ought to be made a part of the record.

Mr. MOORE. Yes, sir; we would be very happy to.

The rates that we recommended were for a single veteran from zero to \$600 income, \$90 a month; \$600 to \$1,200 income, \$75 a month; \$1,200 to \$1,800 income, \$50 a month.

A married veteran with zero to \$1,000 income, \$90 a month; \$1,000 to \$2,000 income, \$75 a month; and \$2,000 to \$3,000, \$50 a month.

Additional \$70 for aid and attendance.

A widow, zero to \$600, \$60 a month; \$600 to \$1,200 income, \$50 a month; \$1,200 to \$1,800 income, \$30 a month.

A widow with one child, zero to \$1,000 income, \$75 a month; \$1,000 to \$2,000, \$60 a month; \$2,000 to \$3,000, \$40 a month, with \$12 additional for each child.

Senator KERR. \$12 or \$15, Mr. Commander?

Mr. MOORE. \$12. That concession was suggested by us in an effort to obtain higher rates for veterans and widows.

For children alone, zero to \$1,800 income, the first child, \$35, with \$12 for each additional child.

The American Legion proposal would cost an estimated \$7 million more in the first year than H.R. 7650.

Senator CARLSON. In other words, your test for the basis of the payment would be to the advantage of the veteran over and above the pending legislation?

Mr. MOORE. That is correct, sir.

Senator CARLSON. That is all, Mr. Chairman.

Mr. MOORE. This is a compromise measure.

The CHAIRMAN. Senator Cotton.

Senator COTTON. Incidental to the rates that you have just mentioned—and I recognize that this might be a distasteful question, because I am sure that you are naturally compelled in your capacity to represent the interest of veterans of all wars, and cannot draw a distinction between World War I, II, or III—

Mr. MOORE. Yes, sir.

Senator COTTON. But in the various conferences and considerations that your organization, within itself and with other organizations, considered the structure of this bill, was the proposal considered that the bill should carry higher rates, but that in addition to need that an age qualification be put in it?

In other words, it has seemed to me that while a younger veteran who is incapacitated with a nonservice disability, his need is just as great, perhaps, and should not be ignored, that, nevertheless, that the immediate crying need for congressional action is the aging veteran.

Now, to what extent was that element considered?

Mr. MOORE. If you will permit me, I would like to ask Mr. McCurdy to answer that. He has been in more hearings than I have, Senator Cotton.

Mr. McCURDY. Senator Cotton, I don't believe that we give any consideration as between totally and permanently unemployable veterans, whether they are from World War I or World War II, or whether they are from the Korean conflict. If they qualify, we believe there should be no differentiation. It is a matter of happenstance that as we grow older we get some little touch of disability here and there, and that is why it is directed at the aging because of the high percentage of aged that take advantage of it.

But we make no variation. We think that a veteran who is totally, permanently disabled and unemployable at 40, is just as much in need as if he were 70.

Senator COTTON. But this bill is not restricted to those of disability, is it?

Mr. McCURDY. Oh, absolutely.

Senator COTTON. You mean that the need of the aging veteran who can't show disabilities of any nature, that he can get nothing under this bill?

Mr. McCURDY. That is correct. He must show disabilities and also unemployability. He has to show—it doesn't matter how old he is, he has to have disability.

Senator COTTON. To be specific, and perhaps I am not making myself plain, I get many letters from people, veterans and nonveterans, who are 55, 58, 60, 62 years of age, who are in good health, who want to work but because of the developments in the economy of ours, because jobs are for young men, because the door of opportunity is closed to so many older men, just can't get work.

Does this bill take care of a veteran who is 60 years old or 58 years old, who is perfectly healthy, who wants to work but who just simply can't work and is in need?

Mr. McCURDY. He would have to have some degree of disability.

However, in the commander's testimony he referred to the interpretation by the administrator of disability, and where the man is wholly unemployable, and has reached an advanced age, by practice the degree of disability is reduced where almost any of us, at my age, could qualify.

Senator COTTON. I don't want to pursue this unnecessarily, but just one other question. Again I don't want to be interpreted here as a lack of sympathy for the younger men who are faced with misfortune, the younger veterans. Is it not a fact, however, that the cases of young veterans, veterans of World War II, veterans of the Korean conflict, in cases of either total or very large percentage disability, non-service-connected, are in relation to the entire picture small, comparatively small, in number, and in order to take care of all of them, doesn't a bill which scrupulously brings them all into the picture prove rather costly to the aging veteran of World War I, or the aging veteran who is faced with the situation we all are faced with eventually, and which seems to be the central need here; in other words, a bill could be more liberal with the aging veteran if it placed the emphasis there, and those that would be left out would be an extremely small, comparatively small in number, it would seem to me—that is, those who are incapacitated, completely non-service-connected injuries, or disabilities, at a younger age, must be comparatively a small group? Is that incorrect?

Mr. McCURDY. No, that is correct. It might be interesting to note that of all the World War I veterans now living and over the age 65, 48 percent of them are on the pension rolls.

Of all World War II veterans over the age of 65, only 4 percent are on the pension rolls, which to me merely indicates a change in the economics, which will progress and tend to reduce rather than increase the number on these pension rolls.

Senator COTTON. Thank you, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

(No response.)

The CHAIRMAN. We thank you and the American Legion for the presentation you have made.

The next witness is Mr. John R. Holden of the AMVETS.

Mr. Holden, will you take a seat, sir, and proceed?

STATEMENT OF JOHN R. HOLDEN, LEGISLATIVE DIRECTOR, AMVETS

Mr. HOLDEN. Thank you, Mr. Chairman.

Mr. Chairman, and members of the committee, I am John R. Holden, the national legislative director of AMVETS.

I appreciate this opportunity to present the views of AMVETS in support of H.R. 7650, a bill to revise the non-service-connected pension program. This program, in our judgment, has long been in need of revision. H.R. 7650 contains a basic philosophy with which AMVETS is in complete agreement—that of more realistically relating pension payments to financial need.

AMVETS longstanding position with respect to the current non-service-connected pension program was best expressed in a policy statement adopted at our 1957 national convention and reaffirmed at the most recent national convention in August 1958. The policy states that—

AMVETS regards compensation for the service-connected disabled veteran and the surviving dependents of those who lost their lives from a service-connected cause as a paramount objective of the veterans program. Nevertheless, AMVETS supports the non-service-connected pension program for veterans and their dependents so long as the program is based on realistic tests of need. The present non-service-connected pension program is deficient in some respects in that it fails to distinguish between various levels of need, thus resulting in thousands of veterans and widows being denied benefits or having to exist on a small pension with no other income when many other fortunate individuals have considerable income and resources and receive the same pension payments.

AMVETS rejects proposals which would further liberalize the pension program by adding persons to the rolls who are not actually in need. Instead, AMVETS would prefer to see any additional expenditure for non-service-connected pension directed to those most in need. Of particular concern are those unfortunate individuals who are so disabled as to require the aid and attendance of another person. The widows of World War II and Korean veterans are causing particular concern because widows and small children are not eligible for pension unless the veteran had a service-connected disability ratable at an ascertainable degree at the time of his death.

We cannot disregard the precarious position of the Nation's finances at this time, in that 7 percent of the Nation's annual income is being expended for veterans' benefits, yet it is inevitable that as unwarranted expenditures for non-service-connected pensions arise, it will be increasingly difficult to obtain and maintain adequate compensation for the service-connected disabled. We must assume adequate compensation programs, medical services, and adequate pensions for those truly in need rather than embark on pension programs which are actually in the nature of a service bonus.

In short, gentlemen, we embrace the philosophy that the payment of pension must be based upon need, and that as the need varies among individuals, so must the pension payments vary.

The shortcomings of the existing pension program were vividly pointed up in House Committee Print No. 30, 1st session, 86th Congress, dated April 22, 1959, and entitled "Survey of Financial Conditions of Veterans Receiving Non-Service-Connected Disability Pensions." This survey revealed details of cases of veterans on the pension rolls with liquid assets in excess of \$50,000. Numerous cases were reported where the veteran and his wife had more income than the average American family, yet he was receiving a pension and had been on the rolls for many years. The survey indicated that approximately 20,000 of the married pensioners now on the rolls have family income in excess of \$5,000. More than 13,000 pensioners have liquid assets of \$15,000.

At the other end of the scale, the survey revealed that 46,000 married pensioners have no income other than their pension, while 114,000 have incomes of less than \$500 annually. Yet all of these pensioners, high income and no income alike, receive the same monthly rate of pension—\$66.15 or \$78.75 if they are 65 years of age or have been in receipt of pension for 10 years. The rate is \$135.45 if the veteran requires the aid and attendance of another person.

We of AMVETS are keenly aware of the fact that a seriously disabled veteran with no other source of income cannot live on this meager pension. In attempting to provide a measure of relief for this unfortunate group, however, we must guard against adding to the already substantial income of some pensioners.

An increase in limitations on outside income, as some have advocated, would merely add more pensioners with substantial incomes to the rolls, without providing any help to the seriously disabled veteran with no income. An arbitrary across-the-board increase in monthly rates will not solve the problem, either. Not only would the cost be prohibitive, but the inadequacies of the existing program would still be present.

It is the considered opinion of AMVETS that the veteran and his family having little or no outside income should receive the maximum pension payment and that pension should not be paid unless financial need is demonstrated. The income scales and the monthly rates set forth in H.R. 7650 recognize this concept by providing reasonable rates of pension that are realistically related to need.

One aspect of H.R. 7650, in the judgment of AMVETS, requires further study. I refer to section 3(a) on page 5 beginning on line 6. This section provides that only 50 percent of a wife's income shall be considered as the income of the veteran in computing income for pension purposes.

In testimony before the Committee on Veterans' Affairs in the House of Representatives, AMVETS indicated that, in our opinion, a spouse's income should be included as the income of the veteran. We continue to hold that belief. This is a matter of simple equity among the veterans affected. Why should one veteran receive minimum pension payments because he has independent income, while another receives maximum payments because his liquid assets and income-producing property are in his wife's name?

Under the provisions of section 3(a) of the bill, a veteran may have \$100,000 in the bank yielding 3 percent a year interest, and by the simple expedient of transferring it to his wife's name, be eligible to receive \$75 per month pension.

To prevent situations of this nature from occurring, we suggest two amendments.

First, we recommend that section 3(a) be amended by inserting the word "earned" in lieu of the word "such" on line 10, page 5, before the word "income." The paragraph would then read:

In determining annual income, where a veteran is living with his spouse, all income of the spouse which is reasonably available to or for the veteran except \$1,200 or 50 per centum of earned income, whichever is the greater, shall be considered as the income of the veteran, unless in the judgment of the Administrator to do so would work a hardship upon the veteran.

Secondly, we recommend that section 3(b) on page 6 of the bill be amended so that the Administrator is vested with the authority to deny or discontinue pension when the corpus of the veteran's and his spouse's estate is such that it is reasonable that some part of the corpus be consumed for the veteran's maintenance. H.R. 7650 in its present form limits this authority on the part of the Administrator to the veteran's estate alone.

These two simple amendments, in the judgment of AMVETS, would make the bill more equitable and would serve to make the test of need more realistic.

Undoubtedly, one of the most important features of H.R. 7650 is the provision that would establish the eligibility of World War II and Korean conflict widows for pension on the same basis as is provided for widows of World War I veterans. As you know, widows of World War II and Korean conflict veterans, to be eligible for pension, must establish that the veteran upon whose death the application for pension is based, had an ascertainable degree of service connected disability at the time of death. The widows of World War I veterans applying for this benefit are spared this requirement and may qualify merely on the establishment of 90 days' service and a discharge other than dishonorable. We can see no logical reason for the disparity, and heartily endorse the provisions of H.R. 7650 that will correct it.

In summary, gentlemen, AMVETS endorse H.R. 7650. We urge that the two amendments we have suggested be incorporated in the bill. It is our considered judgment that this bill offers a well-balanced, realistic pension program. It contains provisions insuring that no veteran, widow, or child presently in receipt of pension will be reduced or terminated as the result of this bill. It will provide increased pension payments to 70 percent of those now on the rolls.

In short, it represents a reasonable approach to a complex problem. A sound revision of existing pension laws, such as that contemplated by H.R. 7650, is essential if we are to have the capacity to continue caring adequately for the needs of the service-connected disabled veteran, his dependents and survivors. We, therefore, urge the favorable reporting of H.R. 7650.

The CHAIRMAN. Thank you, Mr. Holden.

Are there any questions?

(No response.)

Mr. HOLDEN. Thank you, Mr. Chairman.

The CHAIRMAN. The next witness is Judge David B. Williams, national commander, Disabled American Veterans.

Senator Williams comments that you have a good name.

Mr. WILLIAMS. Thank you. I was thinking of a relative of mine who used to raise chickens in New Hampshire, but I am sure there is a distant connection.

STATEMENT OF JUDGE DAVID B. WILLIAMS, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS; ACCOMPANIED BY JOSEPH R. HAROLD, EXECUTIVE ASSISTANT; ELMER M. FREUDENBERGER, ACTING NATIONAL DIRECTOR OF LEGISLATION; AND JOHN W. BURRIS, NATIONAL DIRECTOR OF EMPLOYMENT RELATIONS, DISABLED AMERICAN VETERANS

Mr. WILLIAMS. I want to thank the Senators, both Senators from Delaware, on the hospitality shown to me by that State on Memorial Day when I was the speaker at the exercises at Wilmington and at the bridge, a most impressive ceremony all around, and certainly the people of your State are most kind and magnanimous.

Mr. Chairman, and members of the Committee on Finance of the U.S. Senate:

My name is David B. Williams, and I am the national commander of the Disabled American Veterans, an organization of over 200,000 wartime disabled veterans of the Armed Forces of the United States. The Disabled American Veterans has been in existence for nearly 40 years and, for more than 25 years of that time, has been operating under a Federal charter granted by the Congress of the United States.

With me today are Joseph R. Harold, my executive assistant, also of Boston, and the acting national director of legislation, Elmer M. Freudenberger, originally from Ohio, but since then he is a resident of Maryland, and also originally from Ohio, our director of employment relations, John W. Burris.

All of the officers and members of our organization appreciate the opportunity afforded me to appear before your committee and to discuss the subject of H.R. 7650, although our primary concern is legislation for the welfare of the war disabled, their widows and orphans. We know that much is now being said and done about revising the laws pertaining to non-service-connected pensions and, despite our specialized field of endeavor, the Disabled American Veterans must necessarily be especially vigilant with respect to developments in that legislative area. We must measure any proposal on this subject by the basic criteria which should govern our attitude on all veterans' legislation, in other words "What effect will the pension proposals have, either directly or indirectly, upon the service-connected disabled veterans and those claiming under them?"

It is necessary that we carefully examine the philosophical basis of any pension legislation, to preserve the identity of the veterans' programs and prevent any consolidation with a general welfare program. While not losing sight of our original aims and objectives, we are not insensitive to the needs of our wartime comrades who can qualify for disability pensions but who have not established service-connection or whose compensation payments for service-connected

disease or injury are wholly inadequate to maintain that disabled individual who has been rendered unemployable by reason of all his disabilities, both those due to service and those not in that category. Such a one should, indeed, be awarded the greater amount of pension, but why should he have to waive all right to compensation? Why should not compensation be considered along with pension under a fair and suitable formula in determining the total amount of monetary benefits payable? I desire to revert to this subject later on in my statement.

At this point, with your indulgence, I will refer to the Disabled American Veterans' legislative policy. It is as follows:

POLICY OF THE DISABLED AMERICAN VETERANS

Because the Disabled American Veterans was founded on the principle that this Nation's first obligation is to its war-disabled veterans, and their dependents, the DAV believes that our Government should provide:

- (1) Proper medical care and treatment of veterans for disabilities incurred in or aggravated by active service in the Armed Forces of the United States;
- (2) Adequate disability compensation for service-connected disabilities;
- (3) Vocational rehabilitation and education to restore employability of wartime disabled veterans in gainful, useful employment; and
- (4) Adequate death benefits for the widows, minor children, and dependent parents of veterans who die as the result of service-connected disabilities and of veterans who were handicapped by service-incurred disabilities.

It therefore follows that the DAV believes that the Congress of the United States (1) should extend priority of consideration to proposed legislation which aims to provide benefits for veterans with service-incurred disabilities, and for their dependents, and (2) that the DAV will consider giving its support to proposed legislation for the benefit of other veterans, and their dependents, only if convinced that its enactment will in no way jeopardize existing or proposed benefits for veterans with service-incurred disabilities, and for their dependents.

In connection with item (2), last paragraph, of the above quoted policy statement, we have viewed with much concern and, indeed, alarm some of the bills that have been introduced in this 86th Congress. It is our considered opinion, however, that the proposed legislation, H.R. 7650, deserves the support of the Disabled American Veterans in view of what is desired to be accomplished for the war veterans, their widows and dependents, at the same time keeping in mind the welfare, security, and stability of the United States in these trying and critical times.

It is fully realized that the exceedingly great number of veteran potentials under any pension system, the vast and increasing costs of the program, and its accumulative effect upon the national economy in the years to come, admittedly give good cause to pause and reflect. The Disabled American veterans most certainly does not relish the thought of the compensation program being relegated to the rear or perhaps smothered or practically snuffed out by costly developments in the pension field far beyond the needs of the situation.

In our opinion, there is merit to the proposal designed to insure that those who are in desperate circumstances or in dire need should receive the full amount of pension payable, but we do not subscribe to any theory that such payments should be based upon abject poverty or computed on a public assistance or social service criterion.

If there is to be a graduated scale based upon income, then there should be not more than three steps, as now provided in H.R. 7650,

with reasonable amounts as to income specified, and the rates of pension payable in each step should not be so low as to remove the last shred of dignity and self-respect left to the permanently and totally disabled veteran. We believe that a reasonable maximum income figure to qualify for full pension benefits constitutes a sound approach if the present pension system is to be superseded.

Relative to "annual income" for pension purposes we most emphatically did not agree, and still don't, with the concept in the earlier proposal, H.R. 6432, in our appearance before the House committee, that only public assistance payments should be excluded. That, of course, should not be included as income but in addition there are other items which should be excluded. The status of those items now excluded under existing law should be retained. In fact, the Disabled American Veterans has a mandate calling for the exclusion of insurance payments of \$10,000, or under, received from private insurance companies. Government veterans' insurance is now excluded. If a wife's income or any part thereof is to be considered "income" along with the veteran's, then provision should be made for those cases wherein the income of the wife is not made available for some good reason for support of the veteran.

Any pension bill with a "wife's income" provision should contain an additional clause to insure that there will be machinery set up to resolve such cases equitably and not work undue hardship upon the veteran because his wife has some income of her own, ever keeping in mind the importance of preserving the morale and dignity of the veteran.

A widow should be given preferential treatment as to income for the 12-month period following the death of her husband, so that she can meet the obligations incident thereto without being barred from pension benefits because her income exceeds the maximum.

The terms "net worth" and "corpus of estate test," if applied should be clarified to the maximum degree to insure that they will be understood and applied liberally. Such provisions in the law will undoubtedly be a considerable source of irritation and controversy, at best, and great care must be exercised to avoid reasonable cause for criticism in their administration.

Still on the subject of annual income the Disabled American Veterans believes that death benefits received by parents for the loss of a son, or daughter, in service should not be considered as income. The fact that a widow's income is over the amount specified by law should not prevent payments to the child or children of the deceased veteran—and that is now in the proposed legislation.

This organization is very much in favor of the provision placing the widows of World War II and Korean conflict on a parity with those of World War I in the matter of eligibility for pension. In the interest of equity and uniformity the World War II and Korean widows should be placed under the rule now applicable to World War I widows who do not have to show service connection and "ascertainable residuals" at the time of the veteran's death in order to qualify.

Your committee is urged to retain the grandfather clause now included in H.R. 7650. In any such far-reaching changes of the pension system the dictates of equity and justice require that those now on

the pension rolls be protected from any adverse effects of the new system.

Reverting to my earlier statement about the desirability of awarding compensation along with pension, with due allowance made as to the total amount, I wish to state that we firmly believe that the present waiver requirement is most unfair. We feel that some provision should be made in the law to insure that a veteran, who is entitled to pension benefits for all his disability, should not be required to waive compensation payments due him for the service-connected portion of his disability in order to receive pension consideration. We advocate a formula that will enable a veteran to retain his service-connected disability compensation and at the same time receive non-service-connected pension on the basis of a graduated scale, depending upon the rating assigned. Such a disposition of the issue would not only promote the feeling of pride and satisfaction on the part of the service-connected veteran, but would also benefit the Government through enabling the Veterans' Administration to make a better breakdown in their claims statistics. When seeking its budget appropriations a much better case could be presented to the two Congressional Committees on Appropriations in arriving at the actual figures of compensation and pension beneficiaries and the amounts paid in each category.

As an example of what we mean about a formula, I invite your attention to the following table:

If service-connected rating is—	Then amount payable would be—		Total
	As compensation	As pension	
10 percent.....	\$19	\$70. 87	\$89. 87
20 percent.....	36	63. 00	99. 00
30 percent.....	55	55. 12	110. 12
40 percent.....	73	47. 25	120. 25
50 percent.....	100	39. 37	139. 37
60 percent.....	120	31. 50	151. 50
70 percent.....	140	23. 62	163. 62
80 percent.....	160	15. 75	175. 75
90 percent.....	179	7. 87	185. 78

Under the principle as employed in this table it will be noted that the final amount is computed by subtracting the service-connected percentage from 100 percent and adding the remainder percentage of pension to the final amount. The pension rates under the provisions of existing law were used in preparing the above table but if these are changed by new legislation the formula could be easily modified accordingly.

In concluding this statement I must reiterate again that the primary concern of the Disabled American Veterans relates to legislation in the field of compensation. It is our hope that in considering pension legislation the Congress will keep uppermost in mind at all times the importance of according priority to those programs directly affecting the wartime service-connected disabled veteran, inasmuch as the first duty of the Government in the field of veterans' legislation is to the wartime disabled veterans, their survivors and dependents.

On behalf of our entire organization I thank you most sincerely for your courtesy and this friendly reception, Mr. Chairman, and gentlemen.

The CHAIRMAN. Thank you, Judge Williams.

Are there any questions?

(No response.)

The CHAIRMAN. Thank you.

Senator FREAR. I would just like to say to the commander that you did make many friends when you went to Delaware this past Memorial Day, and there are many of them hopeful that you will return again.

Mr. WILLIAMS. Thank you very much. I certainly enjoyed my visit very much. They are certainly most hospitable.

The CHAIRMAN. We appreciate your appearance.

Mr. WILLIAMS. Thank you very much.

The CHAIRMAN. The next witness is Mr. Joseph Mazur, of the American Veterans Committee.

Will you take a seat, sir, and proceed.

STATEMENT OF JOSEPH A. MAZUR, CHAIRMAN, VETERAN AND ARMED FORCES AFFAIRS COMMISSION, AMERICAN VETERANS COMMITTEE; ACCOMPANIED BY IRVIN LECHLITER, EXECUTIVE DIRECTOR, AMERICAN VETERANS COMMITTEE

Mr. MAZUR. Mr. Chairman and Senators, my name is Joseph Mazur, and I am chairman of the veteran and armed forces commission of the American Veterans Committee. I thank the committee for the opportunity to present the testimony here today.

As you may know, AVC was founded during World War II and now includes members who served in World War I and in the Korean conflict. During the last 16 years we have adhered to the principles of citizenship upon which our organization was created, namely, that the duty and obligation of the citizen-soldier who fought for his country in time of peril is to continue to serve his country in peacetime as a citizen-veteran.

The American Veterans Committee has always been concerned with the welfare of all the people of our country and not just the welfare of the veteran. While we deeply believe that what is good for the country is good for the veteran, we do not necessarily agree that what seems to be good for the veteran is always good for the country.

AVC views the recipients of veterans benefits on the basis of two categories: First, the veterans who have suffered disability as a result of military service and the survivors of those killed in service or who died from service-connected causes; second, the group of veterans who incurred no disability in service.

For the first group, we believe that the Government should provide such aid as will enable them to maintain the position in society to which they are entitled. The proposed legislation before this committee does nothing to provide for much needed increases in disability compensation to meet the rising costs of living.

For the second group, those who were not disabled, AVC feels that the Government's sole obligation is "to provide such financial, medical, vocational, and educational assistance to all veterans as is neces-

sary for complete readjustment to civilian life." For this reason AVC endorsed, in its earliest days, the GI bill of rights, which was a landmark in progressive veterans' legislation. It is for this reason, also, that we now favor a GI bill for peacetime veterans.

The 12th National Convention of the American Veterans Committee, held in May 1959, adopted a platform on veterans affairs which says:

We believe that general pension benefits should be eliminated entirely for World War II and Korean veterans due to the greatly expanded social security, public assistance, and veterans' benefits programs, to which World War I veterans and their dependents were not entitled. We endorse the recommendations of the Bradley Commission, to continue the general pension program for World War I veterans as the reserve line of economic defense.

AVC believes that the Government should rely on the social security program to the greatest possible extent in providing income-maintenance benefits for veterans and nonveterans against some of the economic and medical hazards of life.

The VA non-service-connected pension program should be essentially a reserve line of economic defense for veterans and their dependents until such time as their minimum income requirements are met under OASI or through their own sources of income. Benefit and eligibility provisions of this program and OASI should be coordinated to eliminate overlapping and duplication of payments, with pensions being reduced by OASI benefits rather than the present reversed situation.

AVC therefore recognizes that some consideration may be due, in isolated instances, to some World War I veterans, but only as a "reserve line of economic defense."

Our platform refers to the report of the President's Commission on Veterans' Pensions, popularly known as the Bradley report. AVC agrees with the basic philosophy and recommendations of the Bradley report, and it is demonstrable that the overwhelming majority of veterans also concur with these principles. This has been noted in many surveys, including one referred to in a 1957 issue of the Saturday Evening Post. The Post has this to say about the attitudes of veterans toward pensions:

With few dissenting voices, 15 million men have adopted the American Veterans Committee's slogan of 1945: "Citizens first, veterans second."

AVC feels that the bill before your committee is a bad bill, and should be defeated for the following reasons:

1. The new maximum income limits are so high that veterans with maximum social security benefits will get pensions of \$40 to \$45 a month. Veterans with average OASI benefits would get pensions of \$70 a month.

2. The bill does not take into consideration social security payments, private retirement plan payments, etc., until pension payments equal the beneficiary's contribution to these other systems. As a result, persons with substantial retirement income will qualify for VA pensions needlessly.

3. This bill would add 277,000 new beneficiaries to the non-service-connected pension rolls at an overall increase of cost of approximately \$10 billion without clear-cut evidence of need.

We feel that the bill now before this committee, by increasing the number of beneficiaries, by setting up higher payments, and by setting up higher maximum income limits, will result in a needless broadening of the scope of veterans benefits in a category which should be gradually reduced and finally eliminated.

We do not believe that Congress should have granted pensions to widows of World War I veterans who were not disabled as a result of military service. We also realize that it would be difficult to rescind existing pensions. Although this may create an apparent inequity, it is preferable to allow the rolls of those receiving non-service-connected pensions to decrease gradually than to compound the original error by adding to the pension rolls a new category of recipients at an approximate cost of some \$22 billion.

Mr. Chairman, you have doubtless heard many petitioners before you expressing fears about mounting governmental expenditures and at the same time indicating a desire for a reduction in taxes. Unfortunately, each special interest group feels that the savings should be in some other than its own area. Members of AVC are not fearful of legitimate governmental expenditures, but we do oppose waste and misspending of the magnitude contemplated in the proposed legislation before your committee today.

We respectfully suggest that the passage of this bill will be a disservice not only to the country but to the legitimate areas of veterans' benefits and urge you to vote against this bill or recommend against this bill.

The CHAIRMAN. Thank you, Mr. Mazur.

Are there any questions?

Senator KERR. Yes; I want to ask a question.

Could you tell the committee something about the organization which you represent, whether it has a charter from the Congress, if it has annual conventions, what its membership is? Does it have an organized group in Oklahoma?

Mr. MAZUR. The American Veterans Committee is incorporated under the laws of the State of New York. We have approximately 40,000 members throughout the country.

Senator KERR. How many of them are in Oklahoma?

Mr. MAZUR. I beg your pardon?

Senator KERR. How many are there in Oklahoma?

Mr. LECHLITER. I am Irvin Lechlitter, executive director of AVC. I do not have the figures here. Our national secretary will have them in the office, and I shall be glad to supply you with them.

Senator KERR. Will you do that?

Mr. LECHLITER. I shall.

Senator KERR. Do you hold annual conventions?

Mr. MAZUR. We hold annual conventions; yes, sir. Our last convention—

Senator KERR. Where do you hold them?

Mr. MAZUR. We hold them throughout the country from time to time. The last one was up in New York State. The one preceding that was in Boston.

Senator KERR. What were the dates of those?

Mr. MAZUR. The last one was May 1959. We hold them annually about that time.

Senator KERR. And the one before that in Boston?

Mr. MAZUR. Yes.

Mr. LECHLITER. The one before that was in Pennsylvania.

Senator KERR. Would you give the committee a breakdown of the number of members you have in each State?

Mr. MAZUR. I do not have that available, Senator, but we could make that available to you.

Mr. LECHLITER. We shall be glad to.

(When received the information referred to will be retained in the files of the committee.)

Senator KERR. Thank you very much.

The CHAIRMAN. Are there any further questions?

Thank you very much.

Mr. MAZUR. May I just have another word?

In your recommendations we would urge that you seriously consider the Bradley Commission recommendation that nonservice disability benefits should be terminated as soon as possible, that if you keep the nonservice pensions as you now have them, that the income scale and the benefits scale remain at the same level and that there be no further enlargement of the group of nonservice pensions.

Thank you very much, Senator.

The CHAIRMAN. Thank you.

The next witness is Mr. Merle E. Hopper, Veterans of World War I of the United States of America.

Senator FREAR. Mr. Chairman, I understand that this gentleman is a resident of the State of Delaware; is that true, sir?

Mr. HOPPER. Yes, sir.

Senator FREAR. I think we are very fortunate in having an interested person from the State of Delaware before us today, sir.

STATEMENT OF MERLE E. HOPPER, CHAIRMAN, NATIONAL LEGISLATIVE COMMITTEE, VETERANS OF WORLD WAR I OF THE U.S.A., INC.; ACCOMPANIED BY FRED J. HOLLENBECK, NATIONAL COMMANDER, VETERANS OF WORLD WAR I OF THE U.S.A.

Mr. HOPPER. Thank you, Senator.

I would also like to say to Senator Williams, being from our own hometown, if we are not blood relations, we are, let's say, water relations.

Mr. Chairman and members of the committee—

Senator KERR. Mr. Chairman, has the man affronted the dignity of the senior Senator from Delaware?

Senator WILLIAMS. No. He was trying to say, and what he said was, that we were water relations, and he was trying to point out that in selecting his home he was selecting the best resort on the Atlantic seaboard, namely, Rehoboth.

Senator McCARTHY. I would say to the chairman that it is not the same as being a drinking companion. [Laughter.]

Senator BENNETT. Does that mean the Senator from Minnesota implies that the Senator from Delaware does not drink water? [Laughter.]

Senator McCARTHY. I just wanted to be sure that the Senator from Oklahoma had this clear.

Senator KERR. I appreciate the help that my friend from Minnesota gave me, and I am not right sure that the Senator from Utah was trying to add to the sum total of my knowledge by his remarks.

Senator BENNETT. Mr. Chairman, before the witness begins, and in order to add to the sum total of the knowledge, the door for which was

opened by the Senator from Oklahoma, I wonder if Mr. Hopper could supply for the record the same information regarding his organization that the Senator from Oklahoma asked of the previous witness.

Mr. HOPPER. We would be delighted to, Senator, because our membership is based—there are 46 departments, and we have approximately 140,346, I think, as of yesterday noon, paid-up 1959 members. (The total membership by States subsequently submitted follows:)

Total membership for June 30, 1959, by States

Alabama-----	649	New Hampshire-----	1, 122
Alaska-----	15	New Jersey-----	1, 527
Arizona-----	671	New Mexico-----	929
Arkansas-----	3, 260	New York-----	5, 506
California-----	14, 838	North Carolina-----	4, 486
Colorado-----	889	North Dakota-----	650
Connecticut-----	2, 506	Ohio-----	5, 508
Delaware-----	98	Oklahoma-----	556
District of Columbia-----	481	Oregon-----	5, 251
Florida-----	4, 124	Pennsylvania-----	6, 258
Georgia-----	1, 869	Rhode Island-----	77
Idaho-----	1, 648	South Carolina-----	547
Illinois-----	9, 611	South Dakota-----	180
Indiana-----	12, 583	Tennessee-----	660
Iowa-----	7, 086	Texas-----	8, 162
Kansas-----	2, 318	Utah-----	288
Kentucky-----	499	Vermont-----	70
Louisiana-----	165	Virginia-----	1, 034
Maine-----	604	Washington-----	4, 011
Maryland-----	1, 125	West Virginia-----	556
Massachusetts-----	6, 743	Wyoming-----	39
Michigan-----	4, 571	Wisconsin-----	1, 030
Minnesota-----	3, 766	Hawaii-----	120
Mississippi-----	715	Philippine Islands-----	45
Missouri-----	3, 924	France-----	16
Montana-----	1, 713	Ireland-----	41
Nebraska-----	1, 662		
Nevada-----	199		
		Total-----	137, 001

We do not as yet have a breakdown of membership for July but as of this date (July 29, 1959) we have a total membership of 140,830.

CHARLES HINDLEY,
National Quartermaster-Adjutant.

I might add, in parentheses, that 6 years ago we had about 4,000 or 5,000 members.

Now, if I may, Mr. Chairman, I am chairman of the National Legislative Committee of the Veterans of World War I of the U.S.A., Inc.

It is also my honor and privilege to be serving as commander, department of Delaware, Veterans of World War I. This morning I have with me the national commander of our organization, Mr. Fred J. Hollenbeck of the State of New York. This is National Commander Hollenbeck.

I wish to express to the members of the committee my sincere appreciation for your courtesy in permitting me to present to this distinguished committee our position in connection with H.R. 7650 as passed by the House last June 15, which would establish a completely new version of the pension program and which establishes income limitations and escalator payment plans and makes them applicable to veterans of World War I, World War II, and Korea.

In any approach on the matter of payment of pensions it is our belief the attention of the committee should be called to the fact that our organization has no paid representative to speak in behalf of the 2,900,000 veterans of World War I. We did not have the funds available to make surveys, to conduct investigations on a local level, nor do we have the personnel which would enable us to give you as complete a statement in connection with pension legislation as has been given by others in connection with H.R. 7650. What we do say to this distinguished committee is our sincere, honest, and humble thinking and we hope that it will be taken in that light.

After listening to the testimony this morning, I deeply sympathize with the committee's position, and I hope somewhere down the line we can arrive at a meeting of the minds.

Many times the question of survival of the fittest has come to our thoughts lately in connection with pension legislation. We of the Veterans of World War I, made up exclusively of those who served during the period between April 1917 and July 1921, are concerned over the inflation spiral which is affecting some of our over 140,000 members of the Veterans of World War I.

We wish to point out that there has been no general pension increase for veterans since 1954 although the value of the dollar has diminished and inflation has caused the cost of living to go up and it particularly affects the group of persons who are members of our organization and those who served in World War I and we hope that this committee will have this in mind when they deliberate on the matter of pensions for veterans.

According to all reports we have received there are about 2,900,000 living World War I veterans and it is in behalf of this group we are appearing today because we feel that H.R. 7650 as passed by the House, directly or indirectly, affects every one of these veterans and we would like to point out as quickly and briefly as possible some of our objections to H.R. 7650 and the reason we think this bill should not apply to veterans of World War I.

And this, in answer to the question of Senator Talmadge, I believe under section 503 of the proposed act provision is made for including income from any source, with several exceptions. We do not feel that a veteran should be penalized or denied a pension or have a pension reduced because in his earlier days he was able to either pay into an annuity, social security, or private retirement programs. In other words, we believe that these items should be excluded in computing income under the provisions of any veterans' pension legislation for the reason that the veteran has paid for these things and they are rightfully his.

On page 2 the bill provides that payments into a private retirement, annuity, endowment, or like programs equal to his contributions thereto may be excluded.

If the same procedure is followed under this bill, if passed, as is presently being practiced by the Veterans' Administration, the individual who had paid into a private retirement plan would only be allowed deductions for the first year; it is not prorated each year as he receives the pension, social security, and/or annuity.

Neither can we agree that the corpus of a veteran's estate or his personal property should be considered in connection with pensions:

and by the same token we are concerned over the fact that in determining income under the provisions of H.R. 7650 a person must almost be a pauper or have very little income in order to receive the increase in pension we hear so much about, of \$6.25 per month or to \$85 per month from the present \$78.75, if single or with no dependents. We cannot agree that if the veteran has social security or a private retirement or a pension that equals \$600 to \$1,200 per year that that man's pension should be cut by \$15 or for a loss of \$8.75. When we arrive at the figure of \$1,200 to \$1,800 it is rather interesting because if the veteran earns, or has social security or retirement of \$1,200.01 or up to \$1,800 his pension under the provisions of this bill is immediately cut to \$40 per month or a loss of \$38.75 from present pension of \$78.75.

	No income to \$600	OASI retirement or combined income	
		\$600 to \$1,200	\$1,200 to \$1,400 (old) and \$1,800 (new)
Present law.....	\$78.75	\$78.75	\$78.75
H.R. 7650.....	85.00	70.00	40.00
Increase or decrease (-).....	6.25	-8.75	-38.75

We wonder why when a man reaches the age of 72 the Congress, in its wisdom, has provided under present social security that persons this age or over may have any amount of outside income they wish and still not lose their social security. Why not have the rule apply that any income the veteran may have into which he has paid in the form of social security or private pension be not included as income in computing annual income under the provisions of this law after age 65?

A radical departure on pension programs and precedent is now noted, namely,

that all income of the spouse which is reasonably available to or for the veteran except \$1,200 or 50 percent of such income, whichever is the greater, shall be considered as income of the veteran, unless in the judgment of the administrator to do so would work a hardship upon the veteran.

Why this sudden change from all previous types of legislation pertaining to veterans' pensions?

We cannot agree, and we do hope that the members of the Senate will agree with us in this thought, that there should be an escalator provision in any veterans' pension legislation but especially so if it is to apply to World War I veterans, and we hope that the committee will take cognizance of the fact that not only do we raise the question of the escalator clause but other veterans' organizations as well have raised the question of the fairness of this clause and have suggested that the minimum of income be raised in several instances.

Mr. Chairman, we notice with a great deal of interest that the widows and orphans are included in this piece of legislation. We do not deny but what widows and orphans should be entitled to pensions but we wonder and question the advisability of including widows and orphans under general veterans' pension legislation, and it

would seem to us that any one of a number of bills which have been introduced into the present Congress could be used to take care of the widows and orphans of war veterans, if the Members of the Congress deem advisable, rather than placing them in the category of veterans' pensions.

Mr. Chairman, we would rather see the World War I veterans taken out from under the provisions of this proposed law entirely than to have it pass with them in it, in its present form. Certainly there is sufficient reason for us to be concerned in this matter in spite of the fact that under the provisions of the law any veteran or his widow presently drawing non-service-connected disability under part 3 of the VA regulations, or anyone who can qualify between now and June 30, would be exempt from the provisions of this law unless they choose to come under H.R. 7650, if passed by the Congress. The facts are that there are 2,091,000 World War I veterans not now drawing pensions, and we feel we have a right to be concerned over that many persons who served their country in time of war.

If any recommendations as to change were to come from us or any proposed amendment in addition to the one suggested before, that recommended or suggested amendment would be that the pension be set at a flat \$100 per month as suggested by another veterans' organization and as mandated by our national convention.

We are tremendously interested in the welfare of persons affected by this proposed law for it would, according to the Veterans' Administration, affect some 14,900,000 veterans of World War II, some 3,400,000 Korean veterans, and some 2,900,000 World War I veterans, for a total of approximately 22 million veterans, and some 55 million dependents, for a total of 77 million persons. How can they be paid this pension and still only spend \$306 million the first year? According to the estimates we have received there would be a total cost to the year 2000 of some \$22,742,655,000, but we submit that by the year 2000, when the World War II and Korean veterans and their widows reach about our age the cost will be considerably more than \$40 billion, and perhaps reach as much as \$50 billion, which makes us wonder if, in computing the cost of this program over a period of 40 years, the World War II and Korean veteran has been considered, unless they are anticipating that the income of the World War II and Korean veteran and his wife will be so large that they could not qualify under the restrictions being placed in this bill. If that has been the case, why pick on the 2,091,000 World War I veterans who will surely be made paupers by the time the last of them are around here in the year 2000? We say this is discrimination against the World War I veteran.

In conclusion, Mr. Chairman and members of the committee, this brings us to the crux of the whole matter; except for the widows and orphans why is this type of legislation necessary, for in the conclusions we have just come to on the predicated cost to the year 2000 we have come up with a very definite thought in mind that this legislation is World War I veterans legislation exclusively and we, therefore, renew our request earlier made; namely, that the committee would do well to offer an amendment or recommend to the Senate that all reference to World War I veterans be stricken from the bill which would make us very happy.

Thank you for your kind attention, and we were glad to be here with you this morning.

The CHAIRMAN. Are there any questions?

Senator KERR. Yes.

The CHAIRMAN. Senator Kerr.

Senator KERR. Mr. Hopper, you say "We submit that by the year 2000, when the World War II and Korean veterans and their widows reach about our age," are you that old?

Mr. HOPPER. Yes. [Laughter.]

Senator KERR. World War II has been over for how long?

Mr. HOPPER. The average World War—

Senator KERR. World War II has been over for how long?

Mr. HOPPER. It has been over since 1945.

Senator KERR. Fourteen years.

What would you estimate the average age—

Mr. HOPPER. Around 37—is it 1944? Then that would make them 88 years old.

Senator KERR. Well, you are not that old?

Mr. HOPPER. Not quite. I will have to admit that.

Senator KERR. You see, I am a World War I veteran, and I wanted the record to show that you were speaking for yourself, if that is all right. [Laughter.]

With reference to this bill before us, I understood the testimony of other witnesses, no World War I veteran now on pension would be adversely affected by this bill.

Mr. HOPPER. Yes, I believe that is the testimony on the position of the Veterans' Administration.

Senator KERR. Do you agree with that statement?

Mr. HOPPER. I do not.

Senator KERR. Well, does not the bill specifically say that no man now drawing a pension benefit under the categories covered by this bill would be under this bill unless he chose to be?

Mr. HOPPER. That is right.

Senator KERR. How could it adversely affect him?

Mr. HOPPER. Well, Senator Kerr, we take this position, with the Chair's permission, that over the past few years the Veterans' Administration have been pulling case files of World War I veterans, have been reviewing them, upgrading them or downgrading them or discontinuing their pensions entirely.

We feel that there is nothing in this law or in this proposed bill which would prevent them from doing the same thing come July 1, 1960, the effective date of the bill, if it is passed.

We are concerned about it. If we had some real guarantee that they would not be affected, well and good.

Senator KERR. If they remain under existing law, unless they choose to, under this law—

Mr. HOPPER. I do not hear you, Senator.

Senator KERR. I say, if they are permitted to continue under existing law, in the absence of an evidenced choice on their part to come under this law, it would seem to me that insofar as those now on the pension rolls are concerned, that your objective in seeking an amendment that all reference to World War I veterans be stricken is already achieved.

Mr. HOPPER. That is right. But—no. We are concerned about the 2,091,000 that are not on the rolls, is why we call attention to this.

Senator KERR. Then you are not concerned about the effect of this bill on those now on the rolls?

Mr. HOPPER. Yes, we are. We think their pension should be increased, and how to increase it under this bill—

Senator KERR. It would not be increased in a bill if all reference to them were stricken from the bill.

Mr. HOPPER. We would rather take what we have now than to have this bill passed, and let the Congress take care of the widows and the orphans of World War II under separate legislation, which has been introduced into both the House and Senate.

Senator KERR. I gather that one of your specific objections to the bill before us is that you are opposed to any application of a need formula in computing a pension payable to a non-service-connected disabled veteran.

Mr. HOPPER. Senator Kerr, there have been introduced into the Senate and introduced into the House a bill providing for \$100 a month.

Senator KERR. I understand that.

Mr. HOPPER. Income limitations of \$2,400 for single persons, and \$3,800 for married persons; social security, annuities, or pensions into which the veteran has paid, to be excluded in computing that income.

Senator KERR. Then I ask you my question again: I take it your organization is opposed to any provisions in the law basing the benefits on the beneficiary in any degree upon his need for the benefit or limiting it in any way by reason of his lack of need for it.

Mr. HOPPER. We believe that the veteran is entitled to a pension by virtue of his having served in the Armed Forces in time of war, if that answers your question.

Senator KERR. Now, it does not at all.

Do you or do you not favor a need formula to any degree with reference to the benefits going to a veteran who has no service-connected disability?

Mr. HOPPER. Under our bill that was introduced, there is a limitation as to income and a limitation as to length of type of service or length of service rather.

Senator KERR. You just will not answer the question?

Mr. HOPPER. Yes, I thought that was answered. That is the type of need—

Senator KERR. I hate to disagree with you, but I have got too much respect for your intelligence for you to believe that that was an answer to my question.

Mr. HOPPER. Well, Senator, I do not think I understand what you are talking about, and my commander just advised me—you are asking me if we are opposed to a need clause.

Senator KERR. Yes.

Mr. HOPPER. Yes, we are. I did not get it.

Senator KERR. When was your organization chartered by the Congress?

Mr. HOPPER. July 18, 1958.

Senator KERR. Is there anything in the law fixing any responsibility on your organization to file a financial statement with the Congress?

Mr. HOPPER. I think there is; yes.

Senator KERR. Do you have a copy of the last one which your organization filed?

Mr. HOPPER. I could not tell you. I do not know about that.

Mr. HOLLENBECK. We have it on record, Senator, and we can give it to you if you want it.

Senator KERR. Sir?

Mr. HOLLENBECK. We have it in the office and if you want it we can give it to you.

Senator KERR. At what office?

Mr. HOLLENBECK. In 40 G Street; in that building.

Senator KERR. What I would like to have for this record is a copy of the report which your organization has filed under the provision of the law whereby you got your charter.

Mr. HOLLENBECK. May I answer it and say that copies of all these reports have been submitted to the Vice President, the President of the United States and to all other persons whom we were told to submit these reports to, including your speaker of the Senate.

Senator KERR. We have 98 speakers in the Senate. [Laughter.]

Senator BENNETT. Senator, as of today, we have a hundred.

Senator KERR. Now, they have not been sworn in yet.

Senator BENNETT. I guess that is right. I apologize.

Senator KERR. The fact about the business is the way I heard this morning there is some doubt about the identity of them.

Senator BENNETT. We will undoubtedly have a hundred before the day is over.

Senator KERR. Yes, we will.

Mr. HOLLENBECK. If there is any doubt, shall I say, reasonable doubt, as to feel that we are not existing, we will gladly let you come over to our office and look at our records any time that you want to.

Senator KERR. I do not know of anything in the Senate that directs a Member of the Senate to come over to your office and get information.

You are here as a witness and I'm not expressing any doubts.

The Senator from Utah asked a while ago if you would provide the committee with the number of members that you had in each State, and had he not done so, I was going to, because I want to know how many of them we have in Oklahoma.

Mr. HOLLENBECK. We can have that for you inside of a half hour.

Senator KERR. That will be fine.

At the same time, I was going to request you to file with this committee, if it is agreeable with you, a copy of the report which you have already filed, I presume, in accordance with the requirement in the law that gave you your charter.

Mr. HOLLENBECK. We can give you a financial report as of June 1, if you would like it.

Senator KERR. Do you know what the law said that gave you your charter about filing a report?

Mr. HOLLENBECK. Yes, sir. We have complied with it.

Senator KERR. All I'm asking you to do is just put a copy of that report in the record of this committee.

Mr. HOLLENBECK. Thank you.

Senator KERR. Will you do that?

Mr. HOLLENBECK. Yes, sir.

I would also like to call to your attention, if I may, Mr. Chairman, that our legislative chairman did not emphasize in his prepared statement that this H.R. 7650, if it becomes law, as of July 1, 1960, will establish two different classes within the veterans of World War I: Those who were on the rolls prior to July 1, and those on and after July 1, 1960.

Under the present law the veteran who is single, if he has \$1,400 income, he is entitled to \$78.75.

Under this law, H.R. 7650, if he applies after July 1, he will be entitled to only, I believe, \$45, with a \$1,400 income. That proceeds on down the line to \$3,000. The veteran who has that income would be decreased if he is a married man with dependents, and he would only receive, I believe the same amount, \$45 if his income was between \$2,000 and \$3,000.

So you can plainly see there is discrimination between the veteran who has applied before July 1, 1960, and the veteran who applies after July 1, 1960.

The veteran now on the rolls before July 1 will be drawing a greater amount than the veteran after July 1, and that is why we have requested that we be eliminated from this bill entirely and remain under part 3 of Public Law No. 2 until such time as the veterans of World War I themselves can get a bill before the Congress and your honorable body for the World War I veterans.

Senator KERR. Well now, the situation to which you refer is not limited to World War I veterans, is it?

Mr. HOLLENBECK. I am speaking about World War I veterans.

Senator KERR. You said if a World War I veteran did not get on the roll until after June 30, he would receive less benefit than those who got on the roll prior to July 1.

Mr. HOLLENBECK. Providing his income is such—

Senator KERR. Under the same conditions. He would have less benefit?

Mr. HOLLENBECK. That is right.

Senator KERR. Wouldn't that be true of a World War II veteran?

Mr. HOLLENBECK. That is true.

Senator KERR. And of a Korean war veteran?

Mr. HOLLENBECK. That is true.

Senator KERR. If there is discrimination in that feature of the bill the discrimination is not limited to veterans of World War I.

Mr. HOLLENBECK. That is true.

Senator KERR. Now, this law could not apply to anybody until it becomes effective, could it?

Mr. HOLLENBECK. That is right.

Senator KERR. And since it does not become effective until July 1, 1960, under its terms it does not apply to the veteran of any war prior to that time, does it?

Mr. HOLLENBECK. That is true.

Senator KERR. And is passed and does become effective July 1, 1960, it would apply with equal effect to all veterans regardless of what war they were veterans of, are veterans of, would it not?

Mr. HOLLENBECK. That is true. But it is reasonable to assume, Senator, that World War II veterans, and Korean veterans are in such small minority, as far as part three benefits are concerned, and the age of the World War II veteran and the Korean war veteran, it is very reasonable to assume it will be 20 to 25 years before they will be adequately under this bill when they become permanently and totally disabled from following any gainful occupation, where we are—

Senator KERR. The objection that you are expressing there is identical to the one just expressed by Mr. Hopper, and it goes to the fact that under this bill a formula of need to a degree is set up to be controlling with reference to benefits of those coming on the rolls after effective date of this bill.

Mr. HOLLENBECK. Well, this organization in itself does not believe—

Senator KERR. Is that correct?

Mr. HOLLENBECK. Yes, I do.

Senator KERR. I say is that correct what I have just said?

Mr. HOLLENBECK. That is correct.

This organization does not feel that the word "need" should enter into any deliberations so far as benefits for the veterans of World War I are concerned.

We feel we are rightly entitled to it by our service to the country of the United States and the fact that we are now at the point where we have reached the age of approximately 64, 65, and we would like to have the benefit applied to us as veterans of World War I in a bill for ourselves, and not to be measured in with veterans of other wars.

We feel we should be considered the same as the Spanish War veterans, the GAR and other veterans organizations or other wars prior to World War I.

Senator KERR. Now, for myself, and I have been a veteran of World War I, I have reached a common ground of identity with you. I do not want them to treat me like the veterans of the GAR, because I do not think, as I understand it, that they are getting any treatment at all right now.

Mr. HOLLENBECK. I guess they are not. [Laughter.]

Senator KERR. I thought Mr. Hopper got you and him so far along that he disassociated you with most of the veterans of World War I that I know of.

Mr. HOLLENBECK. I am only 61 years of age.

Senator KERR. What?

Mr. HOLLENBECK. I am only 61, so I am one of the younger ones.

Mr. HOPPER. He is just a young buck.

Senator KERR. He was not even speaking for you, was he?

Mr. HOPPER. No.

Senator KERR. You do not seriously recommend to this committee that it provide a program of veterans' benefits that will differentiate between the veterans of different wars, do you, Mr. Commander?

Mr. HOLLENBECK. I feel we should be entitled to the same consideration being given to the Spanish War, the Indian War, and right on down along the line way back when the country first became the United States of America.

Senator KERR. If that is correct, and if that is your position, then wouldn't you have to advocate the same treatment for the veterans of later wars, to be consistent?

Mr. HOLLENBECK. We certainly feel when their time comes they should be entitled to all benefits that they are rightfully entitled to.

Senator KERR. Well now, I would say that is a simple position to stand on. But do you think that they should be entitled to all the benefits that you now seek for veterans of World War I?

Mr. HOLLENBECK. I did not quite understand that question, Senator.

Senator KERR. Do you think they should be entitled to the benefits that you seek for veterans of World War I?

Mr. HOLLENBECK. I sincerely do, and when and if a bill comes up that is specifically for World War II and Korean veterans, I sincerely feel that any benefits that they are entitled to they should receive.

Senator KERR. Then you would have to say that this bill before us is sound in that it treats all veterans alike?

Mr. HOLLENBECK. It does not bring in the Spanish War veterans.

Senator KERR. What?

Mr. HOLLENBECK. It does not bring in the Spanish War veterans.

Senator KERR. Well, are there any of them that would be coming on the rolls after June 30, 1960?

Mr. HOLLENBECK. I doubt it.

Senator KERR. I imagine if they did they would be under this bill, would they not?

They are all on the rolls.

Mr. HOLLENBECK. There are laws which have been passed that granted them a pension which, in all sincerity, I feel that they are rightfully entitled to.

Senator KERR. I want to tell you, a young, aggressive fellow of your age and disposition, he does not appeal to me as being a man who wants to get in the same category as the Spanish-American War veterans, as much respect as I have for them, and I would think you would want to reevaluate that approach just a little bit.

Mr. Chairman, I would like to put into the record, because of the questions the witness seemed to have in his mind about the simple request I made of him a while ago, section 16 of Public Law 85-530, 85th Congress, H.R. 11077, July 18, 1958, an act to incorporate the Veterans of World War I of the United States of America, section 16 reading as follows:

On or before March 1 of each year the corporation shall report to the Congress on its activities during the preceding fiscal year. Such report may consist of the report on the proceedings of the national convention covering such fiscal year. Such report shall not be printed as a public document.

That was the report, Mr. Commander, that I asked you to put a copy of in this record, and I merely read this section from the law into the record so that it will be perfectly clear the report to which I referred in my request.

Mr. HOLLENBECK. I will be very, very glad to.

(The following letter transmitting the financial report in question was subsequently submitted:)

VETERANS OF WORLD WAR I OF THE U.S.A., INC.,
Washington, D.C., July 29, 1959.

Mrs. ELIZABETH SPRINGER,
Secretary, Committee on Finance,
U.S. Senate.

DEAR MRS. SPRINGER: We are happy to enclose copy of the minutes of the last convention of the Veterans of World War I of the U.S.A., Inc.,¹ together with the auditor's report for the fiscal year ending August 31, 1958.

Until Senator Kerr called it to the attention of the writer this morning we did not know that it was necessary for us to fill this report until we had completed a full fiscal years' operation after the meeting of the incorporators was held in September 1958, it being our impression that Public Law 85-530, section 16, providing for an annual report, covered the period of 1 full fiscal year.

We hope that this misunderstanding has not caused any untoward circumstances or inconvenience to anyone. We assure you that at the end of the 1959 convention to be held at Louisville, Ky., provisions contained in the congressional charter will be complied with.

Yours sincerely,

FRED J. HOLLENBECK, *National Commander.*

CHARLES HINDLEY, *National Adjutant.*

Attest:

EXHIBIT A—VETERANS OF WORLD WAR I OF THE U.S.A., INC.

Balance sheet, Aug. 31, 1958

Assets:

Cash on hand.....	\$150. 81
Cash in Riggs National Bank.....	69,454. 69
Returned check, receivable.....	75. 00
Merchandise inventory.....	4,339. 70
Office furniture and equipment at cost.....	4,661. 42
Total assets.....	78,681. 62

Liabilities and surplus:

Liabilities:

Social security tax withheld.....	78. 59
Federal withholding tax.....	313. 02
District of Columbia withholding tax.....	24. 33

Total liabilities.....	415. 94
Surplus, schedule A-1.....	78,265. 68
Total liabilities and surplus.....	78,681. 62

Schedule A-1:

Surplus, balance, Sept. 1, 1957.....	75,325. 86
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Add:

Net receipts, Sept. 1, 1957, to Aug. 31, 1958, exhibit B.....	183. 10
Office furniture and equipment purchased and included in the balance sheet.....	2,756. 72
.....	2,939. 82

Balance Aug. 31, 1958, to exhibit A.....	78,265. 68
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¹ The convention minutes, too voluminous for inclusion in these printed hearings, have been made a part of the committee files.

EXHIBIT B

Statement of receipts and disbursements, year ended Aug. 31, 1958

Receipts:

National dues.....	\$93,658.53
National news tax.....	21,062.75
Publication contributions.....	141.65
Charters.....	3,917.20
Advertising in national news.....	408.30
Sale of supplies.....	\$24,910.35
Cost of supplies sold:	
Inventory Sept. 1, 1957.....	4,605.62
Purchases.....	13,872.05
Total.....	18,477.67
Inventory Aug. 31, 1958.....	4,339.70
Net cost of supplies sold.....	14,137.97
Net receipts from sale of supplies.....	10,772.38
Total receipts.....	<u>129,960.81</u>

Disbursements:

Salaries:	
National quartermaster and adjutant.....	\$6,414.50
National office.....	18,937.00
National News.....	3,916.65
	<u>29,268.15</u>
Travel:	
National officers.....	20,693.25
National board of administration.....	7,407.15
National convention, 1957.....	522.21
National convention, 1958.....	92.70
	<u>28,715.31</u>
National headquarters office:	
Rent.....	2,385.00
Office equipment.....	2,756.72
Postage.....	2,318.23
Stationery and miscellaneous office expenses.....	2,521.54
Printing and mimeographing.....	9,251.66
Telephone and telegraph.....	689.90
Express.....	534.94
Audits.....	330.00
Bonds and insurance.....	150.41
Engrossing charters.....	1,776.94
Payroll taxes.....	1,008.94
	<u>23,719.28</u>
Special funds:	
Newspaper advertising.....	324.00
Printing and publishing National News.....	25,177.34
National legislative expenses.....	21,304.84
National public relations.....	1,015.45
Contingent funds.....	253.34
	<u>48,074.97</u>
Total disbursements.....	<u>129,777.71</u>
Net receipts to schedule A-1.....	<u>183.10</u>

RICKETTS, GREGG & Co.,
 CERTIFIED PUBLIC ACCOUNTANTS,
 Washington, D.C., September 10, 1958.

Mr. LEWIS BRAKE,
 National Commander,
 Veterans of World War I of the U.S.A., Inc.,
 Washington, D.C.

DEAR SIR: We have examined the financial records of Veterans of World War I of the U.S.A., Inc., for the year ended August 31, 1958. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of receipts and disbursements and surplus present fairly the financial position of the organization at August 31, 1958, and the results of its transactions for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Respectfully submitted.

M. T. RICKETTS.

This is to certify that this is a true copy of the original letter accompanying the auditing report by certified public accountants for period of September 1, 1957 through August 31, 1958.

FRED J. HOLLENBECK,
 National Commander, Veterans of World War I of the U.S.A., Inc.

[SEAL]
 Attest:

CHARLES HINDLEY, National Adjutant.

The CHAIRMAN. Are there any further questions?

The committee will adjourn.

(By direction of the chairman, the following is made a part of the record:)

U.S. SENATE,
 COMMITTEE ON THE JUDICIARY,
 SUBCOMMITTEE TO INVESTIGATE PROBLEMS CONNECTED WITH
 EMIGRATION OF REFUGEES AND ESCAPEES,
 Washington, D.C., July 31, 1959.

HON. HARRY F. BYRD,
 Chairman, Finance Committee,
 U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: This is in reference to the hearings on H.R. 7650 which were held by your committee on July 28 and 29.

I am enclosing herewith a statement, together with certain amendments and shall be most grateful if you will have these made a part of your record.

With kindest regards, I am,
 Sincerely,

WILLIAM LANGER.

STATEMENT OF HON. WILLIAM LANGER ON H.R. 7650, AT HEARINGS HELD BY THE SENATE FINANCE COMMITTEE ON JULY 28 AND 29

Mr. Chairman, the bill which you have under consideration, H.R. 7650, is, in my opinion, without precedent in veterans' legislation. It is in a class all by itself. Heretofore, a pension was considered as a financial reward, given by a grateful Government to a man who had honorably served his country in time of war. It was given in gratitude and received with self-respect. The passage of H.R. 7650 would completely change our concept of a pension. It makes the word "pension" synonymous with the word "charity." An examination of the provisions of H.R. 7650 will convince an unbiased person that this is not a veterans' bill. It is welfare legislation of the very lowest grade. As an example, let us look at this so-called sliding scale of payments to veterans. Under this chart, if a veteran without dependents, is destitute and poverty stricken, and assuming that he has taken the pauper's oath, he may be awarded a pension, which on a weekly basis, comes to \$19.61. Take the case of a married veteran, again assuming that he is destitute and poverty stricken and has, of course,

taken his pauper's oath, his weekly payment will amount to \$20.76. Such generosity on the part of our Government is simply overwhelming.

The objective of this bill, according to its title is "to modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children." In my opinion, the veterans' problems will not be solved by lumping them all together in one group because their needs are so different. The veterans of World War II and the Korean conflict should be granted adequate disability pensions, but they also need job opportunities, a continuation of certain of the benefits originally granted under the GI bill, such as educational and vocational training assistance, vocational rehabilitation training, and business and home loan assistance. A bill, S. 1138, which would continue these three benefits, passed the Senate July 21 and I cosponsored this bill. If this bill should be enacted into law, these benefits will mean nothing to World War I veterans. The average age of a World War I veteran is 65 years. It would be most unusual to find a 65-year-old man back in school. It is also not very likely that such a man would be just launching out into business or just beginning to buy a home. The immediate and urgent need of the World War I veteran is for some small measure of financial security in his twilight years. In other words, he needs and has reason to expect, from the Government he has served, a pension he can live on. This is a just debt due him. He won't get it under the provisions of H.R. 7650 and in the long run, the veterans of World War II and the Korean conflict will find the pension picture, under H. R. 7650, is not as rosy as it has been painted.

Mr. Chairman, I do not believe that a bad bill can be patched up with amendments. However, at this time, I don't know of anything better to do and so I am offering certain amendments, which, if adopted, may possibly cure some of the most objectionable features of H.R. 7650. In connection with my amendments, I want to make it perfectly clear that I am against a veteran being required to take a pauper's oath. I am against the "sliding scale" of payments set forth in this bill. I am against a veteran and his surviving dependents being required to "consume" so much of the corpus of his or their estates as the Administrator of the Veterans' Administration, may, in his discretion decide is right and proper. I prefer to see a veteran's rights and those of his dependents, spelled out in the law, rather than to leave him at the mercy of the head of a Government agency who may or may not wisely use his wide discretionary powers.

Mr. Chairman, in studying the provisions of H.R. 7650, I am reminded of that famous document, the Bradley Committee report which was released in April of 1956 and which caused so much apprehension among veterans. This report, you may recall, contained some 70 recommendations, many of which dealt with ways and means of getting the veterans with non-service-connected disabilities off the pension rolls. I thought we had "laid the ghost" of the Bradley Committee report but I see now that this was only wishful thinking on my part because here it is again in the form of this legislation, H.R. 7650.

I am sure, Mr. Chairman, with your usual thoroughness, that this bill H.R. 7650, will have the careful consideration which it merits, since it affects the lives and well-being of some 22 million veterans and I hand you herewith my amendments to this bill.

**AMENDMENTS INTENDED TO BE PROPOSED BY MR. LANGER TO THE BILL (H.R. 7650)
TO MODIFY THE PENSION PROGRAMS FOR VETERANS OF WORLD WAR I, WORLD WAR II, AND THE KOREAN CONFLICT, AND THEIR WIDOWS AND CHILDREN, VIZ**

On page 4, beginning with line 4, strike out all down through line 9 on page 6, and insert in lieu thereof the following:

Sec. 3. Section 522 of title 38, United States Code, is amended to read as follows:

"§ 522. Income limitations.

"No pension shall be paid under section 521 of this title to any unmarried veteran whose annual income exceeds \$1,800, or to any married veteran with children whose annual income exceeds \$3,000."

On page 6, beginning with line 10, strike out all down through line 9 on page 9, and insert in lieu thereof the following:

Sec. 4. (a) The catchline of section 541 of title 38, United States Code, is amended to read as follows:

"§ 541. Widows of World War I, World War II, or Korean conflict veterans".

(b) Subsection (a) of section 541 of such title is amended by inserting immediately after "World War I" a comma and the following: "World War II, or the Korean conflict".

(c) Subsection (b) of section 541 of such title is amended to read as follows:

"(b) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

"(1) before (A) December 14, 1944, in the case of a widow of a World War I veteran, or (B) January 1, 1957, in the case of a widow of a World War II veteran, or (C) February 1, 1965, in the case of a widow of a Korean conflict veteran; or

"(2) for five or more years; or

"(3) for any period of time if a child was born of the marriage."

SEC. 5. (a) The catchline of section 542 of title 38, United States Code, is amended to read as follows:

"§ 542. Children of World War I, World War II, or Korean conflict veterans".

(b) Subsection (a) of section 542 of such title is amended by inserting immediately after "World War I" a comma and the following: "World War II, or the Korean conflict".

SEC. 6. Subchapter III of chapter 15 of title 38, United States Code, is amended by striking out sections 543, 544, and 545 and inserting in lieu thereof the following:

"§ 543. Income limitations.

"(a) No pension shall be paid under section 541 or 542 of this title to any widow without child, or to or on account of any child, whose annual income exceeds \$1,800, or to a widow (with a child) whose annual income exceeds \$3,000.

"(b) When pension is not payable to a widow because of this section, payment to children shall be made as though there were no widow."

On page 10, after the semicolon in line 2, insert "and".

On page 10, strike out lines 3 and 4, and in line 5, strike out "(4)", and insert in lieu thereof "(3)".

On page 10, in the matter following line 6, strike out "§ 543. Net worth limitation." and insert in lieu thereof "Income limitation.".

Renumber sections 5 through 9 of the bill as sections 7 through 11, respectively.

BARRACKS No. 1836,
Bethany, Mo., July 17, 1959.

Senator CLINTON P. ANDERSON,
Washington, D.C.

DEAR SENATOR: The undersigned veterans of World War I are all members of this Barracks No. 1836, ask that you vote against H.R. 7650, which follows the obnoxious un-American Bradley recommendation, reducing World War I veterans to a dishonorable pauper status.

We also urge you to support H.R. 1181, which if enacted into law would give we old veterans a new lease on life and a few of the necessary comforts in our old age.

Thanking you in advance for your wholehearted cooperation, we are,

Respectfully yours,

Arnold Callin, Bethany, Mo.; Evory H. Boothe, Ridgeway, Mo.; Andy E. Johnson, Ridgeway, Mo.; W. B. Gard, Bethany, Mo.; Russell K. Gale, Bethany, Mo.; James V. Nelson, Bethany, Mo.; Fred R. Wiley, Bethany, Mo.; M. W. Fishel, Bethany, Mo.; J. C. Henry, Bethany, Mo.; Leslie C. Blessing, Pattonsburg, Mo.; W. V. Hoover, Bethany, Mo.; Charles E. Courter, Bethany, Mo.; Ezra L. Courter, Bethany, Mo.; John D. Hiatt, Bethany, Mo.; Roy J. Fancher, Ridgeway, Mo.; James W. Henry, Bethany, Mo.; Milford Lovell, Ridgeway, Mo.; Stacy H. Youngman, Ridgeway, Mo.; Cyrus E. Lowe, Ridgeway, Mo.; Earl McCaig, New Hampton, Mo.; Ellis W. Snow, Ridgeway, Mo.; Jack Walks, Bethany, Mo.; John B. Hannah, Bethany, Mo.; Everett L. Luellen, Bethany, Mo.; Oscar Eisenberger, Bethany, Mo.; Everett R. Luellen, Bethany, Mo.; O. H. Reed, Bethany, Mo.; W. E. Gray, New Hampton, Mo.; Leonard Trommell, Bethany, Mo.; B. H. Poynter, Blythedale, Mo.; Stanley Rucker, Bethany, Mo.

THE AMERICAN LEGION,
KOOTENAI POST No. 14,
Coeur d'Alene, Idaho, July 23, 1959.

HON. SENATOR BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR: Under H.R. 7650 a veteran is deprived of his pension in all or in part, because he has tried during his working years to keep his or (her) credit good. Under living conditions today, who can live on \$90 per month pension and not over \$600 additional income per year making a total of \$1,680 per year? It cannot be done.

A veteran has worked his full social security time and receives \$116 per month which totals \$1,392 per year cuts his or (her) pension to around the \$45 per month rate, which is not fair play. If the veteran is married and his wife works her full social security time and receives her \$116 per month it is a grand total of \$2,784 per year, which would put the veteran off the pension rolls.

Social security, retirement pay from mines, railroads and school teaching and other employment are paid for by the veteran and should not count as income against his or (her) pension. If the veteran owns a home, car etc., it also counts against his pension. Which is not fair.

A street beggar can obtain more than \$1,680 per year or he would be a poor beggar.

Please do not drive the World War I veterans to pauperism. Help to kill H.R. 7650 in the committee. Which will keep a smile on World War I veteran for something better to show. Thanks,

Very truly yours,

JOHN S. COSTELLO, *Adjutant.*

STATE OF NORTH DAKOTA,
DEPARTMENT OF VETERANS AFFAIRS,
Fargo, N. Dak., June 26, 1959.

HON. WILLIAM LANGER,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: I want to thank you for your letter dated June 18, enclosing therewith a copy of the House report on H.R. 7650.

I have made a study of the House report and previously have had considerable information regarding this bill. There are some features in the bill that are long past due by legislation. I refer to the removing of the discrepancy between the widows of World War I and World War II and Korean veterans. In my opinion, the widows of World War II and Korean veterans, who have small children are undoubtedly more in need than the widows of World War I veterans, consequently, the removal of this discrepancy is very important.

Another feature of the bill I most heartily endorse is subsection A of section 2, which outlines the type of income that will be exempt for pension purposes. All of the 8 items listed were legitimate deductions but I refer to those listed under number 7 where a widow would be permitted to pay her deceased husband's just debts, the expense of his last illness and expense of burial to be deducted from any income she may receive with the net proceeds only considered income. These two features of the bill are most commendable and deserving of the support of any fairminded Senator or Congressman.

I call your attention to a portion of the report on the first page and I quote: "In this connection it should be kept in mind that the term "pension" means an allowance that may be relied upon as to providing a measure of security. I take it from this the meaning is economic security, which in no means can be excepted as economic security by the payment of the small amount provided for in the bill.

I also wish to call your attention to a portion of the report on page 11, where it refers to the amount of non-service-connected death pension a widow of a World War I veteran would have received if she was continuously on the rolls from the time death pension was first authorized for that group and they refer to the act of June 28, 1934. This is definitely a misstatement of facts. The act of June 28, 1934 only permitted widows of World War I veterans to receive death pension if her husband at the time of death had a service-connected disability. The overall pension benefits for widows of World War I veterans was

not provided until the passage of Public Law 483, 2d session, 78th Congress, which became effective December 14, 1944.

I call your attention to the letter by Administrator Whittier to the Speaker of the House, which is on page 21 of the report, and direct your attention to the last sentence in the second paragraph of this letter which reads as follows: "To provide more equitable treatment of the needy veteran, his widow and orphan and to modernize the veteran's pension program." Lets survey the sliding scale schedule as provided in the bill and determine if it is in accordance with the statement to provide more equitable treatment. Under the present law, it is possible for a veteran without dependents to have an income of not to exceed \$1,400 and if he is over 65 years of age, a pension totaling \$945 which totals \$2,345. The proposed schedule for a veteran without dependents in event the income is not in excess of \$600 the pension would be \$85, which would total an income of \$1,620. In the next bracket if the other income is more than \$600 but less than \$1,200, the pension would be \$70, which if the maximum income was permitted, plus the pension, would total \$2,040. The next bracket from \$1,200 to \$1,800, the total possible maximum amount of income including pension would be \$2,280. I would like to ask the sponsors of this bill by what stretch of imagination can they determine that it would cost the veteran in the first bracket some \$660 less to live than the veteran in the last bracket and in no event is the amount equal to the maximum possible amount under the present law? If this is a definition of equitable treatment, I have poor knowledge of the true meaning of equity.

Lets look at the next one—veteran with dependents. By using the same process to find the total income possible for the veteran in the first bracket to be \$2,080 a year with the veteran in the third bracket having a possible maximum income of \$3,540 a year. Again I ask just why should it be determined that the veteran in the first bracket could live on \$1,460 less per year than the veteran in third bracket.

This same condition exists throughout the entire schedule with the schedule for a widow with one child showing a difference of \$1,580 a year in the possible maximum income.

It is indeed sad that patriotic citizens who pledge their all to the support of the men who offered their lives for their country, soon forget when those men in their declining years need the same type of support that was pledged when they entered the service of their country.

I fail to hear of any economy being proposed on the retirement of high ranking military officials who after all had only one life to offer for their country the same as the humble buck private who served in the rear ranks. It is this type of inequity and unjust economy that is causing the growth of communism and disloyalty to our Government by the men who served for the purpose of preservation of our country.

I have attempted to point out to you the gross injustice of a portion of this bill and I am sure you have had letters from many other veterans in the State, voicing the same sentiment.

With personal regards and best wishes, I am,

Very truly yours,

FLOYD E. HENDERSON,
Commissioner of Veterans Affairs.

IDAHO FALLS, IDAHO, July 22, 1959.

Hon. Senator BYRD,
Chairman, Senate Finance Committee, U.S. Senate,
Washington, D.C.

DEAR SENATOR: On July 21, Senator Church sent us a telegram informing us of the hearing on H.R. 7650 in the Senate committee on July 28. We wish to express our most sincere opposition to bill H.R. 7650. We polled our district and our members are unanimously against the passage of this bill for the following reasons:

We have a number of members, who are disabled and past the age of 60, who are now drawing a pension under the present disability law. Everyone of them are entitled to this pension as they personally have no other income, and they are unable to work. Most of us are past 60 years of age and, truly after a man

reaches that age, unless he has a fancy position, he is unable to make a living by the sweat of his brow, and should not be required to do so.

Under bill H.R. 7650, a man who has a wife that is working, her earnings will be deducted from the pension—which we consider unjust and unfair to any man who offered his life for his country. We know of a few instances of women who have outside income and properties other than her home that is questionable, but that could be changed in the present law. We can't see where the fact that a woman who works for a living and shares her income with her husband and has no other income or other property, should be a valid reason for taking away any part of the pension of a veteran of World War I.

We think Congress is making mountains out of molehills. To us, a law to give the needy at this time a pension, is as simple at $2+2=4$. The veterans of all wars, but World War I, should be disqualified at this time, and there should be no consideration of any other veteran in any war. The average of of a World War I veterans is 60 to 70 years. They should have had consideration 10 years ago—at least at the age of 60 or over—based on need and income, and forget World War II veterans. Their day will come. Pass a bill that is fair to the veteran and to the Government, and one that will stand for years to come so you won't have to be fighting these pension bills every year—one that is fair to World War I veterans.

You cannot pass a pension bill that is fair to World War I veterans when you listen to all these other organizations and to other veterans of World War II and Korean war. It is impossible. The only men that you should be concerned with at this time are the men between the ages of 60 and 70 years who fought in World War I. Our interest is in those who are in need and are disabled and have been troubled with getting food and clothing. If some of these men are fortunate enough and have a wife able to work, they should not be penalized because of that fact.

The only criticism we have to the present law is that it does not start at 60 years of age, and that it does not pay the veteran enough money. It should be based on need and disability, which all pensions should be based on.

We know of Spanish-American veterans who are worth half a million dollars who are drawing pensions. This never should have been, and it is wrong from every angle. Those mistakes have cost the Federal Government hundreds of millions of dollars. We do not want them repeated.

There are many World War I veterans who have drawn sizable pensions when they were able to hold down a good job as well or better than the veteran of World War I between the age of 60 and 70 years.

Therefore, we ask the Senate to defeat H.R. 7650, and give more consideration to H.R. 1181, which is tied up in Veterans' Affairs Committee in the House of Representatives. We think we should have a hearing on H.R. 1181, as that is the only bill that is of real benefit to the veterans of World War I.

Sincerely yours,

RAYMOND E. SHERRY,
*Commander, Veterans of World War I,
District 6, Department of Idaho.*

VETERANS OF WORLD WAR ONE OF THE U.S.A., INC.,
DEPARTMENT OF IDAHO,
Coeur d'Alene, Idaho, July 22, 1959.

To the Chairman, Hon. Harry F. Byrd, and the members of the Finance Committee of the U.S. Senate:

We, the undersigned officers of the department of Idaho, Veterans of World War I of the U.S.A., would like to submit, for your consideration, the following statement, inasmuch as we have neither the time nor the money to make the trip to Washington, D.C., to ask the privilege of appearing before you when the hearings on H.R. 7650, passed June 15 this year, are being held. We are veterans of World War I and proud of what that means—proud of the fact that, when the armies of the German Kaiser threatened to overrun all of Europe, with the United States the announced focal point for attack after Europe was brought into submission, we didn't say we would pit our bodies against shellfire, and every other form of warfare of that period, only if we were to receive fair pay. We went into military service; and the idea of German world supremacy was halted. Many men were killed in that war; many came through it without discernible injury or adverse effect; the rest returned with the marks of that service upon them.

We accepted our \$60 discharge pay. We waited for 18 years for our Congress, over a presidential veto, to decide that payment of the adjusted service certificates would not bankrupt the country and should be made. Many found, in a very short while, that they were less physically able than most of their male acquaintances who had not been in the military service and who were of their age group. But, either from being too busy trying to earn a living for a growing family or from trying to maintain a delusion of being OK in time, these men did not consult a doctor and thus many neglected to ascertain how much their war service had impaired their physical capacities. It wasn't as easy back in 1919 and 1920 to get the information on proving service connection to qualify for compensation; after that, it was too late for most of them.

We believe that H.R. 7650 is unjust to the veterans of World War I. Maybe it is egotistical of us to believe that we had protected the people of this Nation, every business, every industry, every farm, every workman, from German tyranny (tyranny it would have been had the war ended differently) and we had also preserved for ourselves and our fellow countrymen the freedoms and privileges handed down to us from preceding generations. On the other hand, we may be wrong in assuming that we did protect and preserve these things.

If believing that we had a vital part in keeping this country free to carry on as a democracy is putting the veterans of World War I in a special class, then we accept that premise.

Back in 1919, our Nations' leaders spoke loud and often of the gratitude of our Nation to the men being discharged from the military service. Now, it is a different story. An old age and survivors law has been enacted that will take care of us when we are rated by business and industry as unemployable because of age and physical disabilities, some of the latter of which could just possibly have been induced by or brought on at an earlier age because of the hazards and hardships of our time in service. But that law was passed in 1937, when the average World War I veteran was 43 years old and on the downhill side of his earning capacity so far as the majority of these veterans were concerned. Thus many are finding out that the so-called social security is rather dubious security for them.

We believe it is just and equitable that realistic income limitations be set in order that a veteran may qualify to receive a pension. But, by the provisions of H.R. 7650, a veteran having a wife or dependent child or children would receive a total of \$1,980 a year, if he qualified for a pension and his social security payments in the amount of \$90 per month. A single qualified veteran or a widower without dependent children and getting the maximum in social security payments would have a total of \$1,872 a year from pension and social security. There is also to be considered what is meant by a "veteran's estate" that would be a factor in determining the amount of pension he could get. A veteran's assets, other than home and personal property, could, and probably should have bearing on whether he qualifies for a pension, but that word "estate" seems to denote everything he possesses. That brings up another question. Idaho is a community property State so, under our law, a wife is regarded as possessing half of what she and her husband have acquired during the period of their marriage. That would be an advantage to veterans living in the so-called community property States, but could be considered discrimination by veterans living outside these States.

Veterans of wars prior to World War I were granted pensions without regard to income, along with certain other benefits not having been accorded to the veterans of later wars. Veterans of World War II and the Korean conflict were granted many benefits, if they chose to take them, that were not available to World War I veterans. H.R. 7650 ignores these facts. If H.R. 7650 is enacted into law, veterans now receiving part III pension would have to take a cut in rate in many cases. We are familiar with some of the statistics that have been given out in connection with pension bills. For instance, the probable cost for the year 2000 for H.R. 1181, which has been introduced by Congressman James E. Van Zandt, of Pennsylvania, is fantastic. The average age now of World War I veterans is 65 years. These veterans are dying now at the rate of about 10,000 a month, yet someone seems to profess to believe that the majority, if not all, now living will still be on the pension rolls when the average age would be 106 years. Medical science is workings wonders, but we can't believe it is that good.

We believe H.R. 1181 is a fair bill for the veterans of World War I. It has income limitation provisions so any veteran whose other income would provide a reasonably comfortable living standard could not qualify.

We recognize that any business, any individual, and any government, to remain solvent, must keep expenses within income. We believe that our Government should make every effort to reduce expenditures in every direction possible, consistent with providing good government. We read of huge sums of money being spent for this or that and we seem to see a definite connection between the figures and the increase in our taxes. But we question the gratitude of a Nation that has money to spend all over the world while higher and higher taxes keep increasing our own cost of living to the point where we wonder if it wouldn't be easier for our families to fill out the applications for a burial flag, a headstone, and the \$250 burial allowance, and thus save the Government a lot of money.

ALBERT R. NICHOLS,
Senior Vice Commander, Department of Idaho.
CHARLES E. McMURRAY,
Chaplain, Department of Idaho.

JULY 23, 1959.

Mrs. SPRINGER,
Chief Clerk,
Senate Office Building, Washington, D.C.:

I am writing about H.R. 7650. I understand that a hearing is to start on July 28. We, the Veterans of World War I, do not want H.R. 7650. We want the bill, H.R. 1181.

I am getting a pension of \$78.75 a month, and have my mother to take care of, and she is past 88 years old. Can Mr. Teague, of Texas, or any of you that is on the Senate Finance Committee, live on \$78.75 or less like I have to? Mr. Teague, of Texas, wants us to. I believe that you all know that World War I veterans have a motto—that is, we support those that support us at the next election.

Us veterans of World War I, would like to be able to buy a little bacon once in a while, and beefsteak at 98 cents a pound is out of this world. I am not alone in this fight for H.R. 1181—we that went overseas in 1917-18 and went through the gas war, and made the country safe for the Democrats. I hope that you will fight for bill H.R. 1181. And thanking all of you that support bill H.R. 1181.

Why does the United States have to send so much money overseas? It does not buy friendship. Thanking you again. An old World War I veteran.

HENRY BIRD,
Payette, Idaho.

VETERANS OF WORLD WAR I OF THE U.S.A.,
MONTEZUMA BARRACKS No. 615,
TAOS, N. MEX., *July 18, 1959.*

HON. DENNIS CHAVEZ,
U.S. Senator,
Washington, D.C.

Dear SENATOR CHAVEZ: Montezuma Barracks No. 615, World War Veterans, U.S.A., of Taos, N. Mex., in a meeting regularly scheduled by its 116 active members, went on record instructing its legislative committee, to obtain information immediately, regarding present status of H.R. 7650, in the Senate of the United States; the membership directed further, that the committee inform both our New Mexico Senators, our objection to the approval by the Senate of the United States, of H.R. 7650, unless same is amended to include the provisions for Veterans of World War I, contained in H.R. 1181; this latter has been approved by Veterans of World War I, U.S.A., by the local barracks and by States throughout the Nation.

H.R. 7650, in its present form, is objectionable, viz:

1. Does not recognize veterans of World War I as having served with honor and distinction.

2. Fails to recognize veterans' volunteer service of thousands who were in National Guard units, the various other branches of the Armed Forces, and the many other thousands who volunteered to form the first bulwark that permitted the Nation to prepare its offensive, by the several million American youth that followed.

3. Disregards the fact that thousands are dying each year, leaving needy widows and orphans.

4. Forgets that the average age of World War I veterans is beyond 65 and employment out of consideration.

It does set up, viz:

1. Category of pauperism in order to qualify for pension benefits.

2. Belief in the National Congress that all veterans of World War I and their families are still well off financially.

3. Contention that all veterans of World War I are physically able to step out and obtain easily, employment of his choice.

4. Pessimistic belief in the minds of thousands of World War I veterans, in that their sacrifices in 1917-18, were inferior to the services of thousands of veterans, of wars prior to 1917, that were recognized by past National Congresses and national administrations.

Respectfully submitted.

THE LEGISLATIVE COMMITTEE,
 FLOYD SANTISTEVAN, *President.*
 FELIX D. VALDES, *Secretary.*
 J. FELIX SANTISTEVAN
 J. M. VIGIL, JR.,
 G. B. GALLEGOS, *Members.*

THE AMERICAN LEGION, DEPARTMENT OF IDAHO,
 Boise, Idaho, July 22, 1959.

Hon. HARRY FLOOD BYRD,
U.S. Senator,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: I am department commander of the American Legion in Idaho and I am in receipt of a telegram from Senator Frank Church stating that I would be permitted to testify before the Senate Finance Committee or submit a statement. I am a lawyer by profession and presently engaged in trial work requiring my presence here. For that reason, I am submitting a statement in lieu of testimony.

H.R. 7650 is not all that the American Legion desired but has received the endorsement of the American Legion, VFW, Amvets, and DAV (reference, vol. 105 Congressional Record, pp. 9788 and 9789).

I personally feel that veterans and their dependents are entitled to consideration from their Government and this should include non-service-connected disabilities as well as service-connected disabilities and pensions for widows and orphans. In voicing this opinion, I am fully aware of the problems of inflation that face our Nation, and the American Legion has since its existence demanded a 100 percent Americanism program and national defense. Inflation is a problem affecting these matters, but so is neglect of the veteran and his dependents.

Constantly we hear the argument that the men and women of this Nation owe the patriotic duty to serve in the Armed Forces in time of war and lay down their lives if necessary. With this I agree, but as in all duties, there is a corresponding duty. That duty lies with the people of this Nation including 22 million veterans and their families.

Historically, nations of the world have made provisions for veterans of the wars of those nations. I believe some of the reasons have been these:

1. Service personnel, during time of war, generally serve for pay which is far less than persons engaged in civilian employment.

2. They forfeit businesses and business opportunities existing during those times.

3. Benefit programs for veterans are generally meager recompense for the opportunities and compensation lost.

4. The success of a nation in war depends in large part upon the morale of the nation and to ignore those who served would be a devastating blow for a future enemy.

I urge your committee's support of H.R. 7650.

Respectfully submitted.

DOUGLAS D. KRAMER,
Department Commander,
The American Legion, Twin Falls, Idaho.

DEPARTMENT OF NEW JERSEY,
 VETERANS OF FOREIGN WARS,
 OF THE UNITED STATES,
 Trenton, N.J., July 27, 1959.

HON. HARRY FLOOD BYRD,
 Chairman, Senate Finance Committee,
 Senate Office Building,
 Washington, D.C.

MY DEAR CHAIRMAN: We have been looking forward to an opportunity to appear before your committee regarding the bill identified as H.R. 7650. We have just been advised your hearings will be held July 28-29, 1959. We have been further advised the departments of the Veterans of Foreign Wars will not have time made available to them to appear before you because the organization is to be represented by Mr. Omar B. Ketchum, the national director of our legislative service.

In lieu of a personal appearance before the committee, may we respectfully request the indulgence of the chairman and his committee to accept this written brief in order that our thoughts and sentiments regarding H.R. 7650 may be made a part of the hearings. We sincerely trust you will grant us this courtesy and have our brief entered on the printed transcript.

We are opposed to H.R. 7650 in its entirety. This action was taken through a unanimous vote of our annual convention in Wildwood, N.J., Saturday, June 27, 1959, and it was further implemented and affirmed by a similar unanimous vote in objection to H.R. 7650 in its entirety by the department council of administration at its regular meeting on July 19, 1959 at Trenton, N.J.

We are of the opinion the method of determination of annual income is one which will cause many veterans to be excluded from benefits under this act. We specifically point out, in determining annual income, there has been included salary, retirement or annuity payments or similar income which has been waived irrespective of whether the waiver was made pursuant to statute, contract, or otherwise.

This very provision makes a dead letter of the bill recently passed by the Congress which excluded income from the Railway Retirement Act and this is only one of many instances where a hardship will be worked on veterans who have, in the productive years of their life attempted to build a financial buffer against unforeseen adversity.

We would like to further point out under the present laws governing awards of pensions for non-service-connected disability, a veteran with an income of \$1,400 per year if single, or \$2,700 per year with a dependent, may receive \$66.15 per month and if he has reached the age of 65 years, he is entitled to \$78.75 a month and if in need of an attendant, \$135.45 a month.

Under the proposed schedule in H.R. 7650, the same veteran earning \$1,400 or \$2,700 per year will receive, as a single person \$40 per month which is a loss of \$38.75 a month. If he is 65 years of age and with a dependent he will receive \$45 a month which is a loss of \$33.75 a month.

In the matter of the widow, we respectfully call your attention, under the present laws governing awards, a widow with no dependents is entitled to \$50.40 per month, with one child \$63 per month plus \$7.50 for each additional child. Under the proposed rates in H.R. 7650 this same widow with an income of \$1,400 per year would receive \$25 a month or a monetary loss of \$25.40 per month. The widow with a dependent and an income of \$2,700 per year would receive \$40 a month or a monetary loss of \$23 per month.

However, the main and most serious objection we have to this bill is set forth on page 6, lines 4 to 9 inclusive of the printed copy of the bill and it reads as follows: "The Administrator shall deny or discontinue payment of pension under section 521 of this title when the corpus of the veteran's estate is such that under all the circumstances, including consideration of the veteran's income, it is reasonable that some part of the corpus be consumed for the veteran's maintenance."

Having had many years experience with the administration of congressional laws by the Veterans' Administration, we are aghast at the possibilities this particular section opens to the people who actually make the determination of the awards. It places a weapon in their hands which can be fatal to many deserving veterans, widows, and dependents, and we implore you, sir, if you do nothing else with this bill, at least strike from it the provisions relating to the corpus of the veteran's estate.

We are at a loss to understand the thinking which has entered into the conception and handling of this particular bill. It seems to have been drawn with the primary thought in mind of keeping as many veterans as possible from receiving non-service-connected disability pensions. There will be millions of veterans involved subsequent to the effective date of this act, July 1, 1960, if the gentlemen of the Senate do not stop this bill from becoming law.

Another facet of the situation is the effect such thinking is having upon the younger generation who are being called into service through their draft boards. From personal observation we know of the resistance shown by draftees in World War II who plainly and emphatically stated they wanted no part of the service because of the way their veteran fathers had been treated by adverse veteran legislation.

May we again sincerely, earnestly, and as forcefully as possible ask you and your committee to give the most serious consideration to the ramifications of this bill with the full realization of the inevitable hardships it will work upon thousands of veterans and their dependents. The bill in its best aspects limits a single veteran with no dependents to a top annual income of \$2,280. For the veteran with a dependent, his top income is limited to \$3,540 annually and of these two amounts, the Government will give him a yearly pension of \$480 and \$540 respectively. There have been known instances where citizens on relief are given a larger percentage of money than this bill would give the men and women who defended this country when it was in mortal danger.

We are taking the liberty of sending copies of this letter to each member of your committee and to certain key people in the Veterans of Foreign Wars. We hope this will meet with your approval as time is of the essence.

Trusting your committee will take at least these few objections into consideration, I am,

Respectfully yours,

S. REA FETZER,
Legislative Officer, by Direction.

IDAHO PENSION UNION, INC.,
Coeur d'Alene, Idaho, July 23, 1959.

CHAIRMAN,
Senate Finance Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: My name is Thomas B. Wood. I am State president of the Idaho Pension Union, a nonprofit organization, incorporated in the State of Idaho.

Our basic purpose is to work for all measures which we believe will further the best interests of the senior pensioners of America, both civil and military.

With regard to H.R. 7650, passed by the House and presently before your committee and dealing with veterans pensions, our opposition to this measure is based principally on its premise of need as the basis for pension eligibility.

We have been fighting for many years to help get in America a pension for all seniors, the only qualifications being those of age, citizenship, and a record of social service. We believe the real solution to the pension problem is to universalize and liberalize OASI to cover all over 60, and to include hospital and medical benefits for those in need of same.

This program is in line with the current Canadian plan and has been the essential base of pension projects in most European countries for many years.

Surely if a comparatively poor country such as Canada can inaugurate a universal pension based on right to all her senior citizens, we, the richest country in the world, should be able to extend equal, or greater, protection to our senior citizens, both civil and military.

Any system of pensions based on need is humiliating, discriminatory, and inefficient.

Inherent in, and inseparable from, any system of pensions based on need are armies of investigators and multitudes of office personnel, serving no useful purpose and the cost of which is borne by the pension recipients themselves.

There are very grave dangers inherent in this planned spread of the "need" system of pensions. It is altogether possible that at some future date, enemies of OASI (and they are legion) will contend, as they are now contending in regard to veterans pensions, that many beneficiaries of OASI are financially independent

and that the payments should therefore be scaled down according to a presumed "need."

These are our principal reasons for our opposition to H.R. 7650.

And now, Mr. Chairman, we thank you for this opportunity of presenting our views to your committee, and permit us to hope that you give H.R. 7650 a do not pass recommendation.

Respectfully,

THOS. B. WOOD.

CHAMBER OF COMMERCE OF THE UNITED STATES,
LEGISLATIVE DEPARTMENT,
Washington, D.C., June 30, 1959.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: During the past quarter century we have seen social security gradually expanded until today it is a national program providing benefits to virtually all Americans in old age to prevent them from being in want and destitution. Seventy percent of the present aged and about 90 percent of those becoming 65 in the future are eligible for such benefits as a matter of right—that is, without a "needs test."

In the case of our more recent veterans, 95 percent will be eligible for such benefits at retirement age. In view of this maturing of the basic national old-age benefit program, it is appropriate that this committee is now considering proposals for adjusting the existing system of non-service-connected disability benefits to veterans.

Owing to this growth and development of social security providing benefit eligibility to virtually all Americans in old age, we endorse the basic principles embodied in H.R. 6432, which you may want to consider as a substitute for H.R. 7650.

H.R. 6432 would—

(1) Modernize the test of need for a veteran's non-service-connected pension by taking account of all income, not only of the veteran but also of his spouse, and also considering the veterans assets. We believe all assets should be included.

(2) Establish a benefit scale which gears the benefit to the veteran's need and pay appropriately smaller pensions to those veterans who are less needy.

(3) Recognize that, with so many financial demands on the Federal Government, both for domestic responsibilities and for international relations, American taxpayers cannot afford the growing burdens that will inevitably emerge under existing veterans' non-service-connected pension laws.

The national chamber opposes H.R. 7650. In general, we are opposed to this bill because it seeks to continue a philosophy which we believe has no place in our modern American society. This is a philosophy that there are and will continue to be at least two classes of older Americans—and that there should, therefore, be at least two different standards of need. The one under veteran's legislation would apply to older people, older men primarily, who at some time earlier in life had had some attachment to the military services in time of conflict, although their infirmities are not the result of this service. The other standard of need, in old-age assistance, would be applicable to all other older Americans.

H.R. 7650 would—

(1) Initiate pensions for survivors of World War II and the Korean war. The chamber is opposed to this provision because virtually all these persons will be entitled to social security survivor benefits in amounts Congress has deemed adequate to prevent need. Thus, the added expenditures, totaling \$23 billion in the next 40 years under this provision, are unjustified.

(2) Establish a level of need for the single veteran, and for the married one, well above that for other older people. It would provide that a single veteran with as much as \$1,800 of income and a married veteran with \$3,000 would be deemed in need and would get a pension. In old-age assistance, no State has found that it takes as much as \$1,500 to meet the basic needs of any aged person. In fact, half of the States find no more than \$1,060 will provide for the basic needs of older people. The maximum social security old-age benefit today

to prevent need is less than \$1,400—and will rise to no more than \$1,524 by 1969.

The national chamber opposes H.R. 7650 because it establishes a concept of need greater than that in any State old-age assistance program, or embodied in social security. Thus, it would pay pensions to many veterans who, by accepted standards, are not truly in need.

3. Establish the principle that, for those meeting the test of need, the veterans relatively more fortunate income-wise deserve to be assured higher total income than less fortunate veterans. For example, a single veteran with an income of, say, \$600 would receive a pension giving him a total income of \$1,620. Another with an income of \$1,800 would receive a pension sufficient to give him a total income of \$2,280. This would apply also to married veterans of different income levels.

The national chamber is opposed to this provision because there is no justification in raising through a non-service-connected disability pension the income of one needy veteran to a substantially higher level than that provided for another who is in greater need.

4. Fail to establish a realistic test of need. It would exclude certain types of income, even though such funds were available to the veterans to buy the various necessities of life.

The national chamber is opposed to this because it does not take full account of all income and all assets of the veteran as well as of his dependent wife.

In summary, the national chamber endorses the major principles incorporated in H.R. 6432, which would:

1. Relate these tax-free pensions to the degree of need of the aged veteran.
2. Establish a reasonable test of need.

3. Adjust the existing non-service-connected disability pension program so as to produce very substantial savings to the American public without inflicting injustices upon American veterans.

The chamber is opposed to the underlying principles that H.R. 7650 seeks to initiate or perpetuate. H.R. 7650 would:

1. Establish a needs test for aged veterans far more liberal than that for all other Americans.
2. Treat veterans themselves in a grossly inequitable manner by raising some to higher income levels than others who are more needy.
3. Exclude from the test of need certain kinds of income and assets to the advantage of some veterans and of no benefit to others.
4. Require vast new expenditures and added tax burdens that cannot be justified.

In considering veterans' pension legislation, Congress is dealing with a multi-billion-dollar program. Under existing laws, the costs to the American taxpayers will aggregate \$106 billion during the next 40 years. H.R. 7650 would increase costs to \$115 billion. However, under H.R. 6432 an adequate program to provide for all needy veterans with no service-connected disability can be provided at a cost of \$48 billion.

We fully support adequate compensation for disability incurred in military service in our country's wars; however, we believe that benefits, including pensions, which are based on wartime service alone, or on non-service-connected disability, for veterans not in need should be resisted, so that our national resources are not dissipated.

Cordially yours,

CLARENCE R. MILES.

CALIFORNIA STATE COUNCIL,
AMERICAN VETERANS COMMITTEE,
Berkeley, Calif., July 16, 1959.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: I would like to say a few words against the veterans' pension bill, H.R. 7650, which has recently passed the House.

We understand that the bill was represented as saving the taxpayers money. We fail to see how a measure which raises pension rates and offers pensions to thousands of persons not now receiving them can save money. Nevertheless, the bill is now before the Senate and we think that body should defeat it.

The American Veterans Committee has always held that veterans' benefits should be paid to those who need them as veterans. That is, where military service has been the cause of a need, that need should be met—and met adequately—through the Veterans' Administration.

As we see it, the present bill does nothing to raise to even a minimum adequate level the compensation to those who have suffered disability through their service in the Armed Forces. Instead, it spends, over the years, billions of dollars which will always be viewed as "veterans' benefits," a budget item which "we" ought not to increase. H.R. 7650 would give money to veterans, but in no relation to their service. We do not consider this to be a veterans' benefit.

I see only one advance in philosophy in the bill, and it is offset by this practice—it considers benefits in relation to other income.

What we would like to see the Finance Committee recommend to the Senate is a tough revision of the standards. An income level should be established and the pensions paid up to that level, all other income being considered. If the Senate is not willing to revise H.R. 7650 to this extent, it should, we feel, defeat the measure outright.

Very truly yours,

BEN NEUFELD,
State Chairman.

THE AMERICAN LEGION,
DEPARTMENT OF PENNSYLVANIA,
Harrisburg, Pa., July 31, 1959.

HON. HARRY F. BYRD,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.*

DEAR SENATOR BYRD: I appreciate the fact that time did not permit calling all of the witnesses who were in Washington when your committee had under consideration H.R. 7650. I am therefore submitting the following statement which I would like to have placed in the record, as the record does indicate my presence at the hearings.

H.R. 7650 presents a new concept for payment of veterans' pensions whose disability was not as a result of service. It also provides for payment of pensions to widows of World War II and those of the Korean conflict on a parity with similar benefits which have been established for widows of World War I veterans.

There are a number of radical and new changes made through this bill to the presently existing pension laws, all with the thought in mind that these would benefit a great number of veterans and their dependents. The only thing I desire to point out is the fact that through statements of witnesses who appeared before your honorable committee there was an exaggerated cost projection, which is not factual and not realistic.

Might I say that any projection of any probable costs of any project projected to the year of 2000—or 40 years hence—by its own weight, provides a great deal of leeway for error. The cost projection for H.R. 7650 is based on the supposition that almost all World War II veterans and Korean veterans and their dependents would someday be entitled to benefits under the provisions of this law. Nothing could be further from the true facts.

If we are going to suppose that certain things are going to happen in the next 40 years, let us face them in a practical, objective spirit. World War II veterans presently have attained the average age of 40 years. By the year 2000—40 years hence—those who will be alive will have reached the age of 80. Prior to that time, while they are still in the vigor of their manhood, and their capabilities, through changes of approach to our social problems, which exist in business and industry, most if not all of these veterans of those two conflicts, as well as their widows and minor children, if any, will participate in retirement benefits established for them in their business or industrial endeavors, to which some will make their own contribution, with industry paying the balance.

Practically all of these veterans and their dependents will be beneficiaries upon reaching a certain age of social security benefits which, in the next 20 years (please note, I am not using the 40-year projection here) it is estimated will double or triple in benefit payments compared to payments made by OASI today. Similarly, retirement benefits will be much greater than those presently enjoyed by many who come under the provisions of this type of protection.

Therefore, it would seem sensible that very few, if any, veterans of either World War II or the Korean conflict, or their widows and their dependents, would be the beneficiaries of the provisions of H.R. 7650, which is now being considered by your honorable committee. It is my judgment, and I have been connected with rehabilitation and service work for the last 40 years; I have seen and lived through the progress that has been made in meeting new situations in a new manner, seeing compensation and pension provisions improved from time to time. I have also followed and studied the development of social security benefits; the establishment of retirement benefits in industry, business, and labor organizations; and have noted with interest increased benefits available, not only to veterans who are employed, but our citizenry generally.

I urge your honorable committee, which is considering the cost—even the extreme cost of the benefits to be derived by veterans and their dependents through passage of H.R. 7650—to consider the facts I have noted above. Also, to give some thought to the reasons why, in the projection of costs of this new pension bill, the opponents of the bill, in trying to frighten the American taxpayer—and we all are taxpayers—with the tremendous cost of this pension program 40 years hence, without also giving you the picture, such as I have outlined, as to the probability of only a very small segment of the present veteran population participating in this program as beneficiaries.

The income limitations fixed in this bill at \$1,800 for the single veteran and \$3,000 for the veteran with a wife and/or dependent children are very modest, considering the high standards of living which prevail in this great Nation of ours. Through the passage of this bill, veterans who are unfortunate enough to become totally disabled while still in the prime of life or those who reach or have already reached retirement age and have need for help from a grateful Nation will receive modest additional funds to their very meager or low incomes, which will assist them in living decently and not become public charges.

I earnestly ask you to give favorable consideration to H.R. 7650 and its provisions, to take care of the veteran whose disability, though not service connected, prevents him from following gainful occupation, and in many instances, will help him in caring for himself in the twilight of his life.

I appreciate the courtesy extended to me in permitting me to have this statement included in the record of your hearings on this subject matter.

Yours very truly,

MICHAEL M. MARKOWITZ,
Rehabilitation Director.

STATEMENT OF THOMAS R. BUCHANAN OF THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS TO THE SENATE FINANCE COMMITTEE CONCERNING VETERANS' PENSION LEGISLATION

I am Thomas R. Buchanan, of Arlington, Va., and I am an agent of the New York Life Insurance Co. I am submitting this statement in my capacity as chairman of the Committee on Affairs of Veterans and Servicemen of the National Association of Life Underwriters, which is a trade association representing a membership of over 77,000 life insurance agents, general agents, and managers in all 50 States, the District of Columbia, and Puerto Rico.

The principal purpose of this statement is to express to your committee the views of my association concerning H.R. 7650, which is designed to modify and liberalize the pension programs for veterans of World War I, World War II, and the Korean conflict and their widows and children. This bill was passed by the House of Representatives on June 15, 1959.

Before discussing H.R. 7650, however, I would like to state that it is our hope that your committee will see fit to substitute for this bill the provisions of H.R. 6432. In our opinion, H.R. 6432 is unquestionably the sounder and more desirable of the two measures for it would not only provide liberalized pensions for those veterans and survivors of veterans who are most in need and most deserving of Government assistance, but would also accomplish this objective at very welcome and substantial savings to the hard-pressed American taxpayers in the years ahead.

In this connection, the Veterans' Administration and the Bureau of the Budget have estimated that the existing veterans' pension program will cost the taxpayers \$105.7 billion over the next 40 years. The Bureau of the Budget has further estimated that H.R. 6432 would reduce this tremendous tax burden

by almost \$48 billion whereas H.R. 7650 would increase it by still another \$10 billion. Thus your choice of H.R. 7650 over H.R. 6432 would mean a diversion of \$58 billion that might otherwise be used for more urgent programs, general tax relief, and/or a substantial reduction in the national debt.

We should also like to point out that all of the \$10 billion additional net cost of H.R. 7650 would result from putting the widows and surviving children of veterans of World War II and the Korean conflict on equal terms with the widows and children of World War I veterans in determining eligibility for pensions. While on the face of things the rules of justice and fair play would seem to demand such equality of treatment, we do wish to remind your committee that compared with the veterans of World War I, the veterans of World War II and the Korean conflict have already been the beneficiaries of a tremendous amount of Government aid. Under these circumstances, we submit that the need for equalizing the treatment of their widows and children for pension purposes is based on a concept of equity that is more apparent than real.

We could spell out additional reasons for believing that H.R. 6432 is superior to H.R. 7650. However, we could add nothing of substance to the views set forth in the statement made to your committee the other day by Maurice H. Stans, Director of the Bureau of the Budget. Accordingly, in order not to burden the record unduly, we simply wish to express our complete concurrence in those views.

Having thus indicated our support of H.R. 6432, we should now like to recommend several amendments to H.R. 7650 in the event that your committee decides to report out that particular measure.

First of all, we note that H.R. 7650 would increase the maximum annual income limitations from \$1,400 to \$1,800 in the case of single veterans, widows, and dependent children, and from \$2,700 to \$3,000 in the case of veterans or widows with dependents. Keeping in mind that the sole justification and purpose of this type of legislation is to help the really needy among veterans and their survivors, we see absolutely no reason to increase these limitations. To do so would only result in adding to the pension rolls a large number of people whose total income in many cases would be substantially more than the income received by taxpaying citizens.

Moreover, the proposed increases in maximum income limitations, together with the proposed new system of graduated income limitations, would create numerous anomalies among the pensioners themselves. Let us see, for example, how the total annual income of single veterans age 65 and over would be affected under H.R. 7650, as compared with existing law.

Outside income	Annual pension		Total annual income	
	Present law	H. R. 7650	Increase	Decrease
\$600 or less.....	\$945	\$1,020	\$75	
\$601 to \$1,200.....	945	840		\$105
\$1,201 to \$1,400.....	945	480		465
\$1,401 to \$1,800.....	0	480	480	

In the case of married veterans age 65 or over, the results would be as follows:

Outside income	Annual pension		Total annual income	
	Present law	H. R. 7650	Increase	Decrease
\$1,000 or less.....	\$945	\$1,080	\$135	
\$1,001 to \$2,000.....	945	900		\$45
\$2,001 to \$2,700.....	945	540		405
\$2,701 to \$3,000.....	0	540	540	

From the above, it is obvious that those veterans least in need would be the principal beneficiaries of H.R. 7650.

Second, the bill provides that in computing the annual income limitations, there shall be excluded a number of items such as payments under policies of U.S. Government Life Insurance and National Service Life Insurance; payments under public or private retirement, annuity, endowment, or similar plans or programs equal to the veteran's contributions thereto; etc. Exclusion of income from sources such as these would result in many individuals of substantial means continuing to qualify for pension payments. Again keeping in mind that the pension program should be designed to help only those in real need, we recommend that all income received by a veteran or his widow or children, other than donations from public or private relief or welfare organizations, be made subject to the income limitations of the law.

Third, we think that H.R. 7650 takes a step in the right direction by providing that under proposed new section 521 (e) of title 38, United States Code, a portion of the income of a veteran's wife may be treated as income to the veteran himself. However, the proposed new section contains some questionable "hedging" language to the effect that the wife's income will not be counted unless "reasonably available to or for the veteran" or if "in the judgment of the Administrator to do so would work a hardship upon the veteran." Furthermore, there would be excluded the greater of \$1,200 or 50 percent of the wife's income, even though such income was entirely unearned. This might lead many veterans to transfer income-producing assets to their wives in order to get around the income limitations of the law.

Therefore, we recommend that proposed new section 521 (e) (1) be amended to read substantially as follows:

"(e) For the purposes of this section—

"(1) in determining annual income, where a veteran is living with his spouse, all income of the spouse, except \$1,200 of her earned income or 50 per centum of such earned income, whichever is the greater, shall be considered as the income of the veteran;"

Fourth, H.R. 7650 also takes another step in the right direction by providing in proposed new section 522 of title 38, United States Code, for the denial or discontinuance of a pension "when the corpus of the veteran's estate is such that under all the circumstances, including consideration of the veteran's income, it is reasonable that some part of the corpus be consumed for the veteran's maintenance." However, this section should also provide for consideration of the veterans wife's estate in this type of situation for what we think are obvious reasons.

Finally, H.R. 7650 would provide that under proposed new section 542 (c) of title 38, United States Code, the child of a deceased veteran would be disqualified from receiving a pension only if he had annual unearned income of more than \$1,800. We see no reason why this income limitation should not be based on both earned and unearned income.

Notwithstanding the above recommendations regarding the amendment of H.R. 7650, we wish to make it absolutely clear that we support the provisions of H.R. 6432. My association has enthusiastically applauded the growing recognition by Congress and the administration of the increasingly devastating threat that inflation poses to the Nation's economy and the need for very sober reflection and restraint in considering legislative proposals that would tend to increase the national debt or jeopardize the achievement of a balanced budget. As an association we have long endorsed all programs of economy in Government, and we are even now conducting an extremely active program in opposition to further inflation. We see in H.R. 6432 a measure that would not only make adequate provision for needy veterans and their survivors but also—and equally important—represent a great advance in the direction of sound economic house-keeping for the Nation as a whole.

Respectfully submitted.

THOMAS R. BUCHANAN,
Chairman, Committee on Affairs of Veterans and Servicemen.

YAUN MANUFACTURING CO., INC.,
Baton, Rouge, La., August 4, 1959.

SENATE FINANCE COMMITTEE,
U.S. Senate, Washington, D.C.

(Attention: Senator Harry F. Byrd, Chairman).

GENTLEMEN: We noted in a recent publication that the Senate Finance Committee is presently studying a House-passed bill (H.R. 7650) which, if approved, will cost the American taxpayers approximately \$95 billion more, over the next 40 years, than the present veteran pension payments are now costing us.

We want to see our veterans treated fairly, but we sincerely believe that H.R. 6432 would take care of our veterans and at the same time help to relieve taxpayers of some of their burden, which at the present time is so great that the American people hardly know which way to turn.

Therefore, we would like to go on record as being opposed to H.R. 7650 and urge you to replace this bill with H.R. 6432 or a bill with similar features.

Yours very truly,

J. CLIFTON YAUN, Sr.

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

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