

VETERANS' SOCIAL SECURITY

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

SECOND SESSION

ON

S. 2204

A BILL TO AMEND TITLE II OF THE SOCIAL SECURITY ACT, AS AMENDED, BY GIVING INSURANCE BENEFITS UNDER THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE PROVISIONS OF THAT ACT TO SURVIVORS OF VETERANS OF WORLD WAR II, AND FOR OTHER PURPOSES

MAY 22 AND 23, 1946

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1946

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VETERANS' SOCIAL SECURITY

WEDNESDAY, MAY 22, 1946

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to notice, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George (chairman), Walsh, Gerry, Johnson, McMahon, Brewster, Bushfield, and Saltonstall.

The CHAIRMAN. This is a hearing on S. 2204, to amend title II of the Social Security Act, as amended, by giving insurance benefits under the Federal old-age and survivors insurance provisions of that Act to survivors of veterans of World War II, and for other purposes.

(S. 2204 is as follows:)

[S. 2204, 79th Cong., 2d sess.]

A BILL To amend title II of the Social Security Act, as amended, by giving insurance benefits under the Federal old-age and survivors insurance provisions of that Act to survivors of veterans of World War II, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title II of the Social Security Act, as amended, is amended by adding at the end thereof the following:

"BENEFITS TO SURVIVORS OF WORLD WAR II VETERANS

"Sec. 210. (a) Any individual who shall have served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of World War II (as determined by proclamation of the President or by concurrent resolution of the Congress, whichever is the earlier), and who shall have been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of a disability or injury incurred or aggravated in service in line of duty, shall in the event of his death during the period of three years immediately following separation from the active military or naval service, whether his death occurs before or after the enactment of this section, be deemed—

"(1) to have died a fully insure individual;

"(2) to have an average monthly wage of not less than \$160; and

"(3) for the purposes of section 209 (e) (2), to have been paid not less than \$200 of wages in each calendar year in which he had thirty days or more of active service after September 16, 1940:

Provided, That this section shall not apply in the case of the death of any individual occurring (either before or after the enactment of this section) while he is in the active military or naval service, or in the case of the death of any individual who shall have been discharged or released from the active military or naval service of the United States subsequent to the expiration of four years and one day after the termination of World War II.

"(b) (1) If any pension or compensation is determined by the Veterans' Administration to be payable on the basis of the death of any individual referred to in subsection (a) of this section, any monthly benefits or lump-sum death

payment payable under this title with respect to the wages of such individual shall be determined without regard to such subsection (a).

"(2) Upon an application for benefits or a lump-sum death payment with respect to the wages of any individual referred to in subsection (a), the Board shall make a decision without regard to this subsection unless it has been notified by the Veterans' Administration that pension or compensation is determined to be payable by the Veterans' Administration by reason of the death of such individual. The Board shall notify the Veterans' Administration of any decision made by the Board authorizing payment, pursuant to subsection (a), of monthly benefits or of a lump-sum death payment. If the Veterans' Administration in any such case has made an adjudication or thereafter makes an adjudication that any pension or compensation is payable under any law administered by it, by reason of the death of any such individual, it shall notify the Board, and the Board shall pay no further benefits, or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments theretofore made by the Board pursuant to subsection (a) to any individual, not exceeding the amount of any accrued pension or compensation payable to him by the Veterans' Administration, shall (notwithstanding the provisions of sec. 3 of the Act of August 12, 1935, as amended (U. S. C., 1940 edition, title 38, sec. 454a)) be deemed to have been paid to him by the Veterans' Administration on account of such accrued pension or compensation. No such payment made by the Board, and no payment made by the Board for any month prior to the first month for which any pension or compensation is paid by the Veterans' Administration, shall be deemed a reason of this subsection to have been an erroneous payment.

"(c) In the event any such individual has died during such three-year period but before the enactment of this section—

"(1) upon application filed within six months after the enactment of this section, any monthly benefits payable with respect to the wages of such individual (including benefits for months before such enactment) shall be computed or recomputed and shall be paid in accordance with subsection (a), in the same manner as though such application had been filed in the first month in which all conditions of entitlement to such benefits, other than the filing of an application, were met;

"(2) if any individual who upon filing application would have been entitled to benefits or to a recomputation of benefits under paragraph (1) shall have died before the expiration of six months after the enactment of this section, the application may be filed within the same period by any other individual entitled to benefits with respect to the same wages, and the nonpayment or underpayment to the deceased individual shall be treated as erroneous within the meaning of section 204;

"(3) the time within which proof of dependency under section 202 (f) or any application under 202 (g) may be filed shall be not less than six months after the enactment of this section; and

"(4) application for recomputation, pursuant to this section, of a lump-sum death payment heretofore made with respect to the wages of any such individual may be filed within a period of not less than six months from the date of enactment of this section or a period of two years after the death of any individual specified in subsection (a), whichever is the latter, and any additional payment shall be made to the same individual or individuals as though the application were an original application for a lump-sum death payment with respect to such wages.

No lump-sum death payment shall be made or recomputed with respect to the wages of an individual if any monthly benefit with respect to his wages is, or upon filing application would be, payable for the month in which he died; but except as otherwise specifically provided in this section no payment heretofore made shall be rendered erroneous by the enactment of this section.

"(d) There are hereby authorized to be appropriated to the trust fund from time to time such sums as may be necessary to meet the additional cost, resulting from this section, of the benefits (including lump-sum death payments) payable under this title."

The CHAIRMAN. Dr. Altmeyer, will you come forward, please?

STATEMENT OF HON. ARTHUR J. ALTMAYER, CHAIRMAN,
SOCIAL SECURITY BOARD

The CHAIRMAN. As you will recall, Doctor, there are other bills here that deal with the same general subject. I don't know whether you have given special consideration to them.

S. 2137 is a bill introduced by Senator Butler, who is not here this morning, but it does cover the same subject. Then there is a bill by Senator Wagner on behalf of himself, and the chairman of the committee had earlier introduced another more comprehensive piece of legislation.

We will hear you on this S. 2204. You may make any statement you wish to make, pointing out the differences between the proposed legislations.

Mr. ALTMAYER. Mr. Chairman and members of the committee: This problem that we are confronted with is how to assure the persons who have served in the armed forces that they will not have suffered under old-age and survivors insurance by reason of their military and naval service.

That is to say, there are about 15,000,000 persons who have been in the armed forces down to date. About 72 percent of the people who went into the armed forces had some wage credits under the old-age and survivors insurance system. They were not all insured. You have to have a certain number of wage credits in order to be insured. About 34 percent of those who entered the armed forces were insured, but the construction of the eligibility requirements of the Federal old-age and survivors benefit is such that if you do not remain in covered employment that is employment as defined under the Federal old-age and survivors insurance legislation, your eligibility fades out and the amount of the benefit that would be obtainable in case of death or retirement declines.

So all of these 15,000,000 people have suffered from diminution of their old-age and survivors insurance rights, either rights that had already been accumulated before they entered the service, or rights that they might have developed if they had entered covered civilian employment.

The objective of S. 2204 and these other bills that you have mentioned is to make whole, so to speak, these persons who have entered the armed forces, insofar as their survivors insurance rights are concerned.

This committee first considered this problem back in 1940. There was attached to the revenue bill of that year an amendment which protected persons entering the armed forces in their rights so far as the Railroad Retirement Act was concerned; but after some discussion when the conferees were meeting on the bill, it was decided it was too complicated a question to dispose of in connection with the revenue bill of that year, and so it was put over.

In the meantime there have been a number of bills introduced, some of them dying, of course, when the new Congress came in. There are several in this Congress, and you have mentioned three of them, which illustrate various approaches toward solving the problem.

I will list those approaches.

One main approach is to consider service in the armed forces as covered employment and make an adjustment as between old-age and survivors insurance benefits and veterans' benefits: One way of making the adjustment would be to pay whichever benefits are the higher. Another method of adjustment would be to pay whichever benefits are the higher plus one-half of the lesser benefit. Another method of adjustment would be to pay old-age and survivors insurance benefits based upon not only regular covered employment, but also upon the armed forces employment, eliminating the gratuitous wage credit if veterans' benefits are also payable. That is the approach that is contained in S. 878.

Then another main approach is to consider service in the armed forces as covered employment, and make no adjustment as between old-age and survivors insurance benefits and veterans' benefits.

A third main approach would be to provide guaranteed minimum survivors' benefits under old-age and survivors insurance during the critical period following the discharge, and that is the approach that is contained in S. 2204.

I will expand on that later. But before I do, I want to point out that there is a general problem of duplicate benefits that will become more and more acute. For example, under the laws as they stand today, the survivors of a single deceased person can draw benefits under four different Federal laws without any adjustment as between the benefits. I should say five different laws, four Federal and one State.

For example, a person dies leaving dependents that might be subject to the Railroad Retirement Act, might be subject to old-age and survivors insurance, might be subject to the Civil Service Retirement Act, might be subject to veterans' legislation, and might also be subject to a State workmen's compensation law.

So we have developed in this country a problem of how to correlate benefits under various types of Federal and State legislation, all designed for the primary purpose of compensating for the economic loss involved in old age and death.

Senator SALTONSTALL. Mr. Chairman.

The CHAIRMAN. Senator Saltonstall.

Senator SALTONSTALL. You can eliminate the workmen's compensation law in this instance, though, can you not? No one who has been in the Army and Navy could receive benefits for dying under the workmen's compensation acts.

Mr. ALTMAYER. I would rather that a representative of the Veterans' Administration discuss that point, because I may be in error.

Senator SALTONSTALL. I do not see how they could.

Mr. ALTMAYER. My understanding is you might still have death due to so-called service connection.

Senator SALTONSTALL. And come under workmen's compensation?

Mr. ALTMAYER. I think so.

Senator SALTONSTALL. I just do not see how that is practicable.

Mr. ALTMAYER. Colonel Longfellow may be able to clear that up.

The CHAIRMAN. We will have him later.

Mr. ALTMAYER. Yes. I am confident of the other four.

As the old-age and survivors insurance provisions are made more inclusive and more adequate, this problem of duplicate benefits will

become more and more acute, but it does not seem reasonable to start solving the problem of duplicate benefits in connection with veterans' benefits.

That general problem ought to be tackled as a whole, rather than to single out veterans' benefits as the kind of benefits to focus on.

In Britain it is true, and it has been true throughout their history, since they have had what we call social-security legislation in Britain, that they consider military service as covered employment. They collect contributions both from the person in the armed forces and the Government, but in case of a death, the veterans' legislation benefits apply and no benefits are paid under their general social-security legislation.

Now, turning to the provisions of S. 2204, what this bill provides is this: It guarantees a fully insured status for 3 years following separation from military or naval service, if death occurs during that time. It calculates the benefit on a minimum wage of not less than \$160 per month. It allows the usual 1 percent increment for each year in which a person had 30 days or more of active service in the armed forces.

The legislation would be retroactive to September 16, 1940, when the Selective Service Act came into effect; and stay in effect until 4 years following the termination of the war. No benefits would be payable in case of death while in the service, or for any month during the 3 years following discharge from service in which veterans' benefits are payable.

The advantages of S. 2204, as we see them, are as follows: It solves the problem of duplicate benefits without interfering with veterans' legislation. Veterans' legislation provides virtually 24-hour protection during active service, with more liberal benefits than those provided under old-age and survivors insurance, so that the critical period is the period immediately following discharge, and that critical period is taken care of under the bill as I have just described it.

During that critical period a veteran, as I have pointed out, may have lost any old-age and survivors insurance rights he may have developed, or they would have declined in amount, or if he had not had any rights before he entered service, he would not have had an opportunity to develop them by working in civilian employment.

This minimum guaranty would be given to all veterans, regardless of whether they entered service from covered or uncovered occupation. In that way it would place on an equal basis the country youngsters as well as the city youngsters. They would all start out with this 3-year minimum guaranty, regardless of what their work experience had been before they entered the armed forces.

This bill is much simpler to administer than any of the other bills that have been introduced. It would not require the posting of wage credits for military service during the 6 years that have elapsed since 1940. That would be a great task to require the various services to make reports to the Social Security Board and then to post those wage reports to the individual accounts.

The only requirement in this law is that the survivor of the veteran establish that the veteran was discharged or released under conditions other than dishonorable after active service of 90 days or more, or by reason of service-connected injury if less than 90 days' service. That would not require any elaborate recording or elaborate showing,

and so any claims that arose could be processed very quickly, without reference to building up elaborate wage records.

The CHAIRMAN. The benefits would be calculated the same as in ordinary compensation cases?

Mr. ALTMAYER. Yes; ordinary old-age and survivors insurance benefits. The benefits would be calculated on the basis of a minimum of not less than \$160 a month wages.

The CHAIRMAN. Yes.

Mr. ALTMAYER. We believe S. 2204 is simpler to understand than some of these other bills. It is less costly. We estimate that it would cost the Government about \$175,000,000, as compared with \$1,500,000,000 if the Government paid both employee and employer contributions for the period of military service.

The CHAIRMAN. \$175,000,000 as an over-all cost?

Mr. ALTMAYER. Yes. We figured it up to 1959. There may be some cost still continuing after that year, but it would be incon siderable.

The CHAIRMAN. I see.

Mr. ALTMAYER. Now there is only one feature of this bill that we from the Social Security Board would raise a question about. As we view S. 2204, it is intended to provide protection under the regular social insurance system, and under the regular social insurance system, benefits are not dependent upon fault in any way. That is to say if a person is killed in industry and he has certain wage credits, the benefits are calculated on the basis of his wage credits and no question is raised whether he was guilty of negligence or misconduct or anything else.

Under veterans' legislation there is a provision that the person must have been discharged under conditions other than dishonorable. So you have a line of conflict between a social insurance approach and veterans' legislation approach.

The number of cases that would be affected would probably be very small—a handful. I just call the attention of the committee to that conflict between principles that have been developed under social insurance and principles that have been developed under the veterans' legislation.

The CHAIRMAN. Well, under social insurance, of course, there is a contribution by the employee and employer.

Mr. ALTMAYER. Yes.

The CHAIRMAN. Therefore this question of negligence, and so forth, would not logically arise.

Mr. ALTMAYER. Of course you have the same principle under workmen's compensation, where there is no employee contribution. As you know, the workmen's compensation law has eliminated largely the question of negligence when it was substituted for the employer's liability law.

Senator WALSH. Do I understand you to say if a civilian who did not enter the service during the war committed a misdemeanor or committed some offense or other which under the law would lead to a dishonorable discharge in the case of the serviceman, the civilian has the benefit of old-age insurance?

Mr. ALTMAYER. Yes.

Senator WALSH. But under this bill, if he is a veteran and is found to have committed misconduct, he is deprived of the benefits of the bill?

Mr. ALTMAYER. The survivors would be, except that the regular wage credits he may have developed under old-age and survivors insurance would not be affected.

Senator WALSH. Yes.

Mr. ALTMAYER. It would only be this gratuitous guarantee that is provided under this legislation that would be affected.

Senator WALSH. For this period of 7 years?

Mr. ALTMAYER. Yes.

Senator WALSH. That is all?

Mr. ALTMAYER. That is all. I want to emphasize that the number of cases would be a handful, probably 25 or so, because, as I recall, there are but 25,000 dishonorably discharged cases altogether, so the proportion of those who may die during the 3-year period leaving dependents might be not more than 25 cases.

Senator WALSH. Is there any objection to removing that limitation?

Mr. ALTMAYER. I think the Veterans' Administration would have serious question about it. I am pointing it out from the standpoint of social security.

Senator WALSH. Yes.

Mr. ALTMAYER. But we would endorse this bill regardless of that provision. I mean with that provision staying in, we would still endorse this bill, S. 2204.

The CHAIRMAN. The Veterans' Administration will be here tomorrow morning. Are there any questions?

Senator SALTONSTALL. I would like to ask a question, Mr. Chairman.

If I understand you correctly, why is there an increasing increment of 1 percent for length of service in the armed forces? I just do not understand why that factor enters into it at all.

Mr. ALTMAYER. That is true under the regular old-age and survivors insurance system. That is just giving them the same benefit. Under the old-age and survivors insurance system a person gets 1 percent increment for every year that he has been in covered employment, so this just puts them on a parity.

In response to that previous question of yours, Senator, I just received a note on it. Colonel Longfellow says that it would be possible for the dependents of a person who is killed in an industrial accident to draw under workmen's compensation and also under veterans' legislation. That was the point you raised. He will have to explain that. I thought it was true.

Senator SALTONSTALL. Mr. Chairman, I would like to ask one more question.

Mr. Altmeyer, you say this bill would cover the boy who worked on the farm, who would not be covered under the Social Security Act. We will take two boys in the same locality and something could happen to one just before the time limit, and something could happen to the other after the time limit; the boy that died after the time limit, unless the Social Security Act is changed to cover the farmers, would not get anything, while the other would get the full amount, is that true?

Mr. ALTMAYER. That is true as to any of these bills. If a person does not stay in covered employment at least half the time he loses protection. So even under S. 878 or S. 2137, giving wage credits for the period of enlistment in the armed forces, that would only last for a certain length of time, and if he went into farm employment it would fade out.

Senator SALTONSTALL. You would have to cover all these groups that are not now covered for the 3 years, if they are veterans?

Mr. ALTMAYER. The practical solution would be to have comprehensive coverage under old-age and survivors insurance.

The CHAIRMAN. You say there were about 74 percent of the members of the armed forces that did have some credits?

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. Under social security?

Mr. ALTMAYER. Yes.

The CHAIRMAN. That is old-age and survivors insurance?

Mr. ALTMAYER. Yes. That is 72 percent.

The CHAIRMAN. What happened, Dr. Altmeyer, did they keep up those credits?

Mr. ALTMAYER. No; they cannot.

The CHAIRMAN. And they were in the armed services?

Mr. ALTMAYER. Yes.

The CHAIRMAN. So there was simply a lapse?

Mr. ALTMAYER. That is right.

The CHAIRMAN. That, of course, has been the real impetus, or the real force, back of this bill.

Mr. ALTMAYER. That is right.

The CHAIRMAN. We did not want to have them lapse.

Mr. ALTMAYER. That is right.

The CHAIRMAN. And the treatment given them here, that is, under S. 2204, is to treat all the members of the armed forces alike.

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. And they get this very comparable term insurance for the 3 years.

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. So if death occurs within 3 years, they will have all the benefits that go to the survivors.

Mr. ALTMAYER. Yes, sir. In fact, some of them, a considerable number of them, would get higher benefits under this than they would under any form of allowing wage credit and posting wage credits for the period of their service in the armed forces, for the reason that many of them would not have had much employment prior to entering the armed forces.

The amount of employment in the armed forces would have entitled them to very low benefits, which would immediately start declining in value as soon as they leave the armed forces, whereas this maintains a minimum guarantee of \$160 a month average wage.

If their average wage worked out more than that, then they would get paid on a higher figure, but never less than \$160 a month average wage.

The CHAIRMAN. During the whole time they are in the Army?

Mr. ALTMAYER. During the 3 years following their discharge.

The CHAIRMAN. Are there any further questions?

Senator BUSHFIELD. Doctor, would you comment further on this S. 2137?

Mr. ALTMAYER. S. 2137 provides for wage credit for the period of service in the armed forces, with no offset. We do not think that is a logical approach. We think that it would lead to anomalies between the farm boys and city boys eventually, because the wage credit for the period during the service in the armed forces would mean more to people who go into covered employment than it does to the people who go back to the farm. For that reason we think it is illogical.

Then we think allowing gratuitous wage credit ought to also involve some adjustment as between the sum total of the benefits under veterans' legislation and under old-age and survivors insurance.

But when you start trying to figure out what adjustment to make, you get into a lot of complications. The Veterans' Administration and veterans' organizations naturally do not want veterans' legislation disturbed.

Also, when you try to adjust the old-age and survivors insurance, you get into complications there.

So after several years of trying to solve this problem, the Veterans' Administration and Social Security Board reached the conclusion that S. 2204 was a simpler and more effective approach to solving the problem.

Conceivably it can be solved as S. 878 proposes to solve it. That provides wage credit and then certain adjustments under old-age and survivors insurance. However, we have discovered bugs in that since it was introduced that would have to be ironed out. But S. 878 is an alternative approach that is worthy of consideration.

The CHAIRMAN. The ultimate cost of S. 878 would run something over a billion dollars?

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. If there are no further questions, Doctor, we thank you very much. Is there anyone else from your Board that you would want to make a statement here?

Mr. ALTMAYER. No, sir.

The CHAIRMAN. We have asked the veterans' representatives to appear. Colonel Taylor.

Mr. HAYDEN. Colonel Taylor regrets very much that he could not be here.

The CHAIRMAN. You are appearing for Colonel Taylor?

Mr. HAYDEN. Yes, sir.

The CHAIRMAN. For the American Legion?

Mr. HAYDEN. I have his statement, which I will read.

STATEMENT OF HARRY V. HAYDEN, JR., THE AMERICAN LEGION

Mr. HAYDEN. I am sure neither the Legion nor Colonel Taylor need any introduction. However, we would like to talk about the fact that we reach 3,000,000 in the membership of the Legion now, and 60 percent of them, at least, are World War II men.

I am a World War II man. Accompanying me this morning is Mr. Robert S. Dinger, a representative of our national employment committee, who is also a World War II man.

This is Colonel Taylor's statement (reading):

Since the start of World War II, the American Legion has been concerned with the problem of social-security protection for those who served in the armed forces. This concern is reflected in resolutions adopted at our national conventions since 1941. Our latest expression on this subject came to the national legislative committee from the national convention held at Chicago, Ill., in November 1945. It reads as follows:

Whereas all service men and women formerly in positions covered by social security are now being deprived of the increments in benefits which are accruing to civilians in covered positions; and

Whereas other service men and women, who, because of their youth, went directly into the armed forces are now unable to establish social-security benefits and privileges, while those rejected or deferred are building up old-age pensions and other rights; and

Whereas the armed forces of the United States are providing security for us at home: Therefore be it

Resolved, That the American Legion in convention assembled recommends that the Congress of the United States pass the necessary legislation to rectify this discrimination and provide the same measure of security to the service men and women, as is now being provided for those not in the armed forces.

The resolution which I have quoted is a consolidation of a large number of resolutions which reached the national convention from many States. In the consideration and adoption of this mandate, it was thought by the American Legion that old-age and survivors insurance benefit should be provided for every service man and woman based upon a credit of \$160 a month for each month served in the armed forces, the Federal Government to make the retroactive contributions for both employer and employee.

Acting upon the mandate from past national conventions, the American Legion has requested that appropriate bills be introduced in the Congress. The pending bill is S. 2204.

Service men and women who lack old-age and survivors insurance coverage fall into two categories: (1) Those who left covered employment to enter the armed forces and (2) those who entered the armed forces directly from school and had never been employed previously. Those in the first category are discovering that the Social Security Act provides that when their payments are discontinued or lapsed after months in the service the old-age and survivors insurance benefits ceased.

They are discovering that upon reentering civilian employment they must remain there for many months before these benefits again will accrue to them or their survivors.

If they should die before again being fully covered under the Social Security Act the benefits would be lost. With respect to those in the second category, they are discovering their service in the armed forces has provided them no Social Security Act coverage while those employed in war plants receive such benefits.

The question may be asked us as to why the American Legion recommends \$160 as the monthly payment of wage credit. We believe this amount is a fair average of military pay, including subsistence, the Government share of allotments, and similar allowances.

It is our understanding that this figure does not vary very much from the wages of individuals in employment now covered by old-age and survivors insurance.

In fact, the report to the House Ways and Means Committee by the committee's social-security technical staff stated on this point: "From studies of OASI wages it has been established that the average wages of males steadily employed is substantially above this figure. For example, their average in 1944 was about \$200 per month, or \$2,400 per year."

The American Legion respectfully recommends to your committee the adoption of legislation which will provide old-age and survivors insurance wage credits for military service and the Federal Government assuming the cost of contribution. We recommend that each service man and woman receive a flat monthly wage credit of \$160 for each month of military service.

That is all.

The CHAIRMAN. Are there any questions? If not, we thank you very much.

Mr. HAYDEN. Thank you, sir.

The CHAIRMAN. Both you gentlemen will be noted as having appeared here for the American Legion.

Mr. Williamson, of the Veterans of Foreign Wars.

Senator JOHNSON. Mr. Chairman, Mr. J. H. Lieb, who represents the American Veterans of World War II (Amvets), is unable to be here this morning. He phoned and asked me if I would say to you for him that his organization favors the enactment of S. 2204.

The CHAIRMAN. Thank you very much, Senator Johnson.

All right, Mr. Williamson.

**STATEMENT OF JOHN C. WILLIAMSON, ASSISTANT DIRECTOR,
NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN
WARS OF THE UNITED STATES**

Mr. WILLIAMSON. Mr. Chairman, and gentlemen of the committee, I am very pleased to have this opportunity of testifying on behalf of the Veterans of Foreign Wars in regard to the bill S. 2204, which provides for insurance benefits under the Federal old-age and survivors insurance provisions of the Social Security Act to survivors of veterans of World War II.

I am here in accordance with a mandate of the Forty-sixth Annual Encampment of the Veterans of Foreign Wars. With the committee's indulgence, I should like to read the following resolution adopted at that encampment:

Favoring protection of servicemen's insurance rights under Social Security Act:

Whereas 13,000,000 of our young men and women are presently engaged in the defense of our country against external aggressors; and

Whereas during the period of their military service their social insurance rights under the Social Security Act are expiring for thousands of them every day; and

Whereas benefits have been denied to the survivors of more than one-half of our war casualties because their insurance protection had lapsed while they were in the armed forces; and

Whereas action has already been taken by Congress in 1942 to protect the insurance rights under the Railroad Retirement Act of servicemen; and

Whereas action has been taken by Congress to protect the insurance rights of merchant seamen under Public Law No. 77, Seventy-eighth Congress: therefore be it

Resolved, by the Forty-sixth Annual Encampment of the Veterans of Foreign Wars of the United States, that legislation be introduced before the House Military Affairs Committee to amend the GI bill of rights (Public, No. 346, 78th Cong.), so that the insurance rights of servicemen under the Social Security Act may be protected.

For this purpose, one quarter of coverage shall be credited to the account of each serviceman for every calendar quarter spent in military service after September 16, 1940.

Wages in the fixed amount of \$160 per month shall be credited to each such account. The benefits under this amendment shall be applied retroactively to the accounts of all servicemen who were killed in action or died in service after September 16, 1940.

THE COMMITTEE ON DEMOBILIZATION AND RECONVERSION.

Approved by the forty-sixth national encampment.

This resolution is substantially the same as that adopted a year previously at the forty-fifth annual encampment.

The Veterans of Foreign Wars has been greatly concerned with the effect of the present law on the insured status of servicemen, veterans, and their dependents.

Many men who died during the war had no insured status for OASI benefits and many who had an insured status prior to entry into the service lost such status because of the lapse in covered employment.

The death of a veteran in the latter class at any time between the date of discharge and his reentry in covered employment would result in his dependents not coming within either veterans' benefits or old-age and survivors' insurance benefits. This is an injustice which merits the consideration of the Congress.

The bill, S. 2204, accomplishes the main objective of the Veterans of Foreign Wars' resolution in that it protects the survivors of veterans who die before they can gain or regain an insured status and where such death does not qualify the survivors for pension or compensation under any law administered by the Veterans' Administration. The Veterans of Foreign Wars, therefore, urges favorable consideration of this bill.

S. 2204, however, provides for a limited plan, designed to solve only an immediate problem. This committee is, therefore, urged to seriously consider adopting a permanent extension of coverage for members of the armed forces and that such extension of coverage be retroactive to the beginning of the war emergency.

The need for such coverage is apparent because the laws relating to retirement in the military and naval service establish a minimum number of years of service as an eligibility requirement.

For example, under existing law an enlisted man who has served for 18 or 19 years and is separated from the service has accrued nothing toward even a minimum of financial security when he reaches the age of 65. In other words he has drawn a blank.

This brings into sharp relief a paradoxical situation. The Government through Federal legislation brings within a national social-security program employees in private industry but has thus far neglected, to the extent of social security, the men who return to civilian life after years of service in the armed forces.

The civil-service employees contribute to a retirement fund from the first day of employment and some degree of financial security is assured depending on the years of service and the amount contributed to the fund.

The Veterans of Foreign Wars proposes that military and Naval service be considered as covered employment and that both the Government and the individual contribute to the fund. Should the individual qualify for retirement he would very probably choose such retirement. In this case the individual could be refunded his contribution to the fund.

The CHAIRMAN. Are there any questions from Mr. Williamson? If not, we thank you very much, Mr. Williamson.

Mr. WILLIAMSON. Thank you.

The CHAIRMAN. Mr. Lieb is not present, I believe. Senator Johnson made a statement in his behalf.

Are there other representatives of veterans or veterans' organizations who wish to be heard on this measure?

(No response.)

The CHAIRMAN. Dr. Altmeyer, I see that you have not gone. This bill, S. 2204, is retroactive?

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. It goes back to the time of the selective-service law?

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. So that anyone who has died already, while he would get benefits under legislation enacted for the benefit of the veterans in case of death in the service, but would his survivors acquire certain rights under S. 2204?

Mr. ALTMAYER. Yes. The situation would be this, that any veteran who has died since September 16, 1940—

The CHAIRMAN. Take the case of a veteran in the service as an illustration.

Mr. ALTMAYER. S. 2204 does not touch the veteran who dies while in active service, on the theory that the veterans' legislation covers those cases. My understanding is such legislation provides 24-hour protection.

The CHAIRMAN. And is more beneficial than old-age and survivors insurance?

Mr. ALTMAYER. And is more beneficial than old-age and survivors insurance. But if any veteran dies during that three-year period following his discharge at any time since September 16, 1940, up to and including four years and a day after the official termination of the war, his survivors would have the guaranty that benefits would be paid on the basis of the minimum wage of \$160 a month. It is retroactive.

The CHAIRMAN. I wanted to be clear on that.

Mr. ALTMAYER. Yes, sir.

The CHAIRMAN. If the veteran who gets out of service goes into covered employment, there is then no lapse?

Mr. ALTMAYER. No lapse, and if he has developed more than \$160 average wage, the benefit will be paid on the higher average wage.

The CHAIRMAN. The benefits will be paid on the higher average wage?

Mr. ALTMAYER. Yes.

The CHAIRMAN. If in the meantime we should extend social security so as to bring in covered employment groups that are not now in it, they would have the same benefit?

Mr. ALTMAYER. Yes. And if you change the benefit formula so you pay more benefit on the \$160 average wage than you do now, the benefit under this bill would automatically be adjusted.

The CHAIRMAN. Thank you very much.

Senator SALTONSTALL. Might I ask one more question on the wages? Assume a good many people who went into the armed services received

not only the salary in the armed services but also received their pay from their own firms, would he receive on the basis of \$160 a month or would he get the additional credit on the basis of the salary from his firm also?

Mr. ALTMAYER. He would get the additional credits from his firm that were posted to his wage account in Baltimore, and if those figure out higher than \$160 a month average wage, benefit would be paid on the higher amount.

Senator SALTONSTALL. Should not that be stated in the bill? That is just inference or interpretation, isn't it?

Mr. ALTMAYER. That is clear. This does not affect any wage credits that are posted in the normal course.

Senator SALTONSTALL. Are those payments made by firms on the basis of wages?

Mr. ALTMAYER. Yes, wages credited to the individual's account in Baltimore. Taking your illustration, this man, if his wages averaged out \$175 or \$200, his dependents would automatically be paid on that higher basis.

Senator SALTONSTALL. So you cover all those wages up through the war?

Mr. ALTMAYER. Yes.

Senator SALTONSTALL. All the people who came in, even though they were in the armed forces?

Mr. ALTMAYER. If their employer reported they were earning wages, we posted them to his account.

The CHAIRMAN. Thank you very much, Dr. Altmeyer.

The hearing will be recessed until tomorrow morning at 10 o'clock, when General Bradley will be here.

(Whereupon, at 11 a.m., the committee recessed to 10 a.m., of the following day, Thursday, May 23, 1946.)

VETERANS' SOCIAL SECURITY

THURSDAY, MAY 23, 1946

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to notice, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George (chairman), Walsh, McMahon, Brewster, Bushfield, Hawkes, and Saltonstall.

The CHAIRMAN. General Bradley, will you come around, please, sir.

STATEMENT OF GEN. OMAR N. BRADLEY, ADMINISTRATOR OF VETERANS' AFFAIRS

The CHAIRMAN. This hearing, General, is a continuation of the hearing that commenced yesterday on S. 2204 and related bills, and it is principally upon S. 2204.

Do you have a prepared statement you wish to make to the committee?

General BRADLEY. Yes, sir.

Mr. Chairman and members of the committee, I appreciate your courtesy in giving me a few minutes this morning, to make a brief statement.

Last fall the President of the United States assigned to me as Administrator of Veterans' Affairs primary responsibility for that portion of his legislative program which relates to giving veterans social-security coverage credit for their service in the armed forces.

Accordingly, the Veterans' Administration, in cooperation with the Federal Security Agency, engaged in developing a plan for the extension of benefits under the Social Security Act, as amended, to veterans of the armed forces.

After careful consideration of several proposals, the Federal Security Agency and the Veterans' Administration agreed upon the plan which is embodied in S. 2204 now before your committee.

My letter to the President of the Senate submitting the draft of bill, which was introduced as S. 2204, contains a detailed analysis of the provisions of the bill. That letter has been printed for the use of your committee.

The benefits provided by S. 2204, if enacted into law would be administered by the Social Security Board. I understand that yesterday the Chairman of the Board, Mr. Altmeyer, discussed the provisions

of the bill with you. Under the circumstances I do not propose to make a detailed statement of such provisions.

I agree with the Government officials primarily concerned with the administration of the Federal old-age and survivors insurance system that the chief problem, so far as affording servicemen and service-women the protection of that system is concerned, is to make certain that survivors' benefits are payable during the period immediately following active military or naval service when such persons will not yet have had an opportunity to build up survivors' benefit rights under such insurance system.

In my opinion, S. 2204 affords a reasonable solution to that problem and its enactment is recommended.

The Federal Security Agency likewise has recommended the enactment of S. 2204, the draft of which was cleared by the Bureau of the Budget prior to its submission to Congress.

The CHAIRMAN. Are there any questions of General Bradley, Senator Saltonstall?

Senator SALTONSTALL. No.

The CHAIRMAN. Senator Bushfield?

Senator BUSHFIELD. No.

The CHAIRMAN. Senator Walsh?

Senator WALSH. No. I have a letter here that I have had no chance to read, calling some attention to this matter. It is by some woman who was here yesterday.

Concerning our conversation after the hearing on bill S. 2204, I should like to set forth my objections to the bill as it now stands because it discriminates against the widow whose husband was killed in service and against all dependents of these men.

Many dependents of men killed in service are denied social-security benefits because the deceased had not quite served the required employment period when he was called into service. In many cases the man only needed a few days to complete this period. None of the time that the man spent in service is considered and yet the man who survives is allowed his entire service under this bill. This would naturally give greater benefits to the man who has survived the war than to the man who was killed in it.

It is argued by the Social Security Board that this is fair since the widow of a man killed in action enjoys a pension under the Veterans' Administration. I do not believe that the pension was even meant to be used to the detriment of a dependent, as it is now being used.

Since there will be many dependents of World War II survivors who will have greater incomes than that of the widow and her small \$50 a month, this pension is going to be used to prevent the war widow from obtaining social-security benefits which are rightfully hers.

Social-security payments are not paid in accordance with one's need. They are paid according to whatever the deceased person's salary was. The Social Security Board, therefore, has no right to tax and prevent the dependent of a man killed in action from obtaining certain benefits equal to those of a survivors' dependents merely because it has arbitrarily decided that the pension is an adequate income in the case of the first, and it does not even bother to determine the adequacy of the income of the second group.

If a man's military service is to be counted as a part of the years in which he paid social security, then certainly this should apply not only to men who lived through the war but also to men who died in it.

It was written by Mrs. C. G. DeVan, Gold Wives of World War II. Did you get the gist of it?

General BRADLEY. I will ask Colonel Longfellow to comment on that.

Colonel LONGFELLOW. I understand what is involved. In fact, I think I talked to the lady yesterday, and the lady, I believe, also talked to Mr. Altmeyer.

The theory of this legislation that you have before you, S. 2204, is that the man who dies in the military service, as Mr. Altmeyer pointed out yesterday, has 24-hour protection with respect to veterans' relief.

In other words, the man who dies in the service is protected by a system of laws administered by the Veterans' Administration.

S. 2204 is designed to take care of the dependents of the man who did not die in the service, but who died within 3 years after separation therefrom under conditions for which a pension may not be paid under the laws administered by the Veterans' Administration, and at a time when survivors' benefits are not payable to such dependents under the Social Security System.

Senator WALSH. There is no social security now given to the man who dies in the service; he gets his pension from the Veterans' Administration?

Colonel LONGFELLOW. Unless he had social security credit which carried on through to the time of his death.

Senator WALSH. She evidently wants the man who died in the service, who did not have any social security before he entered the service, to get social security. That is the point, I think.

Colonel LONGFELLOW. Also, Senator Walsh, she makes the point there are some cases where the man failed by a few days to acquire an insured status under social security before he went into the military, and theoretically died a few days after he got in, so he fell short of acquiring that status.

The CHAIRMAN. He had some credit, but not sufficient credit to get benefits under social security, and her idea is in that sort of case military service should be counted so as to get the social-security benefits in addition to whatever benefit he or his dependents received under the Veterans' Act.

Senator WALSH. Will you give that consideration and write a letter to the committee?

General BRADLEY. Yes.

The letter from the Administrator of Veterans' Affairs dated May 27, 1946, and addressed to the chairman of the committee reads as follows:

MAY 27, 1946.

Hon. WALTER F. GEORGE,

*Chairman, Committee on Finance, United States Senate,
Washington, D. C.*

MY DEAR SENATOR GEORGE: This is with reference to the request of May 23, 1946, during the hearings before your committee on S. 2204, Seventy-ninth Congress, "A bill to amend title II of the Social Security Act, as amended, by giving insurance benefits under the Federal old-age and survivors insurance provisions of that act to survivors of veterans of World War II, and for other purposes," for the comments of the Veterans' Administration with respect to a letter from Mrs. C. G. DeVan, on behalf of the Gold Star Wives of World War II, which was read into the record by Senator Walsh.

Mrs. DeVan objects to the bill because she feels it would discriminate against the widows and other dependents of men who died in service.

The bill is designed to afford social-security protection, beginning when the protection of the pension laws terminates and ending when the veteran has had a reasonable opportunity to acquire or reacquire insured status by employment

covered by the Social Security System. In other words, if a person dies while in service the survivors will ordinarily receive a lump-sum death gratuity under laws administered by the War and Navy Departments and a pension under laws administered by the Veterans' Administration. Pensions also are paid in certain cases to survivors of veterans who die after separation from active service. S. 2204 would fill in the existing gap for a limited period and provide insurance benefits to those survivors of veterans who are not eligible for veterans' pensions.

The benefits of S. 2204, which are predicated on a guaranteed insured status, are wholly gratuitous. The bill would exclude from its benefits all those survivors of veterans to whom a pension is payable by reason of death of the veteran under laws administered by the Veterans' Administration, whether such death occurred in service or after separation therefrom. If this exclusion were not made, the same period of military or naval service would be used as a basis for benefits under two systems, i. e., survivors' insurance and veterans' pensions. Such duplication of credit, which Mrs. DeVan apparently favors, would be in conflict with the philosophy of S. 2204 as recommended by the Veterans' Administration and the Federal Security Agency and cleared by the Bureau of the Budget.

It is true, as Mrs. DeVan points out, that in some cases veterans will have paid social-security contributions without their survivors receiving any additional benefits on account of those contributions. She apparently favors adding military or naval service credits in such cases so as to give the veterans insured status under the old-age and survivors insurance system. As long as the same military or naval service is used as a basis for veterans' pensions, however, her proposal would result, as pointed out above, in counting such service twice.

This matter has been discussed with representatives of the Federal Security Agency who concur in the views herein expressed.

Very truly yours,

OMAR N. BRADLEY,
General, United States Army,
Administrator.

The CHAIRMAN. The letter which you sent to the President pro tempore of the Senate, I do not think has been put into the record. If you have a copy of it, or the clerk has the letter, suppose you hand it to the reporter so it may go into the record of the hearing.

I think we should have that letter.

(The letter referred to is as follows:)

AMEND TITLE II OF SOCIAL SECURITY ACT

MAY 15, 1946.

The PRESIDENT OF THE SENATE,
The Capitol, Washington, D. C.

SIR: There is enclosed a draft of a proposed bill to amend title II of the Social Security Act, as amended, by giving insurance benefits under the Federal old-age and survivors insurance provisions of that act to survivors of veterans of World War II, and for other purposes, which is recommended for consideration and enactment by the Congress.

The draft bill has been prepared jointly by the Federal Security Agency and the Veterans' Administration and its enactment is recommended by both agencies.

The purpose of the proposed measure, in general, is to give insurance protection under title II of the Social Security Act, as amended, for a period of 3 years following discharge from the armed forces, to the survivors of certain persons who served on or after September 16, 1940, and prior to the termination of World War II, in the active military or naval service of the United States.

The proposed bill would add a new section, No. 210, to title II of the Social Security Act. Subsection (a) of the proposed section 210 provides that any individual meeting its service requirements (which, in general, are similar to those of the Servicemen's Readjustment Act of 1944, as amended) and who dies or died within 3 years after his separation from active military or naval service shall be deemed to have died a "fully insured" individual and to have an average monthly wage, for benefit computation purposes, of not less than \$160. Subsection (a) also provides for an increase in benefit amounts by so-called increment years which, ordinarily, will have the effect of increasing the basic primary insurance benefit amount on which benefits to survivors are computed by 1 per-

cent for each year in which the veteran had 30 days or more of active service after September 16, 1940. The benefits provided by subsection (a) are not available in the case where death occurs in active military or naval service or in the case of the death of any individual who is discharged or released from the active military or naval service of the United States after the expiration of 4 years and 1 day following the termination of World War II.

Subsection (b) of the proposed section 210 provides a further limitation on entitlement to benefits based on the guaranteed insured status conferred by the bill. This subsection bars any individual from receiving benefits under the bill for any month with respect to which it is determined by the Veterans' Administration that pension or compensation is payable by reason of the death of the veteran under any law administered by the Veterans' Administration. (This provision would not, however, deprive anyone of old-age and survivors insurance benefits based on covered employment before or after the period of military or naval service.) This provision is believed to be essential to prevent dependents of certain veterans, who survived the hazards of war but die within 3 years after their discharge, from receiving benefits for which the dependents of servicemen who died in service in line of duty are ineligible.

Subsection (c) of the proposed section 210 specifies the periods in which applications for the payment of the proposed benefits shall be filed with respect to those individuals who died prior to enactment. The subsection also provides for certain adjustments to be made in the case of benefits previously paid without regard to the proposed bill as well as those which shall be made in the event an individual entitled to benefits dies prior to their payment. Subsection (d) authorizes appropriation to the trust fund created under section 201 (a) of the Social Security Act, as amended, of such sums as may be required to meet the payments contemplated by the bill.

If enacted, this bill would afford valuable protection for a stated period to certain persons who served on or after September 16, 1940, and prior to the termination of World War II, in the active military or naval service of the United States. The 3-year limitation is proposed as a reasonable period, following separation from active military or naval service, during which a veteran may enter covered employment and earn an insured status.

Furthermore, the draft bill, if enacted, would provide monetary benefits, hereinafter explained, for dependents of such persons who die within the stated period of 3 years. The minimum average monthly wage of \$160 specified in the bill guarantees a primary insurance benefit amount of \$31 a month for benefit computation purposes. In addition, this amount would be increased by 1 percent for each year in which the veteran served 30 days or more in the armed forces after September 16, 1940. The primary benefit insurance amount for a veteran who served, for example, 4 years in the armed forces, and had no other covered employment, would be \$32.24 a month. In the event of his death within 3 years after his discharge, if no pension or compensation has been determined by the Veterans' Administration to be payable by reason of his death, his widow if she has a child of the veteran in her care, or upon attainment of age 65, will be eligible to receive a monthly benefit of three-fourths of such amount, or \$24.18 a month. His child or children, under age 18, will each be eligible for one-half of the primary insurance benefit amount of \$16.12 a month; and his dependent parents, in the absence of a wife or child surviving the veteran, will each likewise be eligible to receive one-half of the primary insurance benefit amount, or \$16.12 a month. The maximum amount of benefits payable on the basis of any one veteran's death in any month by reason of the limitations in section 203 (a) of the Social Security Act, as amended, would be twice his primary benefit insurance amount which, in the illustration mentioned above, would be \$64.48 a month.

The Federal Security Agency has advised me that the preliminary estimate of the cost of the proposed program, through the year 1959, is \$175,000,000 and that the program will probably affect the survivors of approximately 105,000 veterans who served on or after September 16, 1940, and prior to the termination of World War II.

Advice has been received from the Bureau of the Budget that while there would be no objection to the submission of the proposed legislation to the Congress for its consideration, it should be made clear that duplicate benefits should not be paid under the social security system and the railroad retirement system. It is the view of the Veterans' Administration and the Federal Security Agency that such duplicate benefits would not result from the enactment of the proposed legislation by reason of the provisions of section 7 of "An act to extend the crediting of

military service under the Railroad Retirement Acts, and for other purposes," approved April 8, 1942 (56 Stat. 206; 45 U. S. C., Sup. IV, 228c-1 (m)). However, it appears that this is a question within the province of the Railroad Retirement Board.

Respectfully,

OMAR N. BRADLEY,
General, United States Army,
Administrator.

The CHAIRMAN. Are there any further questions of General Bradley? If not, we thank you, General. We are glad to have your views on this matter.

Is Mr. William Tate, of the Disabled American Veterans, here? Is there anyone representing Mr. Tate?

(No response.)

The CHAIRMAN. Mr. W. M. Floyd, of the Regular Veterans Association.

(No response.)

The CHAIRMAN. Mr. Chat Patterson, of the American Veterans Committee, has submitted a statement to be inserted in the record. Without objection, that will be done.

(The statement referred to is as follows:)

TESTIMONY OF CHAT PATTERSON, NATIONAL LEGISLATIVE REPRESENTATIVE, AMERICAN VETERANS COMMITTEE BEFORE THE SENATE FINANCE COMMITTEE

STATEMENT IN FAVOR OF GRANTING SOCIAL SECURITY CREDITS FOR MEMBERS OF THE ARMED FORCES BY REASON OF MILITARY SERVICE

Mr. Chairman and members of the committee, I appreciate this opportunity for presenting testimony before this committee. I am the legislative representative of the American Veterans Committee (AVC). The interest of the AVC is not only in the welfare and the responsibilities of the veteran as a veteran but also in his role as a member of his community. In accordance with this objective we favor congressional action which will make sure that veterans, as well as all others who are gainfully employed, will enjoy adequate protection under the old-age and survivors insurance program of the Social Security Act.

With respect to the period of his service, the veteran should clearly have social security protection corresponding to that which he would have had if he remained in or entered upon employment covered by the social security program. He should not, by reason of his service, lose any rights to the benefits of the program. Since the great majority of those who served would have developed such rights and since it cannot be determined which individuals would or would not have developed them, this coverage should be accorded to all who have served.

A fair way to avoid loss of rights would be to treat all service in the armed forces as employment covered by the old-age and survivors insurance program. Then not only wartime veterans but also those who reenlist or are members of the Regular Establishment would have the advantages of this social insurance. Those who reenlist, or are members of the Regular Establishment, but do not stay in the service for 20 years do not qualify for retired pay. Nor do they, unless they have a service-connected disability at the time of death, have survivorship protection after they leave the service. Social security coverage therefore would be of advantage to any member of the armed forces in that it would give him continuous protection upon which he could build regardless of whether he stayed in service or left to enter other covered employment.

Social security coverage would not of course preclude the payment of pension or compensation under veterans' laws. The old-age and survivors insurance program is intended to furnish only a basic subsistence benefit. Survivors of those who die from service-connected causes have a right to more than a minimum subsistence benefit.

I believe the suggestion outlined above offers a reasonable and generally satisfactory way to protect the status under social security of those who reenlist for varying periods as well as of those who served only during the war. Although coverage under a social insurance program of both wartime and peacetime service in the armed forces, together with the provision of veterans' ben-

efits to supplement those available through social insurance, represents a departure from the traditional methods of affording protection to the veteran. I hope that Congress will carefully consider it.

Whatever method is adopted, action would seem to be imperative now if fair treatment is to be provided for those who served during the war and have now been discharged or soon will be. Many of them already have families and many others will have families within a few years after discharge. These men, especially, need the survivorship protection afforded by old-age and survivors insurance. But their service—unless it was of very short duration—will have resulted in the loss of any insured status they may have had. Or it will have prevented their acquisition of such a status. In any case it will, by reducing their average wages, reduce the amount of such protection as they may have under the program.

As soon as a man is discharged his survivorship protection under veterans' laws ceases unless he has a service-connected disability. Even if he immediately enters full-time employment covered by old-age and survivors insurance, many months will elapse before he can again acquire an insured status.

During this interim the veteran deserves and has every right to expect special protection. This could be given in several ways. I have not had an opportunity to study the several bills before the committee with sufficient care to be confident of which of these ways is the best. Nor am I fully enough conversant with the details of social insurance to pass such judgment at this time.

However, it does appear that to give wage credits for each month of wartime service in the armed forces in the same manner as though the service had been in covered employment would be fair and equitable. Probably it would be most practicable, as well as fair, to credit a flat amount for all servicemen, regardless of rank. Such an amount might well be the average value of the pay and allowances received by those in the armed forces. The figure of \$160, included in a number of bills is doubtless a reasonable reflection of such average value.

Another possible approach, that taken in S. 2204, would appear to accomplish the same general result, namely, to assure the veteran that he will have social security protection for a reasonable period after his discharge and pending the time he may be expected to gain or regain such protection as a result of employment. This approach assures protection for a fixed period regardless of how short the service. By the same token it assures protection for no more than the fixed period even though the period in which the serviceman was denied the opportunity to build up wage credits was relatively long.

Although AVC has as yet held no national convention where the techniques for obtaining greater social-security coverage could be discussed, legislation such as is now before this committee on coverage for veterans would certainly have the endorsement of our membership. In addition, however, AVC has maintained that what's good for our society as a whole is also good for the veteran. In line with this basic concept we must unquestionably take the position that steps which merely protect the social-security status of veterans as such and go no further are not fully satisfactory.

Regardless of the method chosen to give such protection, if upon leaving the service we enter employment not covered by social security, or enter self-employment—also not covered—we will relatively soon lose protection, and our families will again be without security. Those of us who return to employments not covered receive only an incomplete benefit by reason of social-security legislation for veterans. Only if there is also legislation to extend social-security coverage to all gainful employment can such benefit be complete.

We urge therefore that in addition to legislation specifically on behalf of members or ex-members of the armed forces, the Congress enact legislation to extend broadly the coverage of the Social Security Act. Aside from the effect which such extension would have on our own status we urge it because we believe that the benefits of social security should be enjoyed by the whole community and not merely by a select group.

In still another way our interest as veterans goes beyond acquiring an insured status and holding it for more than a short time after discharge. Both as veterans and as citizens we are interested as well that social-security benefits be adequate in amount. The present scale of benefits averaging I understand, about \$25 for the retired wage earner, is clearly inadequate for the purpose of providing a subsistence income. The minimum benefits and those paid to persons with low wages are particularly in need of liberalization. These benefits must be regarded in the light of the very large increases in wage levels and cost of living which have occurred since 1939 when the present scale of benefits was adopted.

The CHAIRMAN. If any of the gentlemen hand in any briefs on this question, we will be very glad to have them, and they will be put into the record.

Is there anyone else present who wishes to be heard on this bill? If not, we thank you, gentlemen.

(The following letter was later received for inclusion in the record:)

DISABLED AMERICAN VETERANS.
NATIONAL SERVICE HEADQUARTERS,
Washington 9, D. C., May 24, 1946.

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR GEORGE: This is to apologize for and explain my failure to appear before your committee to testify on S. 2204.

Unexpected circumstances impelled National Commander Dow V. Walker to telephone me from Pittsburgh, Pa., to assign me other duties which prevented my appearance.

S. 2204, while providing some additional benefits, does not meet the proposals set forth in the national convention mandate. Had I testified before your committee, I would not have expressed objection to S. 2204 but would have requested consideration of an amendment to provide for social-security credits to be extended to all veterans of World War II for the period of their active military service.

It will be appreciated if you will have this letter made a part of the record of hearings before your committee.

Sincerely,

WILLIAM E. TATE.

(Thereupon the committee adjourned subject to the call of the Chair.)