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THE HISTORICAL DEVELOPMENT OF VETERANS' BENEFITS IN THE UNITED STATES

A REPORT

ON

VETERANS' BENEFITS IN THE UNITED STATES

BY

THE PRESIDENT'S COMMISSION ON VETERANS' PENSIONS

STAFF REPORT NO. I

MAY 9, 1956

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FOREWORD

This study is the first of a series of background or factfinding reports prepared by the staff of the President's Commission on Veterans' Pensions. It is designed to provide a brief historical outline of the development of pension, compensation, and related nonmedical benefits provided by the Federal Government for veterans and their dependents. Part I is a chronological account of veterans' benefits generally, from colonial times to the present. Part II, under separate headings, covers briefly the developments of the different types of benefits. The material in this study is based in large part upon Federal Military Pensions in the United States, William H. Glasson; Federal Aid to Veterans, 1917–1941, William P. Dillingham; and The Provision of Federal Benefits for Veterans, printed for the use of the Committee on Veterans' Affairs (House Committee Print No. 171, 84th Cong., 1st sess.).

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PART I

DEVELOPMENT OF THE PROGRAM OF VETERANS' BENEFITS

The system of benefits which the United States has always maintained for war veterans has grown piecemeal out of the conditions during and following the wars, service in which formed the basis for various benefits to veterans. In the following pages, the discussion centers around the factors which gave rise to the various benefits provided for men who have served in the Armed Forces of the United States in time of war.

CHAPTER I

THE VETERANS' BENEFIT SYSTEM FROM THE REVOLUTIONARY WAR TO 1917

REVOLUTIONARY WAR BENEFITS

The Revolutionary War was the first war which the United States fought as a Nation. Many of the pension precedents which are still used as a basis of the appeal for veteran benefits were established in this early formative period. The first compensation for service-connected disability or death, the first pension for other than service-connected causes, and the first grants of free public land to veterans, were established during or as a result of this war. This war, then, was extremely important in the history of veterans' benefits because of the weight given to precedents in discussions of such benefits.

Political, economic, and military background

It is difficult, if not impossible, to assign a specific weight to each of the various factors which influenced the origin and growth of pensions during this early period. Undoubtedly political and economic conditions during and following the war, as well as military conditions under which the war was fought, were all influential. Furthermore, by the time pension legislation was under major consideration by the Congress in 1818, it is likely that the memories of the hardships endured during the war were mixed with sentimental feelings toward the aging veterans of the war, and this combination produced the pension system which was established.

The Revolution was fought under political conditions which amounted practically to chaos. The details of this aspect of history

are well enough known to eliminate the need for reciting the details here. The Colonies, each fiercely jealous of its own independence and of its neighbors, were driven to form a union for the purpose of carrying on a war in opposition to the vastly superior strength of Great Britain. The Central Government formed under the Articles of Confederation was not given the strength and powers needed to prosecute the war, and the process of amending the articles made amendment virtually impossible. The articles did give the Central Government the power to raise an army and a navy, to borrow on the credit of the United States, and to requisition men and money from the States to fight the war. Without the power of taxation, however, the Central Government was handicapped.[1] This prolonged the war and accentuated the accompanying hardships and difficulties.

Contributing also to the difficulties facing those responsible for the conduct of the war was the lack of unanimous support among the population. In part, this arose from the presence in the Colonies of a large number of Tories who supported the British. Perhaps only one-third to one-half of the Colonists possessed the firm conviction that they wanted independence from the British. Lack of support of the war made the task of the leaders of the Colonial forces just that much more difficult, and also accentuated the hardships and difficulties accompanying the war.

Economic conditions, also, were important in shaping the future course of veterans' benefits. At the time of the Revolution the country was small in population, in area, in wealth, and in productivity. Moreover, it was not prepared financially nor economically to carry on a war. Many people profiteered on government contracts while others sold goods to the British for high prices in gold.

Inflation was of particular importance. The infant country had no tax system and very little credit against which it could borrow. The States could not be compelled to provide for financing the war. Some of them responded very well to the requisitions of the Central Government while others largely ignored these requests. The war was financed mainly with paper money issued by both the Central Government and the States, but also by domestic loans, by foreign loans, and by requisitions for money and supplies against the States. Paper money issued by the States and the Central Government combined amounted to between $450 million and $500 million. No provisions were made for the redemption of the paper money so it depreciated very rapidly in value. Continental currency went down in value until over $100 of it was required to equal $1 in specie. Some of the State currencies depreciated much more rapidly and more drastically than this, going down until they were worth only a fifth as much as the Continental currency.

The effects of inflation varied widely among different classes of individuals. Small farmers who were relatively self-sufficient, producing most of the things they consumed, felt the effects of inflation relatively little. People who sold their property, converting their holdings into money against the danger of capture or destruction, soon found themselves completely wiped out. Merchants, manufacturers, laborers, and others whose transactions involved the receipt

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[1] John R. Craf, Economic Development of the United States, New York, 1952. See particularly chapters dealing with Revolutionary period for discussion of economic, political, and other background factors.

and payment of money, suffered in comparison with the length of time the money was in their hands. The longer they held it, the more they lost. Creditors lost because they had to receive payment of debts in depreciated money. In many instances they hid in order to avoid their debtors. In turn, debtors profited by paying off their debts in depreciated currency. The Government suffered hardships, of course, because currency depreciation increased the dollar cost of carrying on the war and brought about the emission of more paper currency. The member of the Armed Forces probably suffered as much or more than any of the others. His suffering was mitigated to the extent that he received food and clothing. However, his wages were fixed and could not increase as inflation ran its course; furthermore, his wages were paid in currency with lower and lower value. In addition to this, the $80 mustering-out pay for the enlisted man and the commutation certificate for the officer were paid either in worthless currency or in securities of the Continental Congress which soon became equally worthless.

It seems likely that inflation was the important factor so far as its effect on pensions was concerned. In effect, of course, inflation is a type of taxation and, as it functioned during the Revolution, it levied a heavy burden on the members of the Armed Forces, in addition to the fighting they were doing. When the Treasury began to show a surplus after the War of 1812 and the thought occurred that something ought to be done for the aging soldiers, the suffering of veterans because of the evils of inflation was included, at least by implication, among the arguments for generous treatment of these aged veterans in their declining years.

Only passing mention need be made of the effect of the war on manufacturing, since this concerned pensions only in an incidental way. In spite of some destruction of industries by the British and losses from inflation and inefficient management, manufacturing flourished. During the war competition from British goods was eliminated and small scale manufacturing organizations faced no serious competition. The progress they achieved was later protected from foreign competition by protective tariffs. The growth of manufacturing contributed to the expansion which took place in the entire economy.

The nature of the economic organization and economic activity at the time also was a significant factor in pension background. The economy was largely agricultural, with large areas of public land. Both agriculture and manufacturing were small scale and nonspecialized. The age of specialization in both agriculture and manufacturing had not yet arrived. The veteran, removed from his vocation for a period of service in the Armed Forces, did not face the difficulties in reentering the civilian labor force which were to be encountered later. The readjustment to civilian life was not as drastic as it was to become later in a more specialized economy, and the demand for readjustment benefits did not arise.

As could be expected in the economy which existed during and following the Revolution, there was no general security program nor were there even significant private security programs in the form of private pension plans. It was an age of rugged individualism. The aged or crippled individual, or the dependents of a deceased person, were expected to fit into the productive picture and to find a place

for themselves in the family situation which existed. With agriculture still the major form of economic endeavor, the aged and crippled members of the family could still occupy a niche in the family circle into which they could fit themselves. No general system of social security was to emerge for many years, and even the protection of workers against the hazards of injury in the course of their employment was to wait for over a century before it became a reality.

In such a milleu, the establishment of a pension system for veterans based on age or disability meant that a system of security was being established for a small group within the population. The coverage, conditions of entitlement, level of benefit payments, and other items depended upon the nature of the pension system provided. Because pension laws were not passed for veterans of early wars until many years after the war ended, the system did not become effective until many of the veterans had died of one cause or another. This limited the actual coverage in terms of numbers and also limited the expense to an amount which could be carried.

In addition to the political and economic conditions which have been mentioned, there remains the topic of military conditions—conditions under which the war was fought. These were extremely important to the men who were doing the fighting and also exercised an influence, either directly or indirectly, upon demands for pensions. Other things being equal, the worse the conditions of the war were the more influence they had on postwar demands for pensions.

In many ways the Revolutionary War was probably fought under conditions which were just about as bad as they could be. An inadequate supply system, poor transportation, a currency that was constantly depreciating, climatic conditions which imposed severe hardships on troops during wintertime, and the fact that American troops often held a greater degree of allegiance to their State government than to their Federal Government made fighting conditions difficult. On top of these must be added an inadequate system of recruiting, lack of discipline and organization, poor medical care and the prevalence of disease. In addition, other circumstances which have been mentioned previously such as political disunity, the lack of any strong central power, the dominance of personal interests on the part of some State leaders over their interest in the success of the war, and profiteering on Army contracts by men in public offices and by businessmen, added to the difficulty of carrying on the war.

The above-mentioned factors were all interrelated in the war picture, of course, and, in toto, exerted considerable influence upon the men who fought. Some specific elements, however, had their direct impact upon pension developments. These included such things as (1) the sketchiness or nonexistence of military records in the cases of many of the State militiamen and others not in the Federal troops; (2) lack of adequate hospital facilities and medical care which resulted in a high ratio of deaths to wounds; (3) poor sanitary conditions which meant that disease killed more men than the enemy; (4) low rate of pay in depreciating currency which meant that the soldier received almost nothing for his services; (5) the granting of half-pay pension for life to officers, which was certainly known to the enlisted men and encouraged them in their later demands that something was owed to them which had not been paid; and (6) the short-

term enlistments, which meant many multiple enlistments with resultant increased confusion of the records.

Recruitment of members for the Armed Forces of the Revolutionary War was a knotty problem.[2] The inability of the Continental Congress to provide an adequate recruitment system, the short-period enlistments, the payment of a $20 bounty for each enlistment which encouraged men to desert in order to enlist over again elsewhere and receive another bounty, were all factors of the problem. Also, the fact that Lord Howe made a standing offer of $16 and later of $24 (presumably in specie) to any Colonial who would come over to the British forces appealed to many of the men who were not thoroughly convinced of the value of freedom from British rule. The fact that the $24 bounty payable in specie was the equivalent, during the later years of the war, to $2,400 in Continental currency, made the typical enlistment bounty of $20 as authorized by the Continental Congress look very small by comparison.

In spite of all of the various difficulties and deterrents to winning the war, General Washington and his little Army finally emerged victorious, and out of the war emerged our first generation of veterans. Support for the pensions which were later granted to veterans of this war grew, in large measure, from the war conditions briefly described above.

Wartime enactments

The first step taken during the Revolutionary War in providing benefits for veterans was the adoption on August 26, 1776, of the first national pension law of the United States.[3] This law provided compensation for service-connected disability. It promised half pay for life or during disability to every officer, soldier, or sailor losing a limb in any engagement or being so disabled in the service of the United States as to render him incapable of earning a livelihood. Proportionate relief was promised to such as were only partially disabled from getting a livelihood. This provision of compensation for service-connected disability early during the war had little if any connection with the conditions surrounding the war. Precedent for such action could be found abundantly in the enactment of colonial governments granting similar benefits to men disabled in the military service, and in English provision of such benefits for almost 200 years. There seemed to be no question as to the responsibility of the Continental Congress to provide this care for veterans disabled in the war.

Widows and orphans were first provided for by national enactment in a resolution of the Continental Congress adopted August 24, 1780. This resolution promised pensions of half pay for 7 years to the widows or orphan children of officers who died or should die in the service. It made no provision, however, for the widows and orphans of deceased noncommissioned officers and soldiers.

In these two enactments, as in others prior to 1789, administration any payment of the benefits were necessarily in the hands of the

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[2] Leonard L. Lerwill, The Personnel Recruitment System in the United States Army, Department of the Army Pamphlet No. 20–211, 1954, pp. 1–40. Discusses recruitment, conditions of fighting and other elements of war.

[3] William H. Glasson, Federal Military Pensions in the United States, 1918. Dr. Glasson's work gives a detailed discussion of the development of Revolutionary War veterans' benefits. See also: Glasson, History of Military Pension Legislation in the United States; and Gustavus A. Weber and Laurence F. Schmeckebier, The Veterans' Administration, pp. 4–16.

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several States, as the Continental Congress had no real executive power and had no money to make such payments. Congress made requisitions and recommendations to the States but it had no power to enforce compliance. Its payments could be made only in its own depreciated and worthless currency. The administration of these laws, then, was only as good as the several States chose to make it and it varied widely from State to State.

Half pay for officers

Another phase of benefits for veterans of the Revolutionary War was the officers' half pay movement which commanded the attention of Congress and the people far more than the establishment of the service-connected disability compensation system. Many officers who came into the Continental Army at the beginning of the war expected temporary service in a short conflict and they did not, at first, pay much attention to their compensation. As the war dragged on, however, officers found themselves serving under discouraging conditions and with pay and other allowances in arrears. Many of the officers actually became poverty stricken, and General Washington pointed out to Congress that officers should be adequately provided for, and added that he found that impoverished officers displayed an apathy and neglect of duty which spread to all ranks. Upon retirement from active service, British officers were entitled to be placed upon half pay for life. This fact seems to have suggested the plea of American officers for a grant of half pay for life to all officers who should continue in the Revolutionary Army until the end of the war.[4]

Congress at last gave the desired promise in 1778 when it unanimously passed a service-pension act by which half pay for 7 years after the conclusion of the war was voted to all commissioned officers who should continue in service to the end of the war. By resolution of October 21, 1780, these service pensions were to be paid to commissioned officers during life, and still later, in 1783, Congress provided, instead of half pay for life, a payment of 5 years' full pay in money or in securities bearing interest at 6 percent per annum. At the close of the war there was widespead and bitter resistance to the fulfillment of this promise on the part of the Continental Congress. The matter of officers' half pay was long drawn out before final settlement.

Commutation certificates, as the certificates issued to the Revolutionary officers were called, were paid in securities of the Continental Congress which were disposed of by the officers at a small portion of their face value. The losses suffered by officers in this way became the basis for later claims that they had not been dealt with fairly. These claims were pressed before Congress especially in 1809, 1810, 1819, and 1825–27. An act of 1828 (4 Stat. L., 269) granted full pay for life to the surviving Revolutionary officers who had been entitled to half pay for life by the resolution of October 1780.

The half pay for life for officers episode was never repeated in United States pension history. It was important at the time because of the amount of public notice it attracted and because it serves to illustrate the fact that no one veteran's law stands by itself, but exerts an influence upon future legislation for an extended period.

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[4] A valuable monograph containing information regarding the officers' half-pay movement is L. C. Hatch, The Administration of the American Revolutionary Army, pp. 79–85. See also, Glasson, op. cit.

Public land grants

One other item must be mentioned to complete the picture of developments during the Revolutionary War itself. This consisted of grants of public land to officers and men ranging from 100 acres for an enlisted man to 1,100 acres for a major general, provided the men enlisted and served to the end of the war. These Revolutionary War land grants were provided by acts of the Continental Congress starting in 1776, and were part of the contract of enlistment.

Promises of compensation, of pensions, and of land grants were made to encourage enlistments in the Revolutionary War and to prevent desertions and resignations from the Army at critical times. Glasson and others have expressed the view that these benefits were provided by the Continental Congress also because it recognized that it did not have money with which to remunerate members of the Armed Forces for their services, so it took this method of providing additional incentive for enlistment and loyal service.

Expansion of benefit system

There were no changes in basic benefits for veterans for 35 years following the end of the war. With the ratification of the Constitution and the establishment of the Federal Government, veterans' benefits were slowly taken out of the hands of the States, and by 1808 all had been transferred to the Central Government. Increases in rates were voted in 1816 which raised the compensation for a private from $5 to $8 a month and increased the compensation of officers of the lower ranks by $2 or $3 a month (3 Stat. L., 296). Entitlement was still on the basis of service-connected disability, however, and the strict enforcement of this requirement limited the number of pensioners on the rolls. There were 1,757 disabled officers and men of the Revolutionary War receiving compensation in 1816.

Beginning with 1816 the condition of the Federal Treasury was unusually favorable to the expansion of public expenditures. New internal revenue taxes had been levied during the War of 1812, and an increase in tariff rates in 1816 brought a swelling flood of revenue into the Treasury in both 1816 and 1817. The existence of very substantial surpluses paved the way for the introduction of service-pensions for veterans.

In his message to Congress in December 1817, President Monroe called attention to the surplus and suggested that provision be made for the surviving Revolutionary soldiers. Some were reduced to indigence and real distress, he thought, and since there were few of these veterans remaining, the cost would not be large. Both Houses of Congress favored some kind of a pension but there was lack of unanimity regarding the proper nature and scope. The arguments for the passage of the pension law resolved themselves into eulogy of the Revolutionary soldiers, praise of their services, descriptions of the privations they had undergone, and an appeal to the gratitude of the country. One appealed to Congress thus:[5]

> Permit not him, who, in the pride of vigor and youth, wasted his health and shed his blood in freedom's cause, with desponding heart and palsied limbs to

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[5] Glasson, op. cit., p. 66.

totter from door to door, bowing his yet untamed soul to meet the frozen bosom of reluctant charity.

Support for the measure was largely on this basis.

In the Senate the proposed service-pension act met with strong opposition on the part of a minority.[6] Opposition was based upon principle and upon the question of constitutionality. It was pointed out that good feelings and sentiment were a miserable guide to a legislator. Senator William Smith, of South Carolina, was strong in his condemnation of the measure, pointing out that veterans of the War of 1812 would shortly have as good claim to pensions which would be presented no less strongly to Congress. A precedent was being established, he thought, which would be regretted later. The arguments of the opposition, however, did not prevail, and the first pension for veterans was established in 1818.

The law of 1818 (3 Stat. L., 410) provided a pension based upon 9 months' service and need. The rate for officers was $20 a month and that for others $8 a month. No provisions were set up for establishing proof of need. Regulations of the War Department, which administered the law, required the oath of the applicant and the certificate of the judge who examined the case to establish the fact of need. Thirty-five years had passed since the end of the war. Undoubtedly many of the aged veterans were in need of aid, and, also without doubt, some were destitute. The immediate rush of applications and efforts to prove need where no need existed seem to indicate a feeling on the part of veterans that the pension was something to which they were entitled regardless of need, and many were willing to take any steps necessary to obtain a pension.

The surpluses of 1816 and 1817 which had encouraged the passage of the law of 1818 disappeared and a period of financial stringency followed. A reaction set in against the liberal law of 1818, and many names were removed from the pension rolls because of the discovery that fraudulent means had been employed in obtaining pensions. This was the first economy drive in the pension field, and was not to be repeated for over 110 years. Not until 1933 was there another attempt to economize at the expense of veterans' benefits.

By 1821, the financial difficulties which the Government had experienced disappeared and surpluses again came into existence. Under this influence, policy in granting pensions was somewhat liberalized, and shortly, many of the names which had been removed from the rolls were returned. An attempt to protect the pension rolls from those who would obtain pensions fraudulently was made in the form of a requirement that the applicant must submit a sworn statement of his entire estate and income. This provision became law in 1820 (3 Stat. L., 569) and was made instrumental in removing many names from the pension rolls.

The new pension law proved to be expensive. Expenditures increased from approximately $200,000 a year in 1817 prior to enactment of the pension law, to over $1,500,000 a year in 1823, and pensioners on the rolls increased from approximately 2,000 receiving compensation for service-connected disability in 1817 to a total of about 17,500 in 1823 counting both pensioners and those receiving disability compensa-

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[6] For debates on the measure, including a long denunciatory speech by Senator Smith, of South Carolina, see Annals of Congress, 1st sess., 15th Cong., i, pp. 130–150.

tion. Many who had been receiving compensation prior to 1818 changed to the pension lists because of the higher rates paid there.

The Treasury surpluses continued through the balance of the 1820's, and by 1830 the problem of what to do with the surpluses was again an important issue widely discussed throughout the country. The protective tariff, which was responsible for bringing in much of the revenue, was thoroughly entrenched and proposals to lessen the revenue through changes in the tariff were strongly opposed. Glasson concluded on this point that: [7]

> All circumstances were much in favor of the success of a movement to distribute a part of the surplus revenue by the enactment of more liberal pension legislation.

President Jackson advocated such a course of action in 1829. Opposition in the Senate, particularly by Senator Haynes of South Carolina, brought about the postponement of the passage of the act. Senator Haynes introduced the idea into the debate that there was an alliance between those who favored high tariffs for protection and those who favored increased pensions for veterans.[8] Many representatives of the Southern and Western States joined in the opposition. They were able to postpone the passage of the law by only 2 years.

The service-pension act of 1832 (4 Stat. L., 529) was an extension of a law enacted in 1828 (4 Stat. L., 269). The 1828 law had granted full pay for life to the surviving officers of the Continental Army who had been entitled to half pay for life by the resolution of October 21, 1780. Full pay was also given to the noncommissioned officers and soldiers who were entitled to receive the $80 bonus promised those who enlisted and served until the end of the war. The service-pension act of 1832 extended the same benefits to all those who had served one or more terms of enlistment, a total service of 2 years during the Revolutionary War, and who were not elegible under the act of 1828, full pay for life. Those who served lesser periods were entitled to proportionate pensions. The service requirement was the only factor taken into consideration in granting this pension. There was no requirement of the existence of need.

Importance of Revolutionary pensions

The Revolutionary War was important in the development of veterans' pensions because pensions voted for veterans of this war became the precedents which were appealed to when pensions for veterans of later wars were under consideration. The political importance of veterans was recognized, although there seems to have been no formal organization among veterans for political purposes such as appeared following later wars. The alliance established between high pension and high tariff forces continued as long as the tariff remained a principle source of revenue to the Federal Government. The most important development of all was the establishment of the idea that the Government owed it to the veterans to protect them against indigency in their old age and also owed a debt of gratitude to all veterans which should be paid in the form of pensions.

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[7] Glasson, Federal Military Pensions in the United States, p. 77.

[8] For an extended statement of Senator Haynes' views regarding the close connection between a lavish pension system and a protective tariff system, and also regarding the unfavorable financial effect of Revolutionary service-pension laws upon the Southern States, see Glasson, History of Military Pension Legislation in the United States, pp. 41–43.

Benefits for Revolutionary War veterans, first established as compensation only for those with service-connected disabilities, remained on that limited basis for 35 years. Then in a period of 14 years, from 1818 to 1832, pensions established on a basis of need in 1818 moved in two steps to a full service pension based only on a specified period of service. Echoes of the half-pay pension for life for officers could be heard in 1828 when those eligible for half pay were named to receive the first pure service pension. Sentiment and a Treasury surplus underlay the establishment of service pensions. In addition, however, there seems to have been a strong feeling that these aged veterans had suffered hardship, privation, and financial loss because of their service in the Continental Army. The requirement of a long period of service as a basis for eligibility indicates that it was not merely the fact of service which was being used as a basis for payment but long service under difficult conditions. At no subsequent time in the history of veterans' benefits did this feeling seem to exercise so much influence as was true during this early period. The requirement of 2 years of service for eligibility for pensions was never repeated. The fact of service, rather than the length or conditions of service, became more important in later legislation.

Revolutionary widows' pensions

The continuation of a Treasury surplus during the middle 1830's created conditions favorable to the success of propositions for the granting of pensions to Revolutionary widows. Very little had been done for widows or other dependents of Revolutionary War veterans. Such measures had been brought forward at intervals, but none was successful until the passage of the act of July 4, 1836 (5 Stat. L., 127). This limited widows' pensions to those women who had been the wives of soldiers during the war. This was the first of a series of acts which became more comprehensive in terms as the years went by until finally the widow of any Revolutionary War veteran who served for 14 days or in any engagement, regardless of the date of marriage to the veteran, was eligible for pension. Widow pensions, without a limit as to the date of marriage, prolong the existence of the pension roll. The Revolutionary pension payments to widows were not completed until 1906, 123 years after the end of the war.

WAR OF 1812 AND MEXICAN WAR

The War of 1812 and the Mexican War both intervened between the Revolutionary and the Civil Wars, but these two brought about no developments of significance in nature or scope of benefits for veterans.[9] Compensation for service-connected disability was provided for veterans of these wars as the wars started. Grants of free public land were continued for their benefit. Pensions for veterans of these wars were not provided until in the 1870's and 1880's, many years after the wars were finished and when there remained only a small group of aged veterans. Service in these wars seems never to have created such an appeal on the basis of long and faithful service under difficult conditions, as had been true of the War of the Revolution. The Civil War, however, brought forth a flood of pension agitation which started shortly after the war and continued for many years.

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[9] Glasson, Federal Military Pensions, pp. 108–119.

CIVIL WAR BENEFITS

The Civil War was fought under conditions well calculated to impress upon veterans their political power and importance as a group. During the war there was continuous jockeying for political power. Each time an important election was held large numbers of soldiers were furloughed to come home and vote. Particularly was this true in the election of 1864. The importance placed upon the soldier vote in this election was impressed upon the Army and helped lay the groundwork for the later emergence of the Grand Army of the Republic as a potent political force.[10] Since the Republicans were in power, their party became the one which made efforts to save the Union by defeating the rebels; the Democrats, because they were the opposition party, became largely identified with the Copperheads. Service in the Armed Forces also became extremely important politically for candidates for national office for many years after the war.

During the reconstruction period the South had little voice in legislative matters at the national level. The interests of the two groups, the North and the South, were as diametrically opposed after the war was over as they had been before. In addition to areas of disagreement between the North and the South which had preexisted the war, veterans' benefits became important. Confederate veterans received no pensions nor other benefits, of course, and very few Northern veterans had moved South. In pension matters, therefore, the South suffered financially. This came about because they had to help provide the revenue for the payment of large pensions through high tariffs which continued to be the chief source of revenue, while at the same time getting nothing back because no veterans' pension payments came into the South.

The alliance between high pension advocates and high tariff advocates continued through the period following the Civil War.

Emergence of the GAR

One of the outstanding elements of the post-Civil War period was the emergence of the Grand Army of the Republic as a political force.[11] Until the end of the century this group of veterans was very influential in elections both on the State and the National level. Politicians vied with each other in seeking the support of the Grand Army of the Republic. The price of its support was higher and higher pensions and other benefits for veterans. While it is difficult to say exactly how much political influence the Grand Army actually wielded, it seems likely that it had an important hand in determining the outcome of several presidential elections, and elected more than one President.

Although the stage was well set for appearance of the Grand Army as an organized political force, the growth of this group to power did not come automatically. It was carefully nurtured by two groups—politicians who wished to harness the Grand Army to their own causes, and claims agents who wished to use the GAR to promote more pensions in order that more fees might be collected by the agents for prosecuting more claims. It was only after diligent and recurring

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[10] Mary R. Dearing, Veterans in Politics, the Story of the GAR (Baton Rouge, La., 1952), contains a detailed and documented study of the rise and influence of the Grand Army of the Republic.

[11] Glasson, Federal Military Pensions, pp. 179–200; see also, Dearing, op. cit.

effort on the part of these two groups that the Grand Army actually became a potent political machine which could actually deliver a large portion of the veteran vote for one candidate or the other. The sympathies of the veterans usually ran largely to the Republican candidate for the reason already mentioned, that the Republican Party stood for efforts to defeat the rebels and to preserve the Union during the period of the war.

Although politicians had felt, prior to the Civil War and the rise of the Grand Army, that veterans and veterans' affairs were political dynamite, the post-Civil War period was the first one when veterans had been organized for the purpose of exerting political pressure in favor of higher benefits for veterans and for any other cause which the veteran group happened to espouse. The Civil War group was a forerunner of a whole series of veterans' organizations which have been formed along similar lines for the purpose of representing veterans with an organized voice.

It is not possible to say exactly what part of the pensions received by the Civil War veterans was due to the pressure exerted by the Grand Army of the Republic and what part would have been provided by a generous Congress without such pressure. The record shows that Civil War veterans received a generous pension much sooner after the close of the war than had been true in any previous war. It seems safe to conclude that this change in the time schedule was due to pressure. A pension would have been enacted anyway, but its early enactment moves out of the pattern which had been established for veterans of earlier wars.

Civil War economic conditions

Another factor which contributed to the demands for pensions was the contrast between the conditions of the men who fought and those who remained behind. After the first panic, uncertainty, and paralysis which siezed the North, recovery came quickly under the impetus of large Government expenditures, the issue of paper money, and increased activity in many lines due to war production. Although wage rates did not rise spectacularly, hours of work were long, employment was high, and work was steady. The economic picture was one of almost universal prosperity and feverish activity. Agriculture, industry, lumbering, mining, transportation, manufacturing, and commerce all flourished and were extremely profitable. The men who were exempt from service, or who were able to hire substitutes to go in their places, profited.[12]

To this scene of prosperity, but withal, to a shortage of jobs and a lack of ready acceptance back into the peacetime pattern, the discharged soldiers returned. They knew that businessmen had made millions of dollars, many of them by selling inferior goods to the Government for military use. They could see that those who had remained behind rather than going to serve with the Armed Forces had taken the jobs, had prospered, and were now in no mood to share their gains with returning veterans. The very prosperity of the country during the war engendered by the war itself, undoubtedly made the veterans all the more bitter over their reception back with no help

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[12] Emerson David Fite, Social and Industrial Conditions in the North During the Civil War (New York, 1910), discusses all aspects of conditions in the North during the Civil War.

being given them to readjust to civilian life. The feelings which arose within them made it easy for the politicians seeking the soldier vote to whip up demands on the part of the veterans.

Developments which had taken place in the economy under the impetus of war and in the course of the general progress made it more difficult for veterans to readjust themselves. Manufacturing was becoming large scale with division of labor and with the requirement of more skill and experience to hold a good job successfully. Trade, agriculture, and other occupations experienced the same development. The fact that it took many veterans months or even years to be reabsorbed into the civilian economy offers an indication of the difficulties which they faced.

Inflation did not present as acute a problem during the Civil War as it had during the Revolution. The Federal Government issued some $500 million of paper money to help finance the war but, otherwise, financing was achieved through the use of taxation and borrowing. Prices did rise sharply, of course, under the impact of these inflationary methods of financing the war. However, output of goods and services increased, a high level of activity occurred, and part of the inflationary pressure was absorbed in this way. The soldiers, thus, did not suffer as much loss of their military pay due to inflation as had been the case during the Revolution.

During the Civil War enlistment bounties were used much more extensively than had been the case previously. This proved to be expensive and inequitable. The Federal Government paid a bounty, in addition to which other governments, such as States and counties, added bounties of their own. There was no uniformity among the States in these practices, nor was there uniformity of treatment among the men who enlisted at different times, some of them receiving more bounty than others. These inequities gave rise to demands on the part of veterans after the war that the Federal Government take steps to equalize bounties. This was never done. The practice of allowing an individual who was financially able to hire a substitute to go in his place was also followed in the matter of recruitment.

The General Law system

The Civil War offered an opportunity, which Congress accepted, to abandon the previous compensation system and to establish another system on some more orderly basis. It was generally recognized that the system which had been used for veterans of the War of 1812 and the Mexican War would not be successful in the case of the Civil War. There were too many uncertainties and discrepancies in the old laws for them to be applied to veterans of this latest war. The Commissioner of Pensions asked for detailed and explicit legislation by Congress which would give him guidance and direction in processing claims arising out of the Civil War. This Congress did by enacting what came to be known as the General Law which applied to the Civil War and to any or all future wars in which the United States might be engaged (12 Stat. L. 566). The General Law system applied to service in the Regular Army and Navy and to the war with Spain. It was in full force when the United States entered the European war in 1917.

The General Law made some changes in detail, but in general it carried forward the same provisions and philosophy of previous com-

pensation laws. The claimant must show that his disability was the result of his military service, or, if it did not arise until after his separation from service, he must show that it arose from causes which could be directly traced to injuries received or diseases contracted while in the military service. The act of 1862 also established a new standard of comprehensiveness and liberality in benefit provisions for widows, children, and dependent relatives.

New benefits added

The first organized preference for veterans in the United States Civil Service was provided by law (13 Stat. L., 571) shortly following the Civil War. Veterans were experiencing extreme difficulty in obtaining employment. The feeling grew that the veteran, who had been considered able to serve his country during time of need, ought to be given a chance to serve in times of peace in positions of responsibility and profit insofar as his abilities might enable him so to do. Based upon this feeling, legislation was enacted entitling veterans to appointment to positions in the Government service. Although the law remained on the statute books, it was of little effect during periods when appointment was obtained as political preference. It was found frequently that as many veterans were being displaced in changes in Government personnel as were being given jobs. The preference was far from a complete success, but it probably did give veterans some advantage in obtaining and keeping appointments in Government service.

Except for a few instances in which colonial laws provided that disabled veterans should be cured at the public expense, the first provision for the care and treatment of disabled veterans was in 1811 when the Naval Home was established in Philadelphia. The Soldiers' Home at Washington was established in 1853, and St. Elizabeths Hospital in Washington, originally for the treatment of the mentally ill of the Army and Navy, was established in 1855. These all provided care for members and veterans of the regular forces.

Medical care for Civil War veterans was not good, nor were hospital facilities adequate. A Sanitary Commission was appointed by the Secretary of War in 1861 to check on the health conditions of soldiers serving in the Civil War. The Commission's studies resulted in the establishment of some 24 homes and lodges for use of the armies in the field. These homes and lodges provided shelter and medical care for short periods of time (3 days). The Sanitary Commission also recommended that the hometowns provide care for the war disabled returning to their homes. This service proved inadequate.[13]

On March 21, 1866, Congress authorized the establishment of the National Home for Disabled Volunteer Soldiers (14 Stat. L., 10). The first branch of the home was established at Togus, Maine, where the first soldiers were received in October 1867. Those admitted were treated as if they were still in the United States Army. Outdoor relief was extended at a cost not to exceed the cost of maintaining an eligible soldier in the Home.

The homes were established and maintained to provide living quarters under some semblance of group living for those veterans who were disabled from earning a living and who did not fit into any of the established patterns of family living. This was done to prevent their

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[13] Edward T. Devine, Disabled Soldiers and Sailors (New York, 1919), pp. 35–46.

becoming inmates of poor farms or of various types of asylums. The movement was at least partially recognition of the changes which had been taking place in the social and economic patterns of the country. The country was no longer made up essentially of family farm homes in which the disabled individual could find or make a place for himself. Urbanization and industrialization had been at work to convert the essential nature of the society into a form in which the disabled man was left largely to his own devices because there was no place for him. Incidental medical care was provided.

Land grants, which had been used extensively for the benefit of veterans of all earlier wars, were not provided for veterans of the Civil War. Rather, preference under the newly established homestead laws allowed veterans to deduct from the time necessary to perfect title to lands under the homestead acts the time spent in the service. A minimum time of 1 year of residence on the land was required of a veteran. That is, he could use a maximum of 4 years of credit because of his military service. There are no records as to the amount of land homesteaded by Civil War veterans, but in view of the westward movements during the years which followed the war, it seems likely that this preference was of significant aid to veterans in establishing themselves on the new land.

Arrears legislation

Many acts relating to compensation for veterans of the Civil War were passed soon after the close of the war. By 1873 veterans' laws were in such a confused state that a consolidating act was passed to codify all laws relating to the Civil War. This was known as the Consolidation Act of 1873 (17 Stat. L., 566). The time when compensation should commence varied in all of these different acts, the Consolidation Act providing that unless the claim for compensation was filed within 5 years of the discharge or death of the veteran on whose account the compensation was being granted, payments were to commence on the date of filing the last evidence necessary to establish the claim. The feeling arose that it was not fair to veterans who had delayed filing their claims not to pay them the back pension to which they would have been entitled had their claims been filed earlier.[14]

On January 25, 1879 (20 Stat. L. 265), there was approved a law known as the Arrears Act which, as construed by the act of March 3, 1879 (20 Stat. L., 470), provided that compensation on account of soldiers who were enlisted for service in the war of the rebellion, but died or incurred disability from a cause originating after cessation of hostilities and before being mustered out—

> shall commence from the death or discharge of the person on whose account the claim has been or is hereafter granted if the disability occurred prior to discharge, and if such disability occurred after discharge then the date of actual disability or from the termination of the right of party having prior title to such compensation.

Applications for such compensation had to be filed with the Commissioner of Pensions prior to July 1, 1880 for the Arrears Act to be in effect; otherwise, the compensation commenced from the date of filing the application.

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[14] 84th Cong., 1st sess., House Committee Print No. 171, The Provision of Federal Benefits for Veterans, pp. 11–15.

The Arrears Act of 1879 was the result of long years of efforts on the part of claims agents who led the fight for the legislation. The names of George Lemon, Capt. R. A. Dimmick, and others are prominent in the records of the events leading up to the passage of the legislation.[15] The advocates of an arrears bill held that the discrimination against the tardily filed claims was unjust. The Grand Army of the Republic was for the Arrears Act, but it was at this time much less active in pension matters than it was in later years, so it does not appear prominently in the campaign. The passage of the act was urged in behalf of honesty, equity, justice and morality, and in upholding and maintaining the national faith which had been pledged to the payment of this just debt. The act finally passed the Senate without adequate debate, nobody having any idea as to the possible costs or effects of the bill.

The Arrears Act was delayed in taking effect. The law was loosely and vaguely written and difficult of interpretation. Furthermore, no appropriation had been made for carrying it into effect. When Pension Commissioner Bentley estimated that he would need over $40 million for the first year in carrying the Arrears Act into effect, the Congress felt called upon to reconsider. Commissioner Bentley attempted to obtain passage of provisions to reform the system of settling compensation claims to prevent fraud, but in this he was not successful. The appropriation bill, as amended by the Senate, greatly limited the operation of the original Arrears Act. In no case were arrears to be allowed and paid from a time prior to the date of actual disability. The rates at which arrears were to be paid, also, were to be graded according to the degree of the pensioner's disability from time to time and the provisions of law in force over the period for which arrears were granted. A limitation of time of filing claims under the Arrears Act was an even more important contribution. July 1, 1880, was the limiting date for filing the claims on which arrears were to be paid. These modifications did away with some of the worst inequalities and abuses possible under the terms of the original Arrears Act.

The aspect of the Arrears Act which resulted in the greatest cost, but which had not been taken into account at all by the advocates of the act, was the encouragement which it gave to filing claims for benefits. During the fiscal year ending June 30, 1880, which was the terminal date for filing claims eligible for arrears, 138,195 claims were filed. This was a larger number than had been filed in the whole 5-year period from 1875 to 1879, inclusive, although the Arrears Act had been in force during the last 5 months of fiscal year 1879. There is no way of estimating the actual cost of arrears legislation. Commissioner Bentley once estimated that it would eventually cost a total of $510 million. This estimate was suspect because it included the total cost of additional compensation claims filed because of the Arrears Act. Eliminating this item, his estimate was reduced to $225 million. The abundant surpluses of revenue coming into the Treasury between 1880 and 1890, however, insured payment of arrears without creating a deficit in the Treasury as had been predicted.[16]

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[15] See Glasson, op. cit., and Dearing, op. cit.
[16] Glasson, Federal Military Pensions, pp. 176–178.

Dependent Pension Act of 1890

Thus far, Civil War benefits had been paid only in the form of compensation for death and disability incurred in service. But in the meantime the Civil War veterans had been organized, and the appetites of pensions agents had been whetted by the rich pickings of the Arrears Act. These forces combined to secure additional benefits for Civil War veterans in the form of pensions. In this they followed the precedent established after previous wars. Pensions had been provided for veterans of all previous wars, although not as soon after the war as proved to be the case with the Civil War.

Various measures providing "dependent" or "disability pensions" were introduced from time to time; they included service pensions on account of the need of the proposed beneficiaries, on account of age or length of service of the veteran, or on account of the death or disability of the veteran regardless of service origin. Some of these passed the House in which they originated. The first bill of this character to pass both Houses of Congress, known as the dependent pension bill, was introduced on January 10, 1887. The bill was vetoed by President Cleveland on the basis that soldiers of the Civil War in their pay, bounty, pension provisions preference in public employment, and care for the needy in soldiers' homes had received such compensation for military service as had never been received before since mankind first went to war.[17] The veto was not overridden. In 1890, however, after Benjamin Harrison became president, a similar bill was passed and signed into law (26 Stat. L., 182). Under this law any veteran who had served 90 days or more and who was unable to earn a living by physical labor was eligible for pension. Pensions for widows were also provided by the same law.

There were objections to the provisions of the law.[18] The man who served only 3 months and was perhaps never in battle rated equally with the man who might have endured risks and hardships through 3 or 4 long years of warfare. Since pensions could be granted to those who were unable to perform manual labor, white-collar workers came into a windfall since they were not ineligible for a pension. By omitting any mention of dependence upon daily labor, no distinction was made between wealthy and poor veterans. Wealth, income, salary, ability to make a good living were ignored. The act pensioned the rich and the poor, the prosperous and the nonprosperous. It was not a reward for long and meritorious service for it treated the 3 months' man exactly the same as the man who fought through the entire war. It was not compensation for injuries or disease contracted in camp or on the battlefield because it pensioned disabilities whenever and and wherever incurred. It was not even a national recognition of aged veterans in the closing years of life, because the men who were 25 years old in 1865 were only 50 in 1890.

With the Dependent Pension Act of 1890 as a beginning, pensions for Civil War veterans were steadily liberalized. In 1907 any requirement of disability was eliminated, age and service being the only requirements (34 Stat. L., 879). A more liberal act in 1912 (37 Stat. L., 112) based pension rates on length of service and age, with

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[17] Congressional Record, 49th Cong., 2d sess., vol. 18, pt. 2, p. 1638.
[18] 84th Cong., 1st sess., House Committee Print 171, pp. 69–73; also, Glasson, op. cit., pp. 232–238.

$30 a month as the top rate of pension. Few basic changes were made following 1912, although rates were increased periodically. Also, pensions for widows were steadily liberalized.

Roughly 2¼ million men were mustered into the Union Army at one time or another, although the turnover was so rapid that the Army never numbered more than a million at any one time. Out of these, approximately a quarter of a million died, one-third from bullets and two-third from diseases. While it is not possible to say how many were disabled as a result of the war, the number of veterans on the compensation rolls in 1890 was 419,046. Experience with fraud during the period from 1865 to 1890 would indicate that some of the claims had been established fraudulently. Presumably, also, during that period of 25 years, significant numbers of the disabled had died. An estimated 400,000 to 500,000 disabled veterans came out of the war, crippled or to become so as the result of either bullets or disease.

SPANISH-AMERICAN WAR BENEFITS

The only factors of significance concerning the Spanish-American War are military; the impact of this war upon either political or economic conditions was so slight as to be insignificant in the pension field. The military conditions, however, were significant in giving rise to pension demands.

Military conditions

Every American participant in the war was a volunteer—and all volunteered without the benefit of enlistment bounties. The average length of service for participants of this war, of whom there were 425,000 counting those who served in the Philippine Insurrection and the Boxer Rebellion, was 14 months. There were comparatively few combat casualties, the greatest number of disabilities arising from diseases contracted by men who were unprepared to fight in tropical climates and under such unsanitary conditions. Conditions of food and sanitation in the training camps in which the men remained for some time before being sent to the front were almost inconceivably bad. Medical care was very bad and medical records were almost completely nonexistent. Many of the tropical diseases contracted by the men were new to American doctors and their treatment was unsatisfactory.

The Spanish-American War was fought during a period when Civil War pensions were being granted in increasing numbers and with increasing liberality. The Grand Army of the Republic exerted great pressure on the Congress and the people for more liberal pensions during this time. The Congress was becoming well used to continual demands by individual veterans and the GAR for more and better pensions. Pension attorneys were at the height of their power and were causing a great stir in order to make the public pension-conscious. Abuses of the pension system were becoming more flagrant, and there was little or no attempt to wipe out the abuses.[19]

The importance of the Grand Army of the Republic in obtaining pensions for its members was not lost on the Spanish-American War veterans who soon formed their own powerful organization for the

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[19] Paul F. Burns, A Brief History of Federal Military Pensions Unpublished Material, VA Library, pp. 35–76.

same purpose. The United Spanish War Veterans soon took their place before Congress alongside the GAR, soon to be joined by the American Legion representing veterans of World War I. The Spanish War Veterans was successful in its efforts, although it was moderate in the timing of its demands. For some reason it was not until 14 years after the end of hostilities that their first pension demand was presented, and this was in favor of widows and dependent children of deceased veterans.

Pensions for Spanish-American War veterans straddled three systems of benefits. For the first 35 years, these veterans were under the pension system since the system of benefits for World War I veterans established under the War Risk Act of 1917 and the World War Veterans' Act of 1924 applied only to World War I veterans and not to those of any prior wars. The system of benefits established under the Economy Act of 1933 applied to veterans of all wars subsequent to 1898, which included those of the Spanish-American War. Pension laws in favor of Spanish-American War veterans which had been in effect at the time of the passage of the Economy Act were later reenacted, so these veterans had the choice of systems, being privileged to select the one which would give them the largest benefits.

Spanish-American War veterans always considered their situation more comparable to that of the Civil War veterans than to that of World War I veterans, and were constantly appealing to precedents established in favor of these older veterans rather than those for World War I. Since it was the wish of the United Spanish War Veterans and the provision for which they pressed constantly before Congress, pensions for these corresponded much more closely to those for Civil War veterans than to any provisions made for veterans of World War I.

An act was passed on April 22, 1898 (30 Stat. L., 361), the day after the declaration of war with Spain, putting all officers and enlisted men of the volunteer army and of the militia of the States, when in the service of the United States, in all respects on the same footing as to pay allowances and pensions as officers and enlisted men of corresponding grades in the Regular Army. By this same act the pensionable status of widows and children of officers and enlisted men of the volunteer army was made the same as for widows and children of officers and enlisted men of the regulars.

Spanish-War pensions

The first pension act of the war with Spain was for the benefit of widows and children of veterans who died of other than service-connected causes, and who had no other means of support than daily labor and an actual net income not exceeding $250 a year, or a minor child or children. This was enacted on July 16, 1918 (40 Stat. L., 903). The marriage, however, must have taken place prior to the date of the act to entitle the widow to such a pension.

Special provision for service pensions for survivors of the war with Spain was made on June 5, 1920 (41 Stat. L., 982), 20 years following the war, and granted a pension to all veterans so incapacitated for manual labor so as to render them unable to earn a support. It also made the veterans who reached the age of 62 eligible for a pension. From 1920 to 1933, the history of pensions for veterans of the war with Spain is one of steady liberalization, such laws being passed in 1922

(42 Stat. L., 834), 1926 (44 Stat. L., 382) and 1930 (46 Stat. L., 492) (adding 70-day veterans to those eligible, but at lower rates than those with 90 days of service), and raising rates.

In 1933, the Economy Act (48 Stat. L., 11) repealed all public laws granting pensions to veterans and dependents of veterans of the War with Spain and later wars, and authorized the payment of pensions to certain designated classes at rates to be prescribed by the President, with a limitation on monthly rates of $6 to $275 for service-connected disabilities and $12 to $75 for service-connected death. The act specifically provided, however, that a pension should not be denied to Spanish-American War veterans past the age of 62 who were entitled to pension under existing law, but the President was authorized to reduce the rate.

By 1935, Congress reenacted all Spanish-War pension laws which had been in effect on March 19, 1933 (Public No. 269, 74th Cong.). All veterans, except those where there was a clear and unmistakable showing of error, were restored to the rolls at their previous rates. Various other increases in rates took place thereafter, but no more major changes in basic entitlement.

SUMMARY OF PRE-WORLD WAR I DEVELOPMENT

Compensation and pensions constituted the backbone of the benefits system provided for veterans of the Nation's wars during the period ending with World War I. Other benefits of a minor nature were added to the system from time to time during the period, but there was no fundamental change and no attempt to make a fundamental change in the nature of the system.

Compensation for the war-disabled was well established in colonial laws prior to the Revolution and was provided for the veterans of that war shortly after the war started. At the same time, grants of free public land depending in amount upon the rank of the individual were provided for members of the Armed Forces. During the Revolution, under pressure of fear that the Army would disintegrate because of the disaffection of the officers, a pension of half-pay for 7 years was voted for all officers who continued in service through the war. This was later extended to half-pay for life, and was still later commuted to full pay for 5 years. There was intense objection to the creation of a class of officer pensioners on the part of many individuals. The commutation certificates were paid in securities of the Continental Congress which deteriorated very rapidly in value. Officers realized very little out of their certificates because many of them sold their certificates at a small fraction of the face value. There was no repetition of this episode in pension history. It did have some impact in 1828 when all officers who had been eligible to receive commutation certificates in 1783, and were still living at the later date, were voted pensions of full pay for life.

Compensation for dependents of officers killed in the war was provided in 1780 when widows and orphans of such deceased officers were given compensation for 7 years at half the officer's pay. The period was extended from time to time. No provision was made for the widows and dependents of other than officers until 1836. By this time, pension rather than compensation was the type of benefit being given. All widows whose husbands had been granted a pension for Revolu-

tionary War service were eligible to succeed to the pensions providing the marriage had taken place within certain delimiting dates.

Developments during the period following the Revolutionary War established the precedent that the Government was responsible for coming to the aid of veterans who suffered no disabilities due to their service in the Armed Forces. A veteran in financial need or suffering from disabilities from other than service-connected causes became eligible for aid from the Government. Since there was no precedent in modern times for such payments, they faced considerable difficulty in their establishment. However, emotional considerations of sympathy for and generosity toward the aged veterans, together with the existence of Treasury surpluses at strategic times, paved the way for passage of laws granting pensions which became more and more generous as the years passed.

Compensation for the disabled of the War of 1812 and the Mexican War were provided at the time the wars were going on, together with compensation for dependents of the war dead. Land grants to the men in the Armed Forces during these two wars were also made, although not on a uniform or consistent basis. These two wars made no significant contributions to the history of the development of veterans' benefits except for carrying the stream along its course. Pensions for the War of 1812 were provided in 1871 and liberalized in 1878; and those of the war with Mexico in 1887 with liberalizations to follow. The only significant new provision was the eligibility of all veterans with 60 days of service.

The Civil War period was the second important period in veterans' benefit history. At the beginning of this war the compensation system which had been inherited from three previous wars was superseded by a new system called the general-law system. It provided compensation for the disabled and for the dependents of the war dead on a much broader and more comprehensive basis than had been true before. Compensation was based upon rank and degree of disability. Provisions for dependents were much more comprehensive than they had been previously. Disability or death directly connected with military service were the only conditions subject to compensation.

During the years immediately following the war, the provisions of the General Law were liberalized and extended to bring in more disabilities and to raise the rates of compensation. By 1873 the laws were so complex and conflicting that a codification was needed. This was done. Shortly thereafter agitation began for the payment of arrears of compensation to veterans or dependents of veterans who had not applied for compensation until after the 5 years specified by law had elapsed. For the individual who had applied within 5 years, the compensation commenced at the death or discharge of the person on whose account the compensation was granted; for anyone who did not apply within 5 years, the compensation commenced with the filing of the last evidence necessary to complete the claim. It was contended that this discriminated unfairly against the person who tried to get along without compensation and on that account delayed the filing of his application. The Arrears Act was finally passed in 1879 and was effective for claims filed prior to July 1, 1880. The act was much more expensive than many of its supporters had been led to believe it would be. It also caused many more applications

to be filed than would otherwise have been. The claims agents, who expected to profit by the flood of applications the Arrears Act would bring in, were very active in its support.

At the close of the Civil War, two new benefits were added and an old one was revised. In 1865 veterans were given their first legal preference in obtaining and holding positions in the United States civil service. This was based upon the idea that the man who had served in time of danger should be given preference in any peacetime service for his Government for which his abilities fitted him. Domiciliary and incidental medical care were also provide in the National Home for Disabled Volunteer Soldiers. Various branches of the home were built in different locations throughout the country. Originally, to be eligible for admission a man had to be suffering a disability by wounds or sickness contracted in the line of their duty. Subsequently these requirements were liberalized. No grants of free public land were given to Civil War veterans, but they were given preference under the Homestead Act by which their time in the Armed Forces could be used to shorten the time they must live on the land in order to receive title to it. Homestead preference was given to all veterans regardless of disability.

Agitation for pensions began earlier in the case of Civil War veterans than it had for veterans of any previous war, and the passage of a pension law was accomplished earlier than for veterans of any previous war. In 1880, as soon as the Arrears Act had been passed, agitation began for a pension for veterans of the Civil War. Many veterans were becoming disabled from causes which they felt, rightly or wrongly, were the result of hardships and deprivations suffered during the war. It was not possible to connect these disabilities with service, so the disabled were not eligible for compensation. The Dependent Pension Act was passed in 1890 providing pensions for veterans so disabled from whatever cause as to be unable to earn a living by manual labor. All veterans who could meet this provision, together with certain other minor qualifications, were eligible for pension regardless of their income, property, or other financial conditions. This pension was provided 25 years after the end of the war in contrast to 35 years for the Revolution, 56 for the War of 1812, and 38 years for the War with Mexico. The provisions of the Dependent Pension Act were subsequently liberalized, as were laws granting pensions to dependents of deceased veterans.

The war with Spain brought no changes nor additions to the benefits system then in effect. Compensation under the general-law system was provided at the start of the war. The first pension, contrary to the usual pattern, was enacted for the benefit of dependents of deceased veterans, in 1918. Soon thereafter, however, a pension law for veterans of the war with Spain was passed in 1920, some 20 years after the end of the war. This law was subsequently liberalized. In 1933, the Economy Act applied to veterans of the war with Spain, but the previous provisions were reenacted by 1935.

A double pattern became discernible in the veterans' benefit history of these five wars. The first pattern is that for every war, benefits in the form of compensation for service-connected disability and death were provided at the start of the war, usually with protestations on the part of legislators and others concerned that there need be no

further benefits provided—that the Nation had done its full duty in providing liberally for the disabled and the dependents of the dead. The provisions for establishing service connection were steadily liberalized, as time passed, bringing under the provisions of the law larger and larger numbers of veterans. Eventually the requirement of service connection was abandoned and pensions were provided. The second pattern which emerged showed a steady shortening of the time necessary for the liberalization of the compensation requirements and the provision of pensions. The time was progressively shortened from 56 years for the War of 1812 veterans to only 20 years for the veterans of the Spanish-American War. A further element which might be noted was that the system grew by accretion. Starting with only compensation at the beginning of the Revolutionary War, land grants were added, then pensions, then civil-service preference, then domiciliary care and incidental medical care. All of these elements were of what might be called a backward-looking nature, designed to aid the veterans long after the war was over rather than to aid them to get back into the civilian economy at the end of the war when they returned home.

In general, neither economic nor military nor political conditions had any significant impact upon compensation. True, the Grand Army of the Republic did have some influence in liberalizing some aspects of compensation for Civil War veterans. Increasing price levels and costs of living brought about increases in rates of compensation, but in general, compensation moved under its own power largely indifferent to the contemporary scene. It was bolstered by the fact that everyone was in favor of it; nobody thought it was too large; total payments under it were usually comparatively small because the number of veterans who could qualify for compensation was much more limited than those who could qualify for pensions. Compensation was considered eminently just and equitable, and if there were criticisms of it, they were as likely to be that it was too small as anything else.

Pensions, on the other hand, presented a different picture. Economic conditions of the times undoubtedly had their impact upon pensions. It was pointed out that inflation always took its toll of the soldier's economic position during the war, and that, following the war, he was at a disadvantage as compared with the men who had remained behind. Many veterans also suffered from disabilities during their later years which they felt, rightly or wrongly, were service connected because of the debilitation which had occurred during the war, even though such disabilities did not become evident until long after the war was over and there was no chance of proving service connection.

An indirect economic factor in the history of pensions was the fact that the country enjoyed a spectacular growth during the entire period of almost a century and a half. This meant that pensions for veterans did not bulk as large, comparatively, in a growing economy as they would have done in a static one. By the time the pension laws were passed, the country had grown so much since the war that nobody paid much attention to them. History indicates that veterans suffered considerable hardship and experienced considerable difficulty in readjusting themselves to the civilian economy again, while the

disabled merely lived on their pensions, in many instances, as wards of the Government, contributing nothing to the productive forces of the country. Although new lands and new frontiers, and a growing economy did present opportunities, these were not sufficient, and the need for aid to veterans following the Civil War, in particular, was very evident.

While many military factors were probably significant in the development of pensions, it seems doubtful if any one was of overwhelming significance. The poor medical care and service received by members of the Armed Forces in all of the wars prior to World War I was probably of significance. Disease became a part of the disability picture, killing more men and probably disabling more men than did the bullets of the enemy. These disabilities due to disease, however, were very difficult to establish service connection for, and brought about much of the demand for pensions, particularly following the Civil War and the Spanish-American War. Confused and incomplete records of all kinds gave rise to much difficulty in establishing the facts of service and the facts of medical records on the basis of which to establish service connection of disabilities.

During this entire period there were no general social welfare programs of any kind in existence for either the entire population or for special groups within the general population. The ruling thought pattern seems to have been that the individual should be responsible for providing for his own welfare without aid from the Government or from any other organization. Aid given to individuals was provided by private charity. There was no protection against such hazards as losing one's job because of disability, because of old age, or for any other reason. Veterans' pensions, especially those for Civil War veterans, provided a comprehensive plan of security for eligible veterans against the hazards resulting in loss of income or in death.

There was no effort, during this period ending in 1917, to change the basic nature of the benefit system. Emphasis continued to be placed upon compensation to the disabled. The heart of the system, however, was the pension, and remained the pension with all of the abuses and inequities which history had shown it susceptible to. Public sentiment crystallized with the coming of World War I into a demand for revision of the benefits system to eliminate the evils of the old system and to place benefits under a new system which would make treatment of veterans correspond more closely to the spirit of the time. Such a revision was attempted at the beginning of World War I but no great success was achieved. Not until World War II, with its GI bill of rights, was the fundamental nature of the benefit system changed.

CHAPTER II

THE WORLD WAR I PERIOD

WORLD WAR I BENEFITS SYSTEM

As the United States entered World War I in 1917 the thoughts of Congressmen and others turned to the problem of benefits for the veterans who would return, apparently millions strong, at the termination of the war. Since Europe had already been locked in the struggle for some time, the probability that millions of men would be mobilized and that the problem of providing benefits for the returned veterans would bulk large in the contemporary scene was recognized. Many of the men in Congress in 1917 had seen the operation of the pension system, the political pressure for additional benefits which it engendered, and the generally inequitable results of its functioning.

There seemed to be substantial agreement that the pension system had not been satisfactory in the past and that it would not be so in the future. Rather than attempting to revise the old system, the decision was to break with the pension system entirely and to establish a new system embodying new proposals with a new agency to administer them. Thus opportunity presented itself, as had been true at the beginning of the Civil War, for the Congress to take steps to establish a new system of veterans' benefits. Interest was widespread, and the efforts of many men went into the establishment of the new system.

THE NEW SYSTEM

The new system of veterans' benefits was enacted into law on October 6, 1917, as an amendment to the War Risk Insurance Act (40 Stat. 398–411). The plan which was presented to Congress was prepared under the direction of Secretary of the Treasury W. G. McAdoo. United States Circuit Judge Julian W. Mack was chairman of the committee which worked many weeks drafting the bill. Many men participated in the preparation of the bill. These leaders recognized that the continued application of the General Law system would lead to a repetition on a larger scale of post-Civil War experience. While recognizing that one Congress could not bind another, members of both Houses expressed the hope that further pension legislation would be unnecessary. Others who were either more pessimistic or more realistic were of the opinion that there would never be an end of pension legislation. After 2 months of hearings and debates the bill was passed unanimously.

The War Risk Insurance Act provided five classes of benefits: (1) Support for the dependents of members of the Armed Forces during service; (2) low-cost insurance on a voluntary basis; (3) compensation for the war-disabled and for the dependents of the dead; (4)

vocational rehabilitation for the disabled in need of such training; and (5) medical and hospital care.

Allotments and allowances

Allotments and allowances for dependents of members of the Armed Forces were started immediatley. Allotments from military pay were authorized for dependents, and the Government paid allowances to the dependents in addition to the allotments. This was intended to remove from the mind of the man in service the fear that his dependents who had been left behind were suffering privations because he was no longer there to provide for them, and to grant a measure of justice to men who had been taken away from civilian occupations. Approximately $293 million was disbursed for this purpose out of appropriations during the war. The program ended at the end of the conflict.[1]

Development of life insurance

The second distinctive feature of the War Risk Insurance Act of October 6, 1917, was the provision that permitted the serviceman to purchase insurance from the Government against death or permanent and total disability. The original proposal was that this insurance should completely replace the existing pension laws insofar as persons entering the service after the effective date were concerned. Representatives of the commercial life insurance companies pointed out, however, that traditionally life insurance was payable at the full face amount regardless of the existence of dependents or regardless of the extent of dependency. Thus, the provision of life insurance in all cases would require payments from the Treasury in cases where no dependency existed, and would place an unnecessary burden on the taxpayers.

The company representatives recommended that the basic provision for death or disability be something corresponding to the then new workmen's compensation laws. Such a provision amounted to a continuation of the pension laws under a different name and with some modifications. It was recommended that the reliance upon life insurance be in the nature of a supplement to the compensation, or pension, rather than the sole provision. It was tacitly assumed, in all of the discussions prior to the enactment of the provision, that the insurance would be applied for on a strictly voluntary basis only by those servicemen who thought that the compensation payments would be inadequate for their families, or who wished to provide for relatives that were not eligible to receive compensation.

There was considerable discussion of whether the life insurance would be written by the commercial insurance companies or by the Government. One proposal was that the policies would be written by the companies and that the Government would reimburse them for any claims resulting from the hazards of war. The final decision was that the policies would be written by the Government. There were several reasons given for this decision, but perhaps the chief one was to avoid any arrangement that might be construed as a Federal endorsement of any particular company.[2]

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[1] For a more detailed discussion, see W. P. Dillingham, Federal Aid to Veterans, 1917–41 (Gainesville, Fla., 1952), pp. 21–24: and G. A. Weber and L. F. Schmeckebier, The Veterans' Administration (Washington, D. C., 1934), pp. 100–104.

[2] For a more extensive discussion see the report on Origin, History, and Philosophy of Insurance for Servicemen and Veterans.

The whole matter of whether the Government ought to provide insurance against the risks of war had been thoroughly considered in 1914 when the original War Risk Act was under consideration. The original act was limited to insurance on vessels and cargoes against the hazards of war. The bill met with some bitter opposition, but was finally approved by the Congress and the President (Public No. 103, 63d Cong.). It was decided at that time that the granting of insurance by the Government was necessary, and the precedent established; through a later amendment extending the insurance to the officers and crews of the vessels it was carried forward into 1917 when the insurance of members of the Armed Forces was under consideration.

As amended in 1917, the act provided that the Government should bear the administrative cost of the life insurance and the cost of deaths or disabilities resulting from the extra hazards of war. The person insured would pay a premium corresponding to the normal peacetime civilian hazard. The insurance could be continued for life by conversion to one of the permanent policy forms.[3]

The idea of granting insurance against death or permanent total disability at peacetime rates to men about to undergo combat was at that time the most important feature of the new program. This was a bold new plan which would take care of veterans in a modern way to which the whole country could subscribe enthusiastically. The American people in general liked the plan. Such men as Samuel Gompers, Secretary of the Treasury McAdoo, Judge Julian Mack, President Wilson, and various others in high places spoke in its support and praise. Judge Mack described the legislation as a moral barrier (against the recurrence of service-pension legislation) on the firm American basis of self-reliance and self-protection. Opposition came from the insurance companies on the ground that private enterprise was being invaded. They stressed the difficulties of administration and called attention to the possibility that speculation, fraud, and widespread abuses might result from such action. Opposition came also from those who believed that pensions and politics could not be separated, and that the insurance would serve no useful purpose.[4]

During the war, the work of the Insurance Division of the Bureau of War Risk Insurance consisted almost entirely of the wholesale issuance of policies upon application of individual servicemen and the payment of claims. At the end of the war this changed to an individual treatment of premiums, conversions, and claims. Approximately 90 percent of the men to whom insurance was issued allowed it to lapse at the end of the war. Some men merely neglected their insurance or did not receive the premium notices sent out by the Bureau; others could not secure employment and had no money with which to pay premiums; others did not know that their insurance could be continued after separation from service; and finally many had taken out the insurance only because they had no alternative.

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[3] For a detailed analysis of Government life insurance see: Dan Mays McGill, An Analysis of Government Life Insurance, Philadelphia, University of Pennsylvania Press, 1949.

[4] 65th Cong., 1st sess., House Committee on Interstate and Foreign Commerce, hearings on H. R. 5723, August 1917, pts. 1 and 2. See also Congressional Record, vol. 55, pp. 6756 ff., for debates and discussions on the bill.

Applications for insurance were taken by officers of the Army and Navy, and there is little doubt that in some cases an application for insurance was more nearly a rquirement than a privilege.[5] The fact that only about 10 percent of the men continued their insurance in force after the war was over robbed it of much of the importance which had been imputed to the insurance during debates in 1917.

The basic characteristics of the insurance program were established in 1917 in the original act. Contracts were made to run for the lives of the veterans and no basic changes could be made in them. The changes which did take place following the enactment of the law in 1917 were in terms of extensions, liberalization, and modifications, but none in basic conditions. The term insurance was convertible into level-premium types, and these policies were serviced by the Insurance Division.

Compensation

The third element of the new system was compensation for veterans with service-connected disabilities. In an attempt to get away from the pension idea, which was out of favor at the time, the name of the basic payment made to veterans with service-connected disability was changed from pension to compensation. This was the first time the term had been used in connection with veterans' benefits; prior to this time all payments had been called pensions regardless of whether they were for service-connected disability or otherwise. Compensation carried the idea of indemnification for losses suffered rather than of a gratuity. This change was in line with developments in the field of compensation for industrial injuries where the idea of indemnification was beginning to take hold. Later the term "compensation" was specified by law as the term with which to name payments to veterans on the basis of service-connected disabilities or death.

Other than in the change of name, compensation for World War I veterans with service-connected disabilities differed little from payments for service-connected disability under the General-Law system of the Civil War. The element of rank was eliminated in determining the rate of compensation, which put all veterans on the same basis, compensationwise. The rate for total disability was $30 a month, which was the same rate as that established for officers of the highest rank under the General Law. The War Risk Act authorized additional payments for dependents, with a limit of $85 per month on account of any one veteran. War-generated inflation had not taken place at the time this $30-a-month rate was established, but even considering prices in effect in 1917, $30 a month for total disability must be considered as a low rate of compensation. Specific disabilities mentioned in the 1917 act were compensated for at $100 a month.

Death compensation was also provided for the widows, children, and dependent parents of veterans whose deaths resulted from their service. The eligible widow received $25 a month, with allowances for children under her care. Dependent mothers were allowed payments under the War Risk Act, and dependent fathers were added to the list in 1918 (Public Law 175, 65th Cong.). The total of payments allowed on account of the death of any one veteran was $75 a month. In addition to this, the widow or dependents of a veteran who had

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[5] Dillingham, op. cit., pp. 30–31.

carried the maximum of $10,000 of life insurance received $57.50 a month for 20 years from the insurance.

Vocational rehabilitation

Another program had been provided for, but could hardly be said to be in operation by the end of the war—this was vocational rehabilitation. The War Risk Act provided for vocational rehabilitation, but gave no details. A conference of interested individuals met in Washington and formulated a plan which was enacted in 1918 as the Vocational Rehabilitation Act (Public Law 178, 65th Cong.). The act placed vocational rehabilitation under the direction of the Federal Board for Vocational Education. Eligible veterans received compensation for themselves and their dependents while they were pursuing a course of training in an approved institution or on-the-job training situation.

Medical and hospital care

The final element of the system was the provision of free medical and hospital care for veterans. This also was left to be implemented by subsequent legislation.

Situation at war's end

At the end of the war, when men began to be demobilized rapidly, and to come home in large numbers, the situation with regard to veterans' benefits stood as follows: Compensation for service-connected disability and death had been established by the War Risk Insurance Act and was being administered by the Bureau of War Risk Insurance which had no background of experience nor staff of trained personnel on which it could call to come to its aid during the demobilization emergency. As a result, the Bureau had difficulty in keeping up with its adjudication work, and for a time was over a year behind. War-risk insurance was also administered by the Bureau of War Risk Insurance, and probably administered fairly well, since the Bureau had some experience in this kind of work during its 4 years of existence. Awards for death and for permanent total disability were made under the insurance, to the insured in case of disability or to a limited number of beneficiaries in case of death, at the rate of $5.75 a month for each $1,000 of insurance. Vocational rehabilitation had been authorized and placed under the direction of the Federal Board for Vocational Education, another agency which had had no experience with handling veterans' problems or benefits. The two-way division of authority created difficulties because the Federal Board had to wait on the Bureau's adjudication of the veterans' eligibility before he could be inducted into training.

Shortly after the end of the war, another agency was brought into the picture when the provision of medical and hospital care for disabled veterans was placed in the hands of the Public Health Service in March 1919 (Public No. 326, 65th Cong.). The Public Health Service had very few facilities of its own, and was provided with very few funds from Congress, which refused to appropriate money to provide facilities specifically planned for use as veterans' hospitals. Makeshift facilities had to be used, and even these were not sufficient that the veterans needing medical care could be taken care of with any degree of satisfaction. This further division of responsibility proved to be a major handicap in administering the veterans' programs since

three independent agencies were now involved. The veteran found himself being referred from 1 to another of the 3 agencies, unable to get a definitive answer from any one of them. In spite of precautions taken to assure prompt and proper relief, it is evident that many delays and much injustice were bound to result. The different parts of the program were so interdependent that an attempt to divide the work among different agencies on any basis was foredoomed to failure.[6]

Consolidation and liberalization

During the years immediately following the war many efforts were made to get the work of the various agencies consolidated. Finally, President Harding appointed the Dawes Committee, under the chairmanship of Charles G. Dawes, to investigate the administration of the veterans' laws. The committee recommended that "there should be created a Veterans' Service Administration, an independent agency to which should be transferred the Bureau of War Risk Insurance, the Rehabilitation Division of the Federal Board for Vocational Education, and such part of the Public Health Service as was necessary in dealing with the beneficiaries of the Bureau of War Risk Insurance and the Rehabilitation Division."[7] The committee also recommended that pending congressional action, the Secretary of the Treasury be empowered to consolidate veterans' benefits under the Bureau of War Risk Insurance except for hospital and medical care. This was done, and shortly, the Congress passed an act creating the Veterans' Bureau (Public No. 47, 67th Cong.) under which the administration of all laws pertaining to World War I veterans was concentrated.

Col. Charles R. Forbes, former director of the Bureau of War Risk Insurance, was placed in charge of the Veterans' Bureau. At the same time, construction of much-needed hospital space was under the Bureau along with management of all Public Health Service Hospitals. Veterans and their friends hailed this consolidation of power as a long step toward the accomplishment of their goal of more efficient service to veterans. Director Forbes, however, proceeded to launch upon a series of fraudulent deals, mostly concerning the construction of hospitals, which delayed and made more expensive the provision of space.[8] This continued until Forbes was succeeded by Brig. Gen. Frank T. Hines as director.

The next and final step in the consolidation of the administration of veterans' affairs came in 1930. Up until that time, the administration of benefits for World War I veterans was kept separate from that of pensions for veterans of prior wars. This meant that the Pension Bureau, the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau were carrying on overlapping functions and duplicating each other's duties, services, and facilities. In order to reduce administrative costs and overlap of functions, it was decided to consolidate these three agencies mentioned above, thereby bringing together

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[6] The details of the development of these programs during the early years of their existence can be found in the laws themselves, in hearings and committee reports on the various bills, in the annual reports of the agencies themselves, and in the materials published by the American Legion, including proceedings of the annual conventions. For specific references, see Dillingham, op. cit., and Weber and Schmeckebier, op. cit.

[7] Secretary of the Treasury, Annual Report, 1921, pp. 96–100.

[8] 68th Cong., 1st sess., S. Rept. 103; M. R. Werner, Colonel Forbes and the Veterans, Privileged Characters (New York, 1935), pp. 193–228; Dillingham, op. cit., pp. 14–15.

for the first time in recent years, under one administrative head, all activities pertaining to veterans' benefits. The consolidation was ordered on July 21, 1930 (Executive Order 5389) pursuant to authority of Public Law 536 of the 71st Congress enacted July 3, 1930, but was not accomplished until the end of the fiscal year which had just started.

Thus was established for the first time a single point of contact for veterans of all wars with the Government. As a result, activities were better coordinated; facilities were more fully utilized; and a more complete picture of relationships between benefits as applied to veterans of different wars was available. Under the new order medical care and hospitalization, payments to State homes for domiciliary care of veterans, domiciliary care in VA facilities, guardianship of incompetents and minors, adjusted compensation, payment of compensation and life insurance were placed under one agency. Except for some internal reorganization to obtain greater efficiency, there has been no significant change in the administration of veterans' benefits since.

World War Veterans' Act of 1924

During the years immediately following World War I, there was a rush of legislation dealing with many different phases of veterans' benefits. So many changes were enacted that the laws became involved and conflicting. A select Senate committee made up of David A. Reed, David I. Walsh, and Tasker L. Oddie thereupon recommended, after extensive investigations, that the laws be codified, simplified, and reorganized. This is reminiscent of the similar chain of events which followed the Civil War when a consolidation act was enacted in 1873. The consolidation act for World War I was enacted in 1924 as the World War Veterans' Act of 1924 (Public No. 242, 68th Cong.).

In the field of compensation, several changes made prior to 1924 were all brought together in the 1924 act. Since the details of these changes are included in the chronological development of compensation, they will not be repeated here. However, they included such things as the presumption of soundness for each man inducted into the Armed Forces; an increase in the rate of compensation from $30 to $80 a month for temporary total disability with allowances for dependents; and presumptive service connection for tuberculosis and neuropsychiatric diseases appearing within 2 years after separation from service. The American Legion by this time was strongly organized and taking an active part in the efforts to obtain more liberal benefits for veterans. The bad conditions arising from administrative duplication and from delays in handling cases of disabled veterans had enabled the Legion to establish itself as the spokesman for the disabled when they needed a spokesman badly. This enhanced the Legion's power and vastly strengthened its hand in obtaining increased and more liberal benefits for all veterans.

Medical care, off to a very slow start under the Public Health Service, was making progress. Appropriations for medical and hospital care were authorized by the Congress, as also were funds for the construction of hospitals. Until the enactment of the law of August 9, 1921, creating the Veterans' Bureau (Public No. 47, 67th Cong.) medical and surgical care, and so forth, could only be extended to

persons whose degree of disability was rated at 10 percent or more. That act permitted hospitalization for any injury or disease incurred in the service, regardless of its degree. The medical program was decentralized under the Sweet bill creating the Veterans' Bureau, as were many of the other functions of the Bureau.

Little had happened in the insurance field. Restrictions on the relationship of possible beneficiaries to the insured were relaxed to include more relatives, and the insurance was payable to the veterans' estate if none of the beneficiaries survived. Conversion of term insurance to level premium forms of insurance was going on at a slow rate. The Veterans' Bureau was forbidden to solicit any insurance by a provision in the Appropriation Act of 1921 (41 Stat. L., 1252) which directed that no part of the sums appropriated for the administration of the Bureau should be expended for salaries or expenses in soliciting reinstatement of lapsed insurance. Many of the men lost the benefits of the military and naval insurance because they had allowed their insurance to lapse and could not be contacted to reinstate it again. Conditions of reinstatement were difficult as the insured was required to prove that he was in good health in order to reinstate the insurance. Some exceptions were made to this in the case of disabled men, and later, conditions of reinstatement were eased.

Vocational rehabilitation, also, made progress during this period ending with 1924. Vocational rehabilitation was also placed under the Veterans' Bureau by the Sweet bill in 1921, along with other aspects of veterans' programs, thus removing the dual administration which had obtained there as well as in other phases of the program. The administration of the work was partially decentralized in 1919 and the process of decentralization was continued for some time thereafter. Public criticism was directed particularly against vocational rehabilitation, and extensive public hearings were held with the aim to improve the service. In part the criticism arose because of the divided, dual administration under which the program was carried on, and in part because a good job was not being done. After the consolidation of activities under the Veterans' Bureau in 1921, some of the reasons for criticism were eliminated. Conditions of entitlement were liberalized to make all veterans with a disability rated at as much as 10 percent eligible for training under the vocational rehabilitation program if they desired such training. By 1924 plans were already underway for the termination of vocational rehabilitation since it was a temporary program.

Adjusted compensation

During this same period a determined movement arose and was carried to a successful conclusion for the payment of some kind of adjusted compensation to veterans to help make up to them for the financial losses they suffered due to their service in the Armed Forces. Agitation for the bonus got off to a slow start with Congress waiting for the Legion to take a stand and with the Legion hesitating to come out for such a payment. Considerable opposition developed in Congress, particularly on the part of economy forces largely led by the President and the Secretary of the Treasury. President Harding vetoed one bonus bill in 1922 and the veto was sustained. By this time, the bonus had become a matter of "broken promises", and of "just and equitable war debt payments" on a par with paying war contracts

and interest on the war debt.[9] In 1924, another bill was passed by both houses of Congress, was vetoed by President Coolidge, and was passed over the veto. Thus adjusted compensation become law (Public, No. 120, 68th Cong.).

The basic arguments for and against adjusted compensation were repeated over and over again during the years of debate. They were stated in a report of the Senate Finance Committee after hearings on one of the many bills considered by that committee dealing with adjusted compensation.[10] The affirmative argument was that the Government owed it to the veteran to compensate him for the losses he suffered by not being at home to work for the high wages which were paid. The veteran reaped none of the benefits of war-induced inflation but suffered all of the hardships of the following deflation. The negative argument was that the Government was under no obligation to recompense the citizen for financial losses sustained while performing his duty as a citizen in the Armed Forces. Military service was a duty of citizenship, and the man who demanded a high price for it degraded that citizenship into a regime of mercenary service. As a secondary point, it was contended that the soldier had not suffered so much as a comparison of his pay with civilian wages indicated because he had been taken care of in every way and did not have high living expenses to pay.

DEVELOPMENTS, 1924 TO 1933

Passage of the World War Veterans' Act of 1924, consolidating, codifying, and liberalizing regulations governing veterans' benefits, made significant changes in benefits but was not definitive. It liberalized the interpretation of the willful misconduct clause, and extended the presumption of service connection for tuberculosis and neuropsychiatric diseases to January 1, 1925, and added paralysis agitans, encephalitis lethargica, and amoebic dysentery to the presumptive list. Any of these appearing before January 1, 1925, were presumed to be of service origin. In 1926, the next major liberalization took the form of the establishment of a statutory tuberculosis award. Any ex-service person shown to have had a tuberculous disease of a compensable degree, who in the judgment of the Director had reached a condition of complete arrest of his disease, was to receive a compensation of not less than $50 per month. By June 30, 1932, there were 43,719 veterans receiving this benefit. Other liberalizations took place during the period prior to 1933.

Under the act of 1924, medical and hospital care was extended to all veterans in need of such care regardless of the origin of their disabilities. Preference was to be given to veterans unable to pay for such care. Congress did not make it mandatory upon the Director of the Veterans' Bureau to provide hospital and medical care for those with non-service-connected conditions. However, Congress did appropriate money to construct hospital facilities to care for those with

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[9] Reports of the proceedings of the annual conventions of the American Legion contain detailed discussions of the progress of the battle for the bonus. Richard S. Jones, A History of the American Legion (Indianapolis, 1946), pp. 165–178, gives an account of the bonus fight. National Industrial Conference Board, The Soldiers' Bonus, Special Report No. 24, August 1923, contains an analysis of the issues. Senate and House documents give lengthy discussions of the problem also.

[10] 66th Cong., 3d sess., S. Rept. 821, pts. 1 and 2.

other than service-connected disabilities (Public, No. 868, 71st Cong.). The magnitude of the medical care program continued to increase with a steadily increasing percentage of the total load consisting of those with non-service-connected conditions.

Furnishing medical and hospital care to all veterans was based upon sympathy for those in distress because they needed medical care and could not pay for it. The laws providing medical care, however, were so written and interpreted that benefits flowed to all veterans rather than to the distressed group.[11]

In 1933, hospitalization and medical care were available to all veterans of all wars subsequent to 1898, to retired enlisted men of the Navy and Marine Corps and members of the Fleet Naval Reserve and Fleet Marine Corps transferred thereto after 16 or more years' service (46 Stat. L., 556), and honorably discharged men of the Regular Army and Navy, but preference was given to those unable to pay.

Insurance originally issued under the War Risk Insurance Act was 1-year renewable term insurance. The World War Veterans' Act of 1924 set July 2, 1926, as the date on which all term insurance should cease. No further term insurance could be issued under the 1924 act. The date for the final conversion of term insurance was extended for 1 year to July 2, 1927. After that time, the only 1-year term policies which remained in effect were those which had matured due to death or total disability of the insured.

There were many attempts to prove, by appeals to the courts, that lapsed 1-year term policies had matured prior to lapse by the death or total disability of the insured. If the courts ruled in favor of the insured, large lump-sum payments were made. Insurance was fairly well stabilized, however, after 1927.

Death compensation was also stabilized for a time. Beneficiaries received about the same as they did under the original War Risk Insurance Act plus insurance benefits. No major increases were made in their rates of compensation nor were any new beneficiaries brought under the program.

Vocational rehabilitation was terminated during this period, thus removing an expenditure which during its height in 1922 had accounted for over $160 million. Adjusted compensation was relatively unimportant during the period since the only expenditures were for the benefit of dependents of deceased veterans whose certificates had matured at their deaths.

Disability allowance (pension)

The most important development during the period was the passage of a pension act for the benefit of World War I veterans with other than service-connected disabilities, which came in 1930. Conditions during the years from 1925 to 1930 were reminiscent of the years prior to the passage of the Dependent Pension Act of 1890. Many veterans were breaking down from conditions which they believed, rightly or wrongly, were the result of their service. There was practically no possibility, however, of these men establishing service-connection for their disabilities thus making themselves eligible for compensation. Congress was besieged with petitions and demands that something be done to aid these men.

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[11] Dillingham, op. cit., pp. 71–72.

After lengthy debate, much political maneuvering, and the veto of one bill by President Hoover, a bill was finally passed granting aid in the form of a pension to needy, disabled veterans (Public No. 522, 71st Cong.). Thus within 12 years after the termination of the war, pensions were provided for World War I veterans. Payments ranged from $12 to $40 a month depending upon the degree of disability. Within slightly more than 2 years, there were 440,954 veterans receiving pensions. In 1933, the cost of pensions for World War I veterans was over $85 million. This pension law was passed at a time when the country was entering a depression and there was no Treasury surplus with which to pay for it. There was no alliance, in this instance, between advocates of pensions and advocates of high tariffs since tariffs were no longer a significant source of revenue for the Federal Government. The law was based upon the plea that these men needed help and since they were veterans they should be given help.[12]

Disabled emergency officers' retirement

One new element was added to the pattern of veterans' benefits during this period—disabled emergency officers' retirement. Proposals for compensating disabled emergency officers at a higher rate than was authorized by existing compensation laws were first made soon after the close of World War I. Hearings were held in almost every Congress for most of the next 10 years before emergency officers were placed in a separate category to receive higher compensation than enlisted men (45 Stat. L., 735). This law, which was passed over a presidential veto, made eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than regular officers of those services, who incurred physical disability in line of duty while in the service of the United States during the war.

Discussion turned upon the question of whether disabled emergency officers, who were not soldiers by choice any more than were the disabled emergency privates, should be treated the same as other emergency soldiers, or the same as other officers. An attempt was made to establish the fact that all officers were on a similar basis and should receive similar retirement treatment. It was shown that emergency officers were older than the average veteran, and thus had more responsibilities at the time they were taken into the Armed Forces.[13] The forces of those who supported the emergency officers finally mustered enough support to pass the legislation and to repass it over a presidential veto.[14]

Expansion of benefits during the 1920's

The package of benefits for disabled veterans which had been so carefully built up by Judge Mack and his committee in the summer

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[12] Records of the debates and of circumstances surrounding the passage of the pension law can be found in the Congressional Record, vol. 72, pp. 5106 ff., and in the Proceedings of the National Convention of the American Legion for 1930. The veto message of President Hoover is found in 71st Cong., 2d sess., H. Doc. 495. The annual reports of the Veterans' Bureau for 1930 and 1931 are also helpful. See, also, Dillingham, op. cit., pp. 50–54, and Weber and Schmeckebier, op. cit., pp. 199–202.

[13] A lengthy brief supporting retirement of disabled emergency officers and setting forth in detail arguments favoring such retirement and refuting the arguments used by the opposition was printed in full in the Congressional Record through the courtesy of Senator Lawrence D. Tyson, a supporter of the emergency officers (Congressional Record, vol. 67, pp. 12326–12333).

[14] Richard S. Jones, A History of the American Legion (Indianapolis, 1946), pp. 140–145, discussed the passage and effects of the retirement act for disabled emergency officers.

of 1917, and which had been passed as the War Risk Insurance Act in October of that year, did not last long in its original form. The major changes came about in the field of disability compensation, although there were others in such fields as that of medical and hospital care, and later in the 1930's, in the field of death compensation. Since the changes which took place have been outlined in some detail under the discussions of the specific programs, the details will not be repeated here. Only the broad outline showing the changes in more sweeping strokes will be given.

As closely as the intent of Congress in 1917 can be judged, from what was said and done at the time, the intention of Congress was to establish a generous and complete package of benefits for veterans with service-connected disabilities. The level of compensation payments was obviously too low for conditions existing at the close of the war so compensation for the totally and permanently disabled man was increased from $30 a month to $100 a month in 1919 (Public 104, 66th Cong.). Opponents of the increase objected but were unable to support their objections by significant reasons.

A much more significant and far-reaching change, however, was that which took place in the concept of service connection. Immediately after the war there was no difficulty in establishing the service-connection of disabilities, and for a time there was little pressure for liberalizing requirements for establishment of service connection. As the years passed, however, and it became more difficult to establish service connection, two lines of development took place to bring more and more veterans within the purview of service connection—these were in the form of statutory awards and presumptive service connection.

The first statutory awards were provided in the War Risk Insurance Act of 1917 when it was specified that for "the loss of both feet or both hands or both eyes, or for becoming totally blind or helplessly and permanently bedridden from causes occurring in the line of duty in the service of the United States, the rate of compensation shall be $100 a month." The injured person who was totally disabled and in addition so helpless as to be in constant need of a nurse or attendant, such additional sum was to be paid, but not exceeding $20 a month, as the director might deem reasonable. This allowance for a nurse or attendant was not payable in case of a veteran who was receiving the statutory $100 a month award. These statutory awards were increased in 1919 (Public 104, 66th Cong.) when the double, total, permanent disability award of $200 was established, and the allowance for nurse or attendant was made available to any disabled veteran so helpless as to be in constant need of a nurse or attendant. Further liberalization took place from time to time.

Another type of statutory award which was on less sure ground, medically, was that which provided (43 Stat. L., 1302) that every veteran shown to have had a tuberculous disease of a compensable degree, who in the judgment of the Administrator had reached a condition of complete arrest of his disease, was to receive a compensation of not less than $50 a month for life. Thousands of veterans who could show tuberculosis scars on their lugs immediately became eligible for the arrested tuberculosis statutory award. This award was repealed by the Economy Act but was reinstated under

Public 141, 73d Congress. Another statutory award established in 1930 provided that anyone who had lost, or lost the use of, a creative organ received an additional $25 per month independent of any other compensation which might be payable. This award was repealed by the Economy Act but was reenacted under Public 141 in 1934.

These acts granting statutory awards, particularly those for tuberculosis and the loss or loss of use of a creative organ, were written in such general terms that many individuals were brought under the law in whose cases there is doubt as to the intent of Congress.

A second direction in which service connection of disability expanded during the 1920's was in terms of presumptions. A statutory presumption establishes the service connection of a disease by law rather than by medical evidence. Actual connection between the disease and service in the Armed Forces might or might not exist. The first presumption, which was not new in veterans' awards, was the presumption that all men examined and taken into the Armed Forces were in perfect physical condition (Public 175, 65th Cong.). This was modified in 1921 (Public 47, 67th Cong.) by inserting in the law—

> except as to defects, disorders, and infirmities made of record in any manner by proper authorities of the United States at the time of or prior to inception of active service, to the extent that any such defect, disorder, or infirmity was so made of record.

Other presumptions granted service connection for neuropsychiatric disease, spinal meningitis, an active tuberculous disease, paralysis agitans, encephalitis lethargica, and amoebic dysentery developing as much as 10 percent by January 1, 1925. Some of the claims were rebuttable by clear and convincing evidence. Congress felt that there was a chance that these diseases, developing long after the close of the war, might have been due to the war but the connection could not be established—hence the presumption. In 1930, an attempt to extend the period of statutory presumption to that date failed. The claim was that many men had broken down with these and other chronic diseases, they were unable to establish the service connection of their diseases to make themselves eligible for compensation, so they asked Congress to extend the period. This Congress refused to do.

The statutory presumptions certainly extended service connection to some men whose disabilities were not service connected. Had the period of statutory service connection been extended to 1930 and the list of diseases being given statutory service connection been added to this would have been true in more cases. The presumptions were repealed by the Economy Act and reestablished for chronic diseases occurring within 1 year from date of separation from active service. The presumptions existing prior to the passage of the Economy Act were reenacted by Public 141, 1934.

One objective of the War Risk Act of 1917 was to eliminate pensions as an aftermath of World War I. The casualties of the battlefield, and those of sickness originating in the armed service, were to be cared for and compensated. The millions of veterans who went through the war uninjured and came out healthy would have no later claim for pension. Service origin of disability was the basis for claims. Disabilities of nonservice origin occurring years after the

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termination of the war would have no place in Government consideration. The war was not to blame for the accidents or sickness inevitable to mankind that would strike the veterans like all other citizens. The Government would have no more responsibility to veterans for these than to any other citizens suffering similar strokes of fate.

There were skeptics about this nonpension ideal from the beginning. Among these were Members of Congress with long experience, and men with Spanish War background who had served also in World War I. These men believed that pensions were ultimately inevitable. Wait, they said, until the men who came out healthy and whole, the men apparently recovered from wounds or disease or exposure, began to suffer illness, to die and leave widows and orphaned children. Then you will see, they said, that you cannot draw a hard and fast line between service origin and nonservice origin.[15]

History proved the skeptics to be right. Presumptive service connection was extended to January 1, 1925, by the World War Veterans Act of 1924. Thereafter, however, there was no way of establishing service connection for diseases occurring after that date. Every Congressman had been besieged with pleas and requests from veterans disabled with afflictions which arose from natural causes, and who could give no adequate proof of service connection. When two men of equal war service were equally sick and equally unable to support themselves or their families, it was not unusual that the one who could not secure compensation for himself and his family should feel aggrieved because his neighbor drew monthly checks from Washington. This was the situation that pension advocates had long foreseen would come to pass.

Increasing expenditures for veterans' benefits attracted little attention during the 1920's. With the coming of the depression, however, and its attendant pressure upon the Government to economize, veterans' benefits were closely scrutinized since they constituted the largest single item of Government expenditures. The Treasury no longer enjoyed surpluses. Economy was the watchword. As had happened in 1820, economy forces turned their attention to veterans' expenditures. Veteran forces refused to accept economy as a reason for cutting benefits and were able to maintain that position through 3 years of depression until 1932. There were small reductions in specific items, but the budget expenditures for the benefit of veterans increased each year, reaching their highest level for that period in the appropriations for fiscal 1934, which amounted to $945,988,634.[16]

A joint congressional committee was authorized to investigate the operations of the Veterans' Administration, and extensive hearings were held. The American Legion appointed a committee to investigate payments to veterans to eliminate any inequities. Economies in veterans' expenditures was not one of this committee's aims. A flow of books was published, generally aimed at exposing the veteran "racket", and the press gave wide publicity to veterans' expenditures. The 2 years which followed constitute the second attempt in our history to achieve economy in veterans' benefits.

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[15] R. S. Jones, A History of the American Legion (New York, 1946), pp. 143–156, discusses this line of thought quite thoroughly.

[16] Dillingham, op. cit., pp. 74–75; Weber and Schmeckebier, op. cit., pp. 248–252.

The economy period

President Roosevelt took office on March 4, 1933. Congress was immediately convened and the President delivered a message asking passage of the economy act, an act laying down broad principles for granting pensions and other veterans' benefits, but giving the President the authority to prescribe administrative details by Executive order. In this way it was hoped to obtain sufficient flexibility to provide substantial justice in varying situations.[17] The effect of the bill would be to set up an entirely new system of benefits for veterans which might or might not follow precedents already established. After bitter debate and attempts by veterans' forces to block the measure, it was passed and became law on March 20, 1933 (Public, No. 2, 73d Cong.).[18]

The Economy Act

The Economy Act repealed all laws providing benefits for Spanish-American and World War I veterans, and scrapped the multitude of regulations which had governed the granting of benefits. The President was empowered to frame new conditions of entitlement more generous or more restrictive than those repealed, and to issue regulations putting them into effect. For the 2 years during which the President was empowered to issue regulations there were few limitations on his power. The power could always be curbed by legislation, and the Economy Act placed dollar limits of $6 and $275 monthly for service-connected disability benefits and $12 and $75 monthly for service-connected death benefits. Otherwise, Presidential power over veterans' benefits was practically unlimited.

Between March 31, 1933, when the first series of veterans regulations was issued (Executive Orders 6089 to 6100) and March 19, 1935, when the power to issue the regulations terminated, the President issued a total of 41 Executive orders dealing with veterans' affairs. The first series was issued in direct consequence of the Economy Act, while the others were issued to amend previous regulations or to put legislation into effect. Some of the amendments were recommended by the American Legion, some by the Administrator of Veterans Affairs, and others by Congress in the form of legislation. All regulations in effect on March 19, 1935, became law and could be changed only by legislation. These regulations and the amendments which have been passed by Congress formed the basis for many of the benefits which have been provided for veterans of World War II and the Korean conflict.

The veterans' regulations eliminated payments to all veterans without service-connected disabilities except those who were totally disabled and could meet an income test. They also reduced compensation rates for those with service-connected disabilities, eliminated many of the disabled emergency officers from the special retired roll which had been established for them, reduced compensation or removed from the rolls many of the presumptively service-connected and misconduct cases, and made other cuts. The original series of Executive orders would have reduced the rolls by 708,264 persons and would have provided for an annual saving of $460 million. The largest reduction in

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[17] Congressional Record, vol. 77, p. 126.

[18] Debate on the Economy Act is recorded in the Congressional Record, vol. 77, pp. 172–470. The Legion's story of the passage of the act is to be found in the 1933 Convention Proceedings, pp. 208–220.

numbers was to be among the nonservice-connected disabled and the largest reduction in expenditures was to be at the expense of the service-connected disabled.[19]

Economies under the Economy Act and the veterans' regulations issued pursuant to it affected all veterans but they were especially severe on the service-connected disabled. According to Jones [20] $157 million, or about 40 percent of the total savings under the Economy Act, was at the expense of this group. Presumptively service-connected tuberculosis and neuropsychiatric diseases, which had been given service-connection if the diseases developed prior to January 1, 1925, were cut off entirely under the first set of regulations issued on March 31, 1933. A veteran who had lost a leg had previously been compensated at $60 a month but was to be cut to $20 under the regulations. Other disabled veterans suffered similar cuts in their compensation. The worst of these cuts were ameliorated in the first amendatory set of regulations issued on June 6 which changed many of the details of the original regulations.

The appropriations for the year starting July 1, 1933, had not yet been passed by Congress. The sums to be allotted for all veterans' care were included in the Independent Offices bill, and it was against this bill that the first fight for the restoration of the earlier cuts was waged. In this act (Public Law 78, 73d Cong.) cuts in the compensation payable for directly service-connected disabilities were limited to 25 percent, and other substantial restorations were made. Presumptive service-connected cases were restored to a 75-percent status of their former ratings pending reviews. The Spanish War reductions were ameliorated. Review boards were set up to go over doubtful cases.

The Legion presented a four-point program for the restoration of benefits to veterans. These 4 points were: (1) restoration of the old rates for service-connected death and disability compensation; (2) restoration to the rolls of some 29,000 presumptive cases disallowed by the review and appeal boards; (3) restoration of the general hospitalization privilege for veterans; and (4) protection for the widows and orphans of World War I. The details of the 4-point plan, minus only the widows' and orphans' pensions, was attached to the appropriation measure for fiscal 1935. There was a prolonged contest over details in the two Houses of Congress, but the bill was passed in March and was vetoed by President Roosevelt. It passed over his veto, 310 to 63 in the House and 72 to 27 in the Senate. The bill became law on March 28, 1934.

By 1935, when the 2-year period established by the Economy Act ended, most of the benefits which had been established prior to 1933 had been reenacted. The outstanding exception to this was in the field of pensions, for the only pensions which remained in force in 1935 were those being paid to veterans totally and permanently disabled, and in need as shown by an income test. Some reductions were also accomplished in emergency officers retirement and disability compensation. The savings accomplished, after the reinstatements in 1934 and 1935, amounted to between $70 million and $80 million a year.[21] The administration of the system was more complicated and

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[19] Dillingham, op. cit., p. 76.
[20] R. S. Jones, A History of the American Legion (New York, 1946), pp. 151–153.
[21] Dillingham, op. cit., pp. 80–82.

difficult in 1935 than it had been in 1933 because all of the benefits which had been established by Executive order remained in force as an alternative system available to veterans upon their own election. The beneficiary of veterans' laws could choose whether to come under the benefits established under the World War Veterans' Act of 1924, as amended, or under veterans' regulations as established by Executive order, and amended.[22]

1935 TO WORLD WAR II

The period from 1935 to World War II encompassed the following developments: The payment of adjusted compensation certificates in 1936, 9 years before they were due; the development of pensions for widows of World War I veterans; and liberalization of death compensation payments to compensate for the expiration of insurance payments.

Payment of adjusted service certificates

With the beginning of the depression in 1929, efforts were made to secure the payment of the face value of the adjusted compensation certificates immediately rather than in 1945 when they matured. The only accomplishments during the early days of the depression were liberalization of the terms on which veterans could borrow on the security of their certificates, and reductions in the interest rate which they had to pay. Even the march of thousands of veterans upon Washington (the bonus expeditionary force) in 1932 was unproductive. After the economy period was over, veteran forces were able to turn their attention to the matter of prepayment of the bonus, and accomplished it in 1936 (Public, No. 425, 74th Cong.). For all practical purposes, this liquidated the bonus issue, for while there was an opportunity for veterans to continue to hold their bonuses in the form of interest-bearing securities maturing in 1945, they also had the option of cashing them immediately, which option most of the veterans exercised.[23]

Widows' pensions

The first bill to provide pensions for widows and dependent children of veterans dying of other than service-connected causes, was introduced in Congress in 1932 (71st Cong., H. R. 8578), but failed of passage because it was not reported by the Senate Finance Committee to which it was referred. The same bill was reintroduced in Congress in 1934 and became law without further hearings and without incident (Public No. 484, 73d Cong.). The law required a 30 percent service-connected disability on the part of the veteran, death from nonservice causes, and income insufficient to require the payment of Federal income taxes. The service-connected disability requirement was steadily reduced, first to 20 percent in 1937 (Public

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[22] For more detailed discussions of the economy period, see Dillingham, op. cit., pp. 73–83, and Weber and Schmeckebier, op. cit., pp. 250–270, and others. The annual reports of the Veterans' Administration and of the American Legion contain much material. The press gave wide publicity to veterans' expenditures at the time. Also, a flow of books generally aimed at exposing the veteran "racket" came off the presses. Among these were Marcus Duffield, King Legion (New York, 1931); Roger Burlingame, Peace, Veterans! (New York, 1932); Knowlton Durham, Billions for Veterans (New York, 1932); Talcott Powell, Tattered Banners (New York, 1933); and Katherine Mayo, Soldiers What Next! (New York, 1934). There may have been others.

[23] For a more detailed discussion of events leading up to the payment of the bonus certificates see Dillingham, op. cit., pp. 157–172, and Jones, op. cit., pp. 179–191.

No. 304, 75th Cong.), to 10 per cent in 1938 (Public No. 514, 75th Cong.), to no specific requirement in 1939 (Public No. 198, 76th Cong.), and the requirement of service-connected disability was eliminated in 1944 (Public Law 483, 78th Cong.). The income limitation was fixed in 1939 at $1,000 for an individual without dependents and $2,500 for one with dependents.

Termination of insurance

In 1937, small increases were made in widows' compensation and the compensation of dependent parents was nearly doubled (Public No. 304, 75th Cong.). Widows between the ages of 50 and 65 received an additional $2.50 a month, and widows over 65 received an additional $5. Compensation for dependent mothers or fathers was raised to $45 monthly or to $25 each when there were two. This increase in compensation was instituted because of the imminent expiration of insurance payments which terminated at the end of 20 years. It was recognized that something would have to be done when insurance payments expired. The above payments were authorized only when insurance payments were not being made.

SUMMARY OF WORLD WAR I SYSTEM

At the beginning of World War I, another opportunity presented itself to bring about a change in the nature and philosophy of the whole system of veterans' benefits. The pension system had proven itself to be unsatisfactory and inequitable. The Congress attempted, through the passage of the War Risk Insurance Act in 1917, to establish a new system of benefits which would not suffer from the evils which beset the pension system.

Under the new system, the emphasis was changed from gratuity to indemnity for the service-connected disabled, and the name of the award was changed from pension to compensation. New benefits for the disabled were added in the form of vocational rehabilitation to return them to useful employment and medical care to heal their infirmities and disabilities. Low-cost term insurance, payable in case of either death or permanent total disability, was available for all members of the Armed Forces. A wartime system of allotments and allowances to dependents of servicemen was instituted to remove the worry, on the part of servicemen that their dependents would be objects of charity, and to make up in some measure to men who were taken out of civilian employment. The term insurance was considered by many to be the most important element of the new system since many hoped it would keep it out of politics and away from the provision of benefits under political pressure.

The new system contained a complete package of benefits for the service-connected disabled. It indemnified them for their losses, rehabilitated them back into the civilian labor force, treated their wounds and diseases, and provided them with low-cost insurance. It followed the pattern of previous wartime enactments for the benefits of veterans in that it provided only for those with service-connected disabilities and made no provision for any aid to other than the disabled or the dependents of the war dead.

The weakness of the new system, in principle, was that it made no provision for the aid of those without service-connected disabilities,

except in a small degree, through the continuation of life insurance. In this it departed from established precedent that the Government was responsible for aiding all veterans in their times of need, not just the disabled. Neither did it provide for any type of aid in the readjustment from military back to civilian life for all veterans. That is, the backward-looking nature of the pension system was not remedied under the new law. It seems inevitable that the new system, because of this weakness, was destined to be subject to the same pressures as the pension system had been.

In addition to the basic weaknesses of the system, the administration of the program during its early years was almost indescribably bad. The Bureau of War Risk Insurance was given control over the administration of compensation for both death and disability, and over insurance. The Public Health Service was placed in charge of the program of hospital and medical care, including outpatient dispensary care. The Federal Board for Vocational Education was placed in charge of vocational rehabilitation. Three independent agencies were placed in charge of important aspects of the new program with no coordination among them. Responsibility was so divided that the veterans felt that they were merely being shifted from one board to another with none of them being in a position to make a definite decision. Even after the activities in favor of veterans had been consolidated under the Veterans' Bureau, an unfortunate choice of Director for the Bureau further postponed the establishment of an effective administrative agency.

The American Legion early emerged as the largest, strongest, richest, and best organized of the veterans' organizations, and immediately took the lead in attempting to bring some order out of the chaos which existed in the administration of veterans' affairs. The unfortunate conditions which existed in veterans' affairs gave the American Legion a chance to establish itself as a strong voice which could speak for the veteran, and particularly the disabled veteran, in getting for him the things which the Government had promised. This greatly enhanced the Legion's power in the field of veterans' affairs.

The War Risk Insurance Act provided compensation for service-connected death and disability. It also set up the military and naval insurance program under which each member of the Armed Forces was eligible to take out low-cost term insurance with a $1,000 minimum and a $10,000 maximum against death or permanent total disability. It provided for the establishment of, but did not establish, programs of hospital and medical care for veterans with service-connected conditions, and a program of vocational rehabilitation for disabled veterans who should be in need of aid in returning to the civilian labor force. Vocational rehabilitation was established by law in 1918 so at the end of the war three major programs were in existence. Medical care was established in 1919, shortly following the termination of the war, but it was not given funds or facilities to carry on the work needed under the program.

Many developments took place during the first few years after the war was over. Administration of veterans' benefits was consolidated under the Veterans' Bureau with a Director in charge. Money was made available for constructing or remodeling hospitals and providing medical care. Conditions of entitlement to compensation benefits were liberalized in several ways, including the presumption of

sound condition on the part of the member of the Armed Forces when he was inducted and presumptive service connection for tuberculosis and neuropsychiatric diseases developing within 2 years after discharge. Insurance was convertible into certain authorized types of level-premium policies and an attempt was made to get as many veterans as possible to continue their insurance in force and to convert it.

Adjusted compensation was the first additional element put into the benefit system after the war. It was agitated for on the basis that the men had suffered financial loss due to their service in the Armed Forces as compared with the men who had not gone and that the Government owed it to them to adjust their compensation. The adjusted compensation act was finally pushed through Congress in 1924. About the same time that same year the World War Veterans Act of 1924 repealed all prior laws, reenacted them in more orderly and intelligible form, and made some more liberalizations, particularly in conditions of entitlement to compensation. Presumptive service connection was extended to January 1, 1925, and various new diseases were added. The rate of compensation remained at $80 a month plus allowances for dependents for the disabled veteran whose disability was rated as total and temporary, and $100 for total, permanent disability. These rates were established in 1919 (Public 104, 66th Cong.).

Further liberalizations took place in the field of compensation, particularly in the field of arrested tuberculosis. The date for presumtive service connection of various diseases was not advanced beyond January 1, 1925, however, nor were additional diseases added to the list. The result was that between 1925 and 1930 many veterans broke down physically from causes which they considered, rightly or wrongly, were service connected. Under the existing laws, it was not possible for these men to establish service connection for their conditions. In 1930, as a result of this situation, disability pensions were provided for men who were wholly or partially disabled from non-service-connected causes, and who could prove need by an income test. The pattern noted in developments following prior wars was repeated during the 1920's. Conditions of entitlement, strictly construed immediately following the war, were liberalized over a period of years following the war. The period of time required for liberalizations to take place and for the pension to be enacted was shorter than ever before, only 12 years elapsing from the close of World War I to the passage of the Disability Pension Act in 1930. One other development during the late 1920's was the passage of the law granting retirement to disabled emergency officers of World War I. This was out of harmony with other acts for the benefit of World War I veterans in that it was the only act which recognized rank as an element in determining the amount of compensation a man should draw.

As a result of the development of the 1920's, expenditures for veterans' benefits increased in spite of the fact that vocational rehabilitation expenditures ceased about the middle of the decade. During most of the time revenues were plentiful, taxes were reduced, and surpluses appeared which were used to reduce the national debt left by the war. Under these circumstances, expenditures for veterans attracted little attention on the part of taxpayers. The depression struck in 1929 bringing with it a series of years of low revenues,

struggles to balance the budget, and efforts to reduce Government expenditures by economy. Veteran forces resisted all efforts at economy in expenditures for veterans, demanding higher expenditures each succeeding year. The veterans' appropriation for fiscal year starting July 1, 1933, was the highest ever authorized by the Congress. President Hoover pocket-vetoed the appropriations bill leaving the way open for the incoming President, Franklin D. Roosevelt, to take some action to achieve economy in veterans' expenditures. Not since 1820 had such action been taken.

The Economy Act of 1933 cancelled all previously established benefits for veterans of wars since 1898 and substituted instead a system of veterans' benefits established by Executive order. The new system drastically curtailed all benefits, reduced pension payments to those with total disability, sharply reduced the payments going to those with service-connected disabilities, removed many cases from the rolls altogether, and cut down sharply on other benefits. Some liberalizations were made in the Executive orders during the following 2-year period, and by the end of 2 years, former laws, with the exception of that one granting disability pensions to veterans with non-service-connected disabilities, were substantially reenacted. Pensions continued to be limited to those suffering from total disability. This was about the only economy achieved which was of a lasting nature. The system established by Executive order remained in effect.

From 1935 to World War II the main developments were in the field of pensions to widows and dependents of veterans dying of non-service-connected causes which were established in 1934 and successively liberalized thereafter; in the field of stabilizing the service-connected compensation awards; in stabilizing the medical program; and in some liberalization of the conditions of eligibility for pensions by veterans.

Economic conditions seem to have exercised the major influence on veterans' benefits during the period from 1917 to 1941. Inflation during and immediately following the war was severe although not disastrous. Members of the Armed Forces suffered because they were not in a position to earn the high wages and other incomes enjoyed by many people during the war, but they returned to an inflation-ridden country without money and without jobs. No efforts were made to aid them to get back into the civilian economy. Without doubt, many of the veterans suffered extreme hardships during this period. During the 1920's prosperous conditions, large revenues coming into the Treasury and tax reductions insured that little attention would be attracted by increasing benefits for veterans. The crash of 1929 and the depression conditions which followed it focused attention upon the magnitude of veterans' expenditures and brought about attempts to achieve economy in this field. The attempts were largely abortive since the benefits in existence prior to the economy move, with the exception of pension to veterans less than totally disabled with non-service-connected causes, were substantially reenacted.

Politically, the influence of organized veterans' groups was the important factor. The American Legion was the largest, strongest, best organized, and most powerful of these. It was seconded by the Veterans of Foreign Wars and the Disabled American Veterans. The

Legion took the lead and the others ordinarily followed its lead although there were divergences of opinion on specific items.

Overall, the period was one in which there was a tremendous growth in the system by the process of accretion. A major portion of the growth was without reference to any systematic plan to provide any particular system of security for veterans. Until the establishment of the Social Security System by the Social Security Act of 1935, there was little in the way of general public income maintenance assistance to needy citizens with which veterans benefits could be coordinated. The process of veterans' legislation was therefore one of providing security for a special group of individuals within the society. The membership in the group was determined by a given period of military service at some period in the past when the United States was engaged in a war. These men and their dependents were singled out for special treatment as has always been true with war veterans in this country.

CHAPTER III

WORLD WAR II AND KOREAN CONFLICT BENEFITS

World War II presented an opportunity, as had the Civil War and World War I before it, for the Congress to reorganize the existing system of veterans' benefits. As in the case of the two previous wars, Congress enacted legislation aimed at improving the existing system of benefits. In this instance, however, there was no sharp administrative break as there had been at the time of World War I. The Veterans' Administration had been functioning effectively during the period between the two World Wars and it was left in charge of the administration of benefits. A determined and successful effort was made to keep the administration of all veterans' benefits in the hands of the Veterans' Administration in order to eliminate the possibility of a repetition of the situation following World War I when three independent agencies were in charge of different phases of the veterans' benefit program.

Benefits for veterans of World War II and the Korean conflict developed along three distinguishable lines. These consisted, first, of an extension of many benefits which had been available previously to World War I veterans; second, of the development of readjustment benefits under the GI Bill of Rights; and third, of an extension of general benefits available to other groups to those in military service. These three together made up the complex of benefits available to veterans of these latest conflicts.

CARRYOVER BENEFITS

The system of benefits established by the War Risk Insurance Act of 1917 and the World War Veterans' Act of 1924, as amended, applied only to veterans of World War I. However, the system established by Executive order from 1933 to 1935 under the Economy Act of 1933 applied to all veterans with service after April 21, 1898. This system became the basis of benefits for World War II veterans. Amendatory legislation was enacted including "service entered into on or after December 7, 1941, and before the termination of hostilities * * *" within the coverage of the regulations providing World War II veterans with compensation, pension, medical, hospital and domiciliary care, burial allowances, and other benefits administered by the Veterans' Administration.

Insurance

The provision of insurance for new members of the Armed Forces, however, was not taken care of under the Economy Act and the Veterans Regulations. United States Government life insurance had been provided for World War I veterans under a variety of provisions, and had been issued to peacetime members of the Armed Forces.

Opposition arose to extending United States Government life insurance to the mass of new members coming into the Armed Forces. The choice was between extending USGLI, establishing a new system for servicemen and veterans of World War II, or eliminating insurance altogether. No serious consideration was given to eliminating insurance, and sentiment favored the establishment of a new system. Thus the National Service Life Insurance Act of October 8, 1940 (Public 801, 76th Cong.) was passed.

Proponents of the new system of insurance offered a variety of reasons for adopting the new system rather than extending the existing system of insurance. Basically, the following aims were to be accomplished: (1) Eliminate disability income provision; (2) restrict class of beneficiaries; (3) restrict modes of settlement; (4) change interest rate used in calculating premiums and reserves; (5) protect equities of old policy owners in the surplus developed under USGLI. (Technically, there was no item shown as surplus in financial statements.) Furthermore, the administrative procedures which had been established for United States Government life insurance, and which were operating smoothly, would be completely disrupted by the change; and administrative chaos and havoc would result. For these and other reasons, the new insurance program was adopted.

Although differing widely in details, in essence national service life insurance was similar to and designed to accomplish the same ends as the insurance system established under the War Risk Insurance Act of 1917. The insurance was 5-year term insurance, available from $1,000 to $10,000 in multiples of $500. Administrative cost was borne by the Government, as were the additional costs because of war risk. Premium rates were net rates based upon the American Experience Table of Mortality and interest at the rate of 3 percent per annum. The insurance was issued as 5-year term insurance, which could be converted at the end of 1 year, but at the end of the term it had to be converted to some type of level-premium insurance. There was no indemnity against permanent total disability in the basic law, but it did have a provision that waived premiums in case of continuous total disability for 6 months or more for those under the age of 60. Under the original law beneficiaries were restricted, and specific provisions for the payment of the proceeds of the insurance were provided. Premiums were withheld from the pay of servicemen.

During and immediately following the war the conditions governing national service life insurance were revised in various manners. The term period was extended, restrictions on beneficiaries were removed, a disability income clause was authorized, and various dividends were authorized and paid. A total of 21,500,000 policies were issued up to June 30, 1951, for a total amount of $167.5 billion of insurance. Many servicemen allowed their insurance to lapse with their discharge from service although a higher percentage retained their insurance than was true following World War I.

Servicemen's indemnity

The outbreak of hostilities in Korea on June 27, 1950, and the subsequent increase in the active Armed Forces again focused attention on insurance for servicemen. The feeling had arisen in different places that national service life insurance was possibly not the best device to accomplish the desired ends. The program had proven to be expensive

to administer; to be subject to delay and confusion in handling claims, policies, premiums, and other such detail; and to require the services of a large amount of manpower, space, and equipment, all of which were limited during wartime, and which might better be put to other uses. These and other difficulties, including the seeming inequity in treatment of dependents of veterans who carried no insurance, as compared with the dependents of those who carried the maximum, led to a consideration of a noncontributory insurance system as a possible substitute for national service life insurance.[1]

Sentiment favoring a noncontributory system of insurance had been developing for some time. In 1946, the National Service Life Insurance Committee of the Joint Army-Navy Personnel Board recommended such a system. The Advisory Commission on Service Pay, commonly known as the Hook Commission, recommended a similar move as did also the Committee on Expenditures in the Executive Departments. On May 10, 1950, the House Committee on Veterans' Affairs voted to study the insurance program with the aim of providing uniform coverage and protection for all members of the Armed Forces regardless of their branch of service. The outbreak of hostilities in Korea stimulated Congress to action.

The alternatives facing the House Veterans' Committee seemed to be either to amend the National Service Life Insurance Act to eliminate undesirable elements, to set up a type of group insurance on a contributory basis, or to enact some type of noncontributory insurance system to cover men while they were in the Armed Forces and for a minimum period thereafter. Many bills were introduced and extensive hearings were held. A system of noncontributory insurance was established on April 25, 1951 (Public 23, 82d Cong.),[2] the Servicemen's Indemnity Act. It was felt that the enactment of this uniform indemnity coverage would remove what had been considered a basic inadequacy and inequity of the existing Government insurance program, and would also relieve the administrative difficulties which had been encountered.

The Servicemen's Indemnity Act provided for automatic free insurance to the extent of $10,000, less any existing Government insurance, for every member of the Armed Forces. It was retroactive to June 27, 1950. Beneficiaries were limited, and payments were specified for a period of 120 months, ceasing sooner if there were no eligible beneficiaries. There were no disability benefits. Servicemen already having a permanent form of Government insurance could surrender it for cash if they chose, and be covered by the free insurance. After leaving the service the permanent insurance could be reinstated or a new policy for the same or lesser amount could be issued. As an alternative, a serviceman already holding Government insurance could have the pure insurance part of the premiums waived during service.

The Servicemen's Indemnity Act (Public 23, 82d Cong.) also contains an Insurance Act of 1951. This prohibited the issue of any new United States Government or national service life insurance except as expressly authorized in the new acts, and then only to individuals who had been covered by the free insurance. Ex-servicemen with

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[1] 81st Cong., H. Rept. 2761.
[2] 82d Cong., 1st sess., H. Rept. 6 and S. Rept. 91.

service-connected disabilities were eligible for any form of insurance previously issued as national service life insurance. Ex-servicemen with no disabilities were eligible to have issued to them only a 5-year term form of national service life insurance with no right to convert. Such United States Government life insurance from World War I and afterward, and such national service life insurance from World War II and prior to April 25, 1951, as is still in force, constitutes a contract with the Government, and will continue in effect until it matures or is terminated by the insured. Other than this, the only insurance being issued by the Government at the present time consists of the two types authorized by the Insurance Act of 1951 for men who have been covered by free insurance.

Other carryover benefits

Other benefits which had been provided for World War I veterans under the War Risk Insurance Act and the World War Veterans Act of 1924, and which had been included in veterans' regulations issued under the Economy Act from 1933 to 1935 were also applied to World War II and by special act, to Korean veterans. These included hospital and medical care and treatment, domiciliary care, compensation for service-connected disability or death, pension for total disability from non-service-connected causes, and a variety of less important benefits.

Medical and hospital treatment, domiciliary care, and burial allowances were controlled by Veterans Regulations No. 10, as amended. This provided care for wartime veterans as well as peacetime. Its basic provisions applied to World War II veterans immediately. It was amended, enlarged, and liberalized, especially by the act of March 17, 1943 (57 Stat. 21) which had as its objective "to liberalize, for certain World War II veterans, the provision of medical and hospital treatment, domiciliary care, and burial allowances." The new law served to place World War II veterans on a parity with veterans of World War I in these matters.

Compensation for service-connected disability or death was controlled by Veterans Regulation No. 1. This regulation, as amended, established wartime rates of compensation. World War I veterans were eligible under either the Veterans Regulations, as amended, or the World War Veterans Act of 1924, as amended. Although compensation rates were revised from time to time, and new statutory awards were added, no basic changes were made in compensation provisions.

Pension for total, non-service disability replaced the disability allowance for World War I veterans enacted in 1930. Veterans Regulation No. 1 controlled this benefit. Since the act of 1930 establishing disability allowances for non-service diability of less than 100 percent was not reenacted following the economy period, World War I and World War II veterans were on the same basis and under the same conditions as regards pensions. The income limitations, and requirements of total disability applied to both.

Wartime benefits for Korean veterans

Veterans' laws in effect at the outbreak of the Korean conflict placed servicemen engaged in that action in anomalous position. The men were fighting in an active war; they were shooting and being shot

at; they were being disabled and killed; but they were not eligible for wartime benefits. Since the war was undeclared, the United States was not officially at war and none of the wartime benefits established for World War II veterans were applicable. Military service in Korea was technically peacetime service; and veterans of peacetime service have never received the same measure of benefits as those who served in time of war.

To remedy the situation and to place Korean conflict veterans on a par with World War II veterans, benefitwise, several laws were enacted, one of which was Public Law 28 of the 82d Congress, enacted May 11, 1951. Korean veterans, under that law, were entitled to benefits of medical, hospital, and domiciliary care, burial benefits, and they and their dependents were entitled to compensation and pension provided by law for persons who served during the period of World War II. The law applied to all those who served in the active service in the Armed Forces of the United States on or after June 27, 1950, and prior to such date (later set at January 31, 1955) as the President or the Congress should determine. Other laws provided vocational rehabilitation and readjustment benefits.

Thus, the carryover benefits which started in pre-Revolutionary times with compensation for service-connected disability or death, and which accumulated one by one over better than two centuries of American history, were made available to veterans of both World War II and the Korean conflict. Men and women entering service for the first time on or after February 1, 1955, are peacetime veterans upon their separation from the Service, and are eligible only for peacetime benefits unless the laws are changed in their favor.

READJUSTMENT BENEFITS

Experience with veterans and veterans' benefits following both the Civil War and World War I indicated quite clearly that provision only for the rehabilitation and care of the disabled of the war, and for the dependents of the dead, was not a sufficiently broad program to meet the demands of veterans. For all wars prior to World War II, provision was made to care for the disabled and to care for the dependents of the dead. For all of these wars, veterans without service-connected disabilities were left to their own devices in the matter of their readjustment to civilian life. The feeling arose among these veterans, particularly following the Civil War and World War I, that they had not been fairly dealt with, and out of this rose demands for pensions and other benefits for the nondisabled. Following these prior wars, even including World War I, veterans constituted a minority group in the population. They were able to exert enough influence to obtain pensions and other benefits for the nondisabled.

Veterans' benefits for wars prior to World War I had been based upon the proposition that immediate care would be given to the disabled in the form of compensation, and that later, when men who had been in the Armed Forces and who had not been disabled began to fall behind in the race with their nonveteran contemporaries, some provision in the form of a pension would be made for them. Under the War Risk Insurance Act of 1917, it was hoped that the provision of low-cost insurance by the Government would break the pattern and

make unnecessary the passage of pension legislation for veterans of World War I. Developments during the two decades following World War I proved that the hopes based upon the War Risk Insurance Act were false because demands arose during that period for aid to those who had not suffered disability as a result of their service, and aid was provided, both in the form of pensions and in the form of adjusted compensation, free medical care for the nondisabled, and in other ways.

The President of the United States, Members of Congress, leaders of veterans' organizations, and interested citizens, had all had ample opportunity to observe the working of this pattern of veterans' benefits based upon a backward-looking philosophy. Little which could be observed of the workings of the system of veterans' benefits during the two decades between the two World Wars would recommend it as the basic solution to the problems of what promised to be a much vaster veteran group following World War II. Under the impetus of this conviction, movements were started in many quarters to devise a solution for the anticipated problems of demobilization of veterans and their reabsorption into the civilian economy without incident and without damage to the institutions which these veterans had been fighting to preserve.

The readjustment ideal

Discussion and agitation for some action on the part of the Federal Government to aid veterans in their return to civilian life started as early as 1940 with the discussion of the Selective Training and Service Act of 1940 (Public Law 783, 76th Cong.). Something of the temper of Congress had been shown just prior to the passage of the Selective Training and Service Act when reemployment rights were provided for all members of the Reserve components of the Army of the United States ordered into active duty for 12 months by the President. (Public Res. 96, 76th Cong.) All such persons who left other than temporary positions were to be reemployed at the termination of their period of service in positions of like seniority, status and pay, unless the conditions of the employer had so changed as to make it impossible or unreasonable for such reemployment to be carried out. The same provisions were included in the Selective Service and Training Act of 1940, and applied to any person inducted into the Armed Forces for training or service. This constituted, however, only a small part of the attack on readjustment problems.

The National Resources Planning Board was the first Federal agency to begin aggressive planning for World War II demobilization and attendant problems of reconversion. In a message to Congress on January 14, 1942, the President announced that the Board was the planning arm of the Executive Office and that he had given it the responsibility of making long-range plans. By November 1942 the Board had published a postwar agenda that outlined problems to be faced at that time, including plans for demobilization, private enterprise, public activity, special security, population, and manpower.[3]

During 1942, various civilian groups and individuals gave evidence of a great amount of interest in postwar adjustments and opportunities for discharged service personnel. In June, the American Council on

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[3] National Resources Planning Board, Preliminary Report.

Education invited the Army and Navy and other interested agencies to attend conferences for discussing plans for postwar readjustment. On July 6, 1942, the President authorized the National Resources Planning Board to appoint an informal conference to study postwar readjustment of civilian and military personnel. The Board submitted a report entitled "Demobilization and Adjustment" aimed primarily at an orderly and efficient readjustment of the national economy back to peace conditions.[4]

The American Legion, at its annual convention in 1942, adopted a resolution providing that Congress be memorialized to enact legislation for vocational training. Upon signing, on November 13, 1942, the bill providing for the drafting of 18-year-olds, President Roosevelt appointed a committee of educators under the auspices of the War and Navy Departments to study the problems of education of service men and women after the war. The official title of the committee is "The Armed Forces Committee on Postwar Educational Opportunities for Service Personnel." The committee was made up of officers of the Army and Navy, the United States Office of Education, and other interested persons, and is usually referred to as the Osborn committee because its chairman was Brig. Gen. Frederick H. Osborn, Director, Special Service, Army Special Service Forces. The Osborn committee made its report and recommended that Congress provide financial aid for education of servicemen and servicewomen.[5]

Thinking from many different angles and many different viewpoints went into the background and development of the readjustment idea. President Roosevelt said to The Osborn committee in November 1942:

> We, at home, owe a special and continuing obligation to these men and women in the armed services. During the war we will have done everything possible to give them the best, in planning, ingenuity, and physical resources. But after the war shall have been won, the best way we can repay a portion of that debt is to see to it, by planning and action now, that these men and women are demobilized into an economy which is sound and prosperous, with a minimum of unemployment and dislocation; and that they are given the opportunity to find a job for which they are fitted and trained, in a field which offers some reasonable assurance of well-being and continuous employment.

The Senate Finance Committee, in reporting on S. 1767, which became Public Law 346, reported as follows:[6]

> This measure is designed to be a comprehensive bill of rights for the returning veterans of the present titanic conflict. It aims to state comprehensively and clearly the rights and benefits to which these veterans will be entitled and to state clearly and simply the way in which these rights may be obtained.
>
> The bill is presented as being a fundamental bill of rights to facilitate the return of service men and women to civilian life. The committee does not contend that it is or can be the last word on the subject. We do assert that it is a comprehensive statement of the measures presently necessary and that it represents the very least that should be done at this time both in justice to the veterans and in enlightened self-interest for the remainder of the country.

Senator McFarland, speaking on S. 1767 of the 78th Congress, expressed a similar thought but from a slightly different viewpoint when he said:[7]

> We all know that after the last war many ex-servicemen wandered over the United States without jobs or means of livelihood. Altogether too many boys

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[4] National Resources Planning Board, Demobilization and Adjustment.
[5] The Osborn committee.
[6] 78th Cong., S. Rept. 755.
[7] Congressional Record, vol. 90, pt. 3, p. 3087.

found their way into penitentiaries because of their inability to adjust themselves to changed conditions. Many of these boys could have become rehabilitated by the proper assistance and would have become just as good citizens as they had been soldiers. Had the money eventually paid these men been used for rehabilitation at the proper time, it is my opinion that the misery of many could have been avoided.

We cannot afford to have our boys wandering over the country as they did after the last war. We must meet this problem now and prevent a recurrence of that unfortunate situation. The stark tragedy of Anacostia Flats must not be reenacted. We must and are facing this problem today in this GI bill of rights.

A recent writer, in retrospect, views the problem as follows:[8]

> When World War II ended, 10 years ago, we were confronted with a domestic crises that was a graver threat to our national unity than any attack mounted by the enemy.
>
> No one knew the solution of a problem as old as war—the returning soldier embittered against the society he fought to protect. The answer never had been found by any country * * * World War II, involving nearly twice as many men as all our previous wars combined ,was a monstrous time bomb that could have split the country into two divisive factions.

It is possible to discern, in these various sources, and others not cited here, several different lines of thought, all of which were involved in providing readjustment benefits for veterans, and particularly educational benefits. (1) There was a genuine concern over the welfare of veterans being demobilized and thrust upon an economy in the midst of reconversion to peacetime activity. (2) There was concern over the stability of the economy and the possibility that postwar depression might accomplish what our enemies had failed to do. (3) There was concern over the stability of our political institutions and the effect which millions of disgruntled veterans might have upon their stable existence. (4) There was concern over the "educational deficit" which had been brought about by taking many young people out of the educational institutions of the country and sending them away to fight. (5) There was concern lest runaway demands for pensions and other benefits swamp the economy beneath an unbearable load. All of these represent forces which came into play and exerted influence in the passage of the Readjustment Act of 1944.

There seems not to have been significant organized opposition to the idea of readjustment benefits—the questions arose as to what would be done, how much, and by whom. A decision had to be taken between providing some type of adjusted compensation for all veterans and providing a series of specific benefits such as education, home loans, and others. The decision was in favor of specific benefits rather than general money benefits in a lump sum which could be disposed of quickly and possibly leave the veteran little better able to provide for himself than he would have been without the aid.[9]

As thinking narrowed down, under the influence of the Osborn committee report, of recommendations of veterans' groups, and of congressional sentiment, to direct aids to veterans rather than adjusted compensation, the question arose as to which governmental agency should administer the Federal aspects of the educational program. School authorities who were heard on this topic urged strongly that the funds to be provided by the Federal Government be channeled

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[8] Stanley Frank, We Licked the Veteran Problem, Saturday Evening Post, vol. 228, No 18, p. 21.

[9] 78th Cong., 2d sess., H. Rept. 1418.

through the United States Office of Education because they would be handled there by people who were familiar with educational problems. On the other hand, veteran forces and other individuals interested in the problems of veterans urged that the Veterans' Administration be charged with administering the funds in order to avoid a situation such as that arising following World War I when the veteran was forced to deal with three different independent agencies in obtaining benefits.[10]

The rehabilitation idea, which triumphed in the passage of the GI bill of rights, and in such other legislation as mustering-out pay and rehabilitation for the disabled was based upon the idea that the country owes an obligation to the veteran to restore him to the civilian status and opportunities he would have enjoyed had there not been a war. The restoration was planned in terms of job or business, education, and home ownership. These were placed in the form of an omnibus bill which became known as the GI bill of rights. By the beneficiaries of its education and training provisions particularly, it was spoken of simply as the "GI bill" or as "Public Law 346." (Public 346, 78th Cong.)

Rehabilitation legislation

The first rehabilitation legislation passed during World War II was for the purpose of providing vocational rehabilitation for disabled veterans. The first move in the direction of this legislation took place on December 12, 1941, during the first days of the war when President Roosevelt requested several Federal agencies, including the Veterans' Administration, to get together and study the problem of rehabilitating disabled veterans. The Veterans' Administration had a backlog of experience held over from World War I when vocational rehabilitation had been provided for disabled veterans under the direction of the Veterans' Bureau. The problems involved were thoroughly considered and the groundwork laid for the legislation which was to follow.

Two approaches were suggested to the problem of rehabilitating veterans. The approach suggested by President Roosevelt, but one which was never carried through, was to combine rehabilitation services for both veterans and nonveterans under the same overall rehabilitation service. The alternative approach was to establish a vocational rehabilitation program under the Veterans' Administration as an integral part of the whole program of veterans' benefits. This was part of the general attitude of the time that the administration of all veterans' benefits should be placed in the hands of the Veterans' Administration. Several bills were introduced in the 78th Congress early in 1943, some following one approach and some the other. "Veterans only" legislation was favored, and as such it passed the Congress and was signed into law on March 25, 1943 (Public 16, 78th Cong.).

Under Public Law 16, the veteran, after counseling, decided upon an employment objective. A plan was then formulated to achieve this employment objective in the best and most expeditious way possible. The Veterans' Administration paid the cost of training, whether it

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[10] Congressional Digest, March 1944.

was to be carried on in an established school or in an on-the-job training situation. The veteran could deviate from the established plan only after consultation with and the approval of his training counselor. Compensation at special rates was paid to the veteran during training and for 2 months following the completion of training.

The purpose of the training, as stated in the law, was "to restore employability lost by virtue of a handicap due to service-incurred disability." How well this was accomplished will be the subject of analysis in other material and will not be undertaken here.

Mustering-out pay

The second action, which was considered to be in the nature of rehabilitation, was the provision of mustering-out pay. In advocating such legislation, President Roosevelt said:[11]

> * * * but the members of the Armed Forces have been compelled to make greater economic sacrifices, and every other kind of sacrifice, than the rest of us, and are entitled to definite action to help take care of their special problems.
>
> What our service men and women want more than anything else is the assurance of satisfactory employment upon their return to civil life. The first task after the war is to provide employment for them. * * * The following further steps seem desirable now:
>
> (1) To help service men and women tide over the difficult period of readjustment from military to civilian life, mustering-out pay will be needed. It will relieve them of anxiety while they seek private employment, or make their personal plans for the future. I, therefore, recommend to the Congress that it enact legislation and provide funds for the payment of a uniform, reasonable, mustering-out pay for all members of the Armed Forces upon their honorable discharge or transfer to inactive duty. This pay should not be in a lump sum but on a monthly installment basis.

Without significant objection, the President's recommendation was followed and mustering-out pay was enacted, providing up to $300 to be paid in monthly installments of $100 each (Public 225, 78th Cong.). In the House report on the bill (H. Rept. 986) it was pointed out that the period of readjustment following separation from service might last longer than the 3 months covered by mustering-out pay, and that other measures would have to be taken to provide against these possibilities. Such action, of course, was taken in the GI bill when readjustment allowances were provided. Mustering-out pay was originally included in the omnibus GI bill, but was separated out and enacted as separate legislation prior to the passage of the GI bill.

Servicemen's Readjustment Act of 1944

The third, and main, item of readjustment legislation was the GI bill itself. As has been pointed out, this bill was under consideration in one form or another, for some time before it was actually passed. Objections to the GI bill were along economic lines to the effect that the privileges granted under the bill would be abused by the recipients. Particularly was this true of the readjustment allowances, but it was also true of educational benefits and loans.[12]

Regardless of the objections, however, and the disagreements, compromises were effected and the Servicemen's Readjustment Act of 1944 was passed (Public 346, 78th Cong.). In its original form the GI bill provided four basic benefits: Education and training; loans for the purchase of home, business, or farm; unemployment allow-

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[11] 78th Cong., 2d sess., H. Rept. 986, pp. 1–2.
[12] Stanley Frank, op. cit., p. 73.

ances to cover readjustment (readjustment allowances); and a veterans' employment service.

Under the GI bill, in general, any veterans with service of 90 days or more, and a discharge under other than dishonorable conditions, was eligible for benefits. In addition, under the educational provisions, the veteran with longer service was eligible for additional training or education beyond the basic 1-year course up to 3 years additional. Readjustment allowances were paid for 24 weeks for the basic 90-day period of service, with additional readjustment allowances up to 52 weeks based upon additional service. In addition, the law contained a provision that any benefits obtained under the act were to be deducted from any future bonus. This provision was dropped when the GI bill was amended for the first time late in 1945.

The passage of the GI bill completed the basic form of readjustment benefits for World War II veterans. For the first time, a forward-looking element had been injected into the veterans' benefit program for other than disabled veterans. For the first time, thought had been given to and action taken on the proposition that the veteran needed help in returning to the civilian economy. Reduced to fundamentals, the veteran had been given a chance to compete for jobs, homes, and careers on equal terms with non-veterans. No longer did the veterans' benefit program ignore the needs of the 8 out of 9 men who were returned from World War II without visible physical or mental scars.

Administering readjustment benefits

Readjustment benefits, as originally enacted, were not considered to be in their final form. The Senate report on the GI bill stated that "The committee does not contend that it is or can be the last word on the subject." The war was not yet over. No one knew how many veterans there would be, how rapidly they would be demobilized, nor what special problems would arise. Such information could become available only as the laws were administered by the Veterans' Administration or other agency and the problem areas emerged.

Mustering-out payments were administered by the branch of the Armed Forces involved and presented no particular problems. The time during which the man who had been discharged prior to the passage of the Mustering-Out Payments Act could apply for mustering-out pay was extended to 1950 (Public Law 539, 80th Cong.), but other than that no significant changes were made.

Vocational rehabilitation under Public Law 16, also, underwent very few changes, and none of a fundamental nature. Subsistence allowances were increased in 1947 (Public 338, 80th Cong.) to a basic $105 a month for the veteran with less than a 30-percent disability without dependents plus allowances for dependents, and to a basic $115 a month for the veteran with a disability rated at more than 30 percent, plus allowances for dependents. Also in 1947, institutional on-farm training was added (Public 377, 80th Cong.).

Logically enough, the major changes came in the field of education and training for veterans since this was a new field into which the Federal Government had ventured. The most significant changes in the law were enacted on December 28, 1945 (Public 268, 79th Cong.). The changes in 1945 were all liberalizations, and allowed payment of tuition and other charges of over $500 a year with a corresponding

reduction in the period of entitlement; correspondence courses were permitted; subsistence allowance rates were increased from $50–$75 to $65–$90; and the provision that educational benefits were to be deducted from any future bonus was eliminated. The amendment removed the limitation on education or training beyond 1 year for individuals whose education or training had not been impaired, delayed, interrupted, or interfered with by reason of entrance into service. The effect of this change was to give practically every veteran, who had served for 90 days or more, the right to pursue any elected course for a period equal to his wartime service in addition to the year authorized by the original law, up to a total of 48 calendar months.

Most of the subsequent changes in the education and training provisions of the GI bill of rights were for the purpose of eliminating abuses which arose under the law. They placed limits on combined total income from productive labor plus subsistence (Public 679, 79th Cong.); established on-farm training; a full-time course (Public 377, 80th Cong.); prohibited avocational or recreational courses (Public 862, 80th Cong.); and set up requirements that a school had to be in existence for a year before the Veterans' Administration could make any payments to it for tuition, fees, or other charges (Public 266, 81st Cong.).

The end of the war was established, for the purposes of determining eligibility for education and training under the GI bill, on July 25, 1947 (Public 239, 80th Cong.). Entry into training was limited to 4 years from this date, or July 25, 1951, and termination of training was set at 9 years from this date, or July 25, 1956.

Various abuses developed under the education and training program, the nature of which can be discerned from some of the amendments to the act which were enacted. Many of the courses pursued by veterans under the provisions of the act had nothing to do with readjustment nor employment. Many of the schools attended by veterans were profit schools established only to take advantage and make a profit out of large payments of tuition, fees, and other charges by the Veterans' Administration. Some veterans were following courses of training rather than getting jobs because the subsistence payments were as much or more than they would receive when they went to work.

GI loans.—The other readjustment benefit program in which extensive changes were made was in the loan program under which loans for the purchase of a home or farm, or for the establishment of a business were guaranteed by the Veterans' Administration. The amount of the loan guarantee was $2,000 and the interest rate was limited to a maximum of 4 percent. The feeling soon developed that the $2,000 limit was too low and that the careful doublecheck required by law for each applicant was too cumbersome. As a result lenders were lending very little under this provision of the GI bill.

A series of liberalizations in the provisions under which GI loans could be guaranteed by the Veterans' Administration took place, the first of which came on December 28, 1945 (Public 268, 79th Cong.). This law pushed back the deadline for obtaining loans to 10 years after the war instead of the original 7. It raised the maximum guarantee for home loans and farm realty loans to $4,000. The loan machinery was streamlined so that there was much less delay in processing loans.

And finally, the price of property to be eligible for a loan guarantee had to be only a "reasonable" price instead of a "normal, reasonable" value as had been true under the original law. Other changes were made but the ones listed were chiefly responsible for the impetus given the loan program at the beginning of 1946.

In 1948, money at 4-percent interest became scarce and lending slowed down. The Government provided a secondary market for GI loans (Public 864, 80th Cong.), and gave the Veterans' Administration permission to raise the interest rate to 4½ percent if it saw fit (Public 901, 80th Cong.). The interest rate was not raised at that time, however, and money at 4 percent soon became available again. The interest rate was raised to 4½ percent in 1953. The guarantee of home loans was again increased in 1950, this time to $7,500 (Public 475, 81st Cong.) and the percentage of the purchase price of a home which could be guaranteed was raised from 50 to 60 percent.

The GI loan program has never become static, it has always been in state of change. There are two discernible reasons for this: it has been changed from time to time to keep it current in terms of the needs of the veteran borrowers, and it has been kept current in terms of its effect on the economy and its relation to conditions in the economy. As examples of this second situation—when the fighting in Korea broke out in 1950, required downpayments were increased substantially; when recession appeared in 1954, downpayments were reduced; and again, in 1955 when the feeling was that building was going a little too fast, downpayments were once again required. In this way, an attempt has been made to use the GI loan program, along with other elements of the economy, as a sort of balance wheel for the building industry, and the economy.

Since the Government has a contingent liability on every guaranteed loan, it is important that the loans be sound. The same thing is true in the interest of the veteran borrower. Difficulties under the loan program seem to have been of several types, but of particular importance have been the problems of insuring that the housing purchased by the veteran was well-constructed according to legitimate building standards and that the price the veteran agreed to pay for the property was not excessive and out of line with its market value. The Veterans' Administration has been handicapped by lack of authority and lack of trained technical personnel in accomplishing these ends.[13]

Other programs.—Other readjustment programs moved fairly smoothly, albeit not without administrative difficulties and headaches. Cooperation was good in the matter of reemployment rights for veterans with most employers willing to do their best in the matter of returning veterans to their jobs. Readjustment allowances, the so-called 52–20 club, aided many veterans over periods of unemployment. Undoubtedly there were many veterans who took advantage of the program to draw benefits when they could have been working, and even a few who drew benefits while they were working. Efforts were made to control these features of the program, and some money was recovered because of undeserved payments. Employment counseling for veterans has aided many in finding jobs.

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[13] 82d Cong., 2d sess., H. Rept. 2501, House Select Committee To Investigate Educational, Training, and Loan Guaranty Programs under GI bill, Veterans' Loan Guaranty Program, pp. 1–16.

Korean conflict readjustment benefits

The GI education program mushroomed under the impact of liberalization enacted particularly in 1945 (Public 268, 79th Cong.), and continued to operate at a high level during the balance of the 1940's. As has been pointed out, some of the abuses which developed under the program were curbed by legislation. By early 1950, however, the feeling that abuses were continuing brought about efforts at evaluation of the program. The Veterans' Administration conducted extensive investigations of the functioning of the education and training program under the GI bill, and made its findings available to committees and Members of the Congress.[14] A short time later a message from the President dealt with the same problems and situations.[15] The General Accounting Office conducted a review of the education and training program pointing up numerous abuses which had grown up under the program.[16] In the second session of the 81st Congress a special committee was created by House Resolution 474 to investigate the education and training program of the Servicemen's Readjustment Act. The committee was headed by the Honorable Olin E. Teague. This committee also reported on abuses and set forth certain standards which this committee believed should be followed in the extension of similar benefits to men serving on and after June 27, 1950.[17]

The policy stated by Congress in passing the Veterans' Readjustment Assistance Act of 1952 (Public 550, 82d Cong.), as set forth in the law itself, is as follows:[18]

> The Congress of the United States hereby declares that the veterans' education and training program created by this act is for the purpose of providing vocational readjustment and restoring lost educational opportunities to those service men and women whose educational or vocational ambitions have been interrupted or impeded by reason of active service in the Armed Forces during a period of national emergency and for the purpose of aiding such persons in attaining the educational and training status which they might normally have aspired to and obtained had they not served their country; and that the home, farm, and business-loan benefits, the unemployment-compensation benefits, the mustering-out payments, and the employment assistance provided for by this act are for the purpose of assisting in the readjustment of such persons from military to civilian life.

In framing this statement of policy and in framing also the provisions of the law, Congress undoubtedly had before it the various reports which have been mentioned dealing with education and training for World War II veterans, including the one by the Veterans' Administration which said in part:[19]

> It is clear that the original act was designed to provide Federal Government aid to returning World War II veterans in making a satisfactory readjustment to civilian life after separation from active service. The act was not intended to be a relief act. It was not intended to be a bonus act. It was not intended to be a subsidy to education or training institutions.
>
> The changes that have been made in the education and training provisions of the law, however, have obscured the original readjustment principle. Under the law, as amended, practically every person who served during World War II is eligible for education or training up to the extent of his entitlement, subject only to the provisions governing the beginning and ending dates, except that he cannot pursue a course for recreational or avocational purposes.

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[14] 81st Cong., Committee Print No. 210, Report on Education and Training Under the Servicemen's Readjustment Act, as Amended, from the Administrator of Veterans' Affairs.
[15] 81st Cong., H. Doc. 466.
[16] 81st Cong., House Committee Print No. 160.
[17] 81st Cong., H. Rept. 1375.
[18] Public 550. 82d Cong., sec. 102, Statement of Policy.
[19] 81st Cong., Committee Print No. 210, p. 7.

The provisions of Public Law 550, and the resistance of Congress to the enactment of liberalizing amendments which will again obscure the original intention of the act, seem to indicate that the Congress is determined to stick with its original intent.

Public Law 550, the "Korean GI bill"

The act popularly called the "Korean GI bill" applies to any veteran with service on or after June 27, 1950, and before February 1, 1955, regardless of the theater of operations in which he might have served. It contains the same types of benefits included in Public Law 346, which are as follows:

(1) Assistance in obtaining education and training;
(2) Credit assistance in acquiring homes, farms, and businesses;
(3) Unemployment compensation;
(4) Mustering-out pay; and
(5) Job placement assistance.

The bill was based largely upon the recommendations of the Teague committee, particularly in the field of education and training benefits. Extensive hearings were held on it, and in spite of some organized opposition, the bill passed largely as presented.

The major changes in education and training provisions from Public Law 346 can be summarized somewhat as follows:

(1) The duration of education or training was made one and a half times the period of active service with a limit of 36 months. This contrasted with the previous formula which gave 12 months plus 1 day of eligibility for each day of service with a limit of 48 months. The time of training under Public Law 550 thus corresponded very closely to the time spent in service. A short period of service entitled the man to a short period of training.

(2) No payments of tuition, fees, or other expenses were payable to the school or training institution. The veteran is given education and training allowances ranging from $110 to $160 a month, depending upon the number of dependents, for full-time training. The veteran is in effect given a scholarship and told to enroll in a school the same as any other student. The impetus which Public Law 346 gave to the establishment of new schools appealing directly to veterans has now been largely eliminated.

(3) In general, the same limitations on recreational or avocational courses are contained in the Korean bill which were added to Public Law 346 by amendment. The veteran may elect to train in approved courses in a variety of institutions. He may take part-time work at a reduced educational allowance. Special provisions cover flight training and a few other nonordinary situations.

Loans.—The credit assistance provisions of Public Law 550 were very similar to those in Public Law 346. The Administrator of Veterans' Affairs is given power to require inspection and appraisal, and can refuse to certify substandard housing for loans.

Unemployment compensation.—Readjustment allowances in the form of unemployment compensation, under Public Law 550, were payable through State employment offices rather than through the Veterans' Administration. The Secretary of Labor is made responsible for these payments, which are reimbursed by the Federal Government. The rate of payment was raised from $20 a week to $26 a week and the time over which payments could be made was reduced to 26 weeks from 52 under Public Law 346.

Job counseling and employment placement were on the same basis as had been provided for veterans of World War II, as also was vocational rehabilitation.

In moving from the World War II readjustment benefits to the provision of similar benefits for Korean veterans, there seems to be little doubt but that Congress moved in the direction indicated by the statement of policy included in Public Law 550. The educational program was revised so it constituted more readjustment program and less of an educational bonus. There is a much closer correspondence between the loss in educational progress suffered because of time spent in the Armed Forces than was true under Public Law 346. The other readjustment benefits were relatively little changed from World War II to the Korean conflict.

Conclusion

By enacting legislation providing returning veterans with reemployment rights, mustering-out pay, education and training, credit to aid in obtaining home, business, or farm, unemployment benefits, and employment counseling service, the Congress added another layer to the benefit system. This latest layer, however, in contrast with earlier additions to the system, was designed not to help the veteran years after the war was over when he had failed in the race with his nonveteran contemporaries, because he had never caught up from the loss incident to his service in the Armed Forces, but was designed to return the veteran immediately to a situation in which he could compete on even terms with his nonveteran contemporary. Evidence seems to indicate that the program has been successful.

World War II presented another opportunity for the Congress to revise the system of veterans' benefits which had been inherited from former wars. The World War I system, designed to remove veterans' benefits from the political arena, failed because it took no account of the fact that such a system must aid the veteran who is not disabled as well as the one who is disabled as a result of his war service. Since the systems established at the time of previous wars did not make any provision for the aid to nondisabled veterans, irresistable demands for aid to these veterans arose after the war had faded into history, and the nondisabled veterans found themselves unable to keep up with the men who did not go to war, and who thus did not suffer the handicap of lost time and lost opportunities suffered by veterans.

Old or prior benefits available to World War I veterans were carried forward for the benefit of World War II veterans through veterans regulations issued under the Economy Act of 1933, as amended. A new system of insurance, similar in purpose but differing widely in details from the World War I system, was established in 1940. Mustering-out pay, vocational rehabilitation, and readjustment benefits under the GI bill, were provided for veterans of World War II. All of these were available, of course, only to veterans, and of these, the readjustment benefits were new.

Another new element, however, was added to the complex of veterans' benefits for World War II veterans. This took the form of extending the benefits of old-age and survivors insurance, which is a general security program covering most workers. Benefits under the Federeral Employees Compensation Act, which is a security program covering Federal employees were made available to certain members of

the Organized Reserves for active duty during peacetime. Veterans of World War II and the Korean conflict, thus, have the benefit of their own special security program and of one of these general security programs as well.

The new element of the system as it developed during World War II consisted of the readjustment benefits. These were in the form of educational aid for veterans who wished to return to school or to train themselves for a specific job by on-the-job training; the provision of credit for men who wished to borrow to purchase home, farm, or business; the provision of unemployment allowances to cover unemployment during the period of readjustment; and job counseling to aid the veteran in finding a suitable job. Job counseling and unemployment compensation were administered through the United States Employment Service offices in the various States, educational aid and loans were administered directly by the Veterans' Administration.

Aid to education for veterans was the program which caused the most difficulty. It originally provided 1 year of education or training for veterans with up to 3 additional years, depending upon length of service, for those men whose education or training had been interrupted by their entry into service. The law was amended, however, to allow any veteran to take education or training depending upon the length of his service rather than upon the interruption of his education or training. The feeling was expressed that this extension of long-term education and training benefits to all veterans lost sight of the readjustment nature of the original program.

The original loan provisions were modified to increase the amount of the loan which would be guaranteed by the Veterans' Administration, and to liberalize the requirements for obtaining the loan in terms of the required amount of redtape which had to be gone through. Downpayments on houses, length of time required for repayments, and other elements of the loan program have been adjusted from time to time to enable the loan program to act as a sort of balance wheel for the building industry. The interest rate originally established at 4 percent was raised in 1953 to 4½ percent, and the Government has provided secondary markets for GI mortgages. The Veterans' Administration has made direct loans in basically nonurban areas to individuals where money was not available at the applicable rate for guaranteed loans through regular lending channels.

Old-age and survivors insurance benefits were first extended on a temporary basis in 1946, to survivors of veterans who died within 3 years after their release from service, and were limited to cases where no death compensation or pension benefits were payable by the Veterans' Administration. Later, gratuitous wage credits of $160 a month under old-age and survivors insurance were provided for all members of the Armed Forces, who served between September 16, 1940, and April 1, 1956. The original purpose of this grant was to preserve and continue unbroken the social-security credits of persons entering the Armed Forces temporarily during emergency periods. Grants of free credits over a prolonged period, however, have given permanently insured status to some members of the Armed Forces, solely on the basis of their military service.

The Federal Employees Compensation Act was made applicable to Navy and Marine Corps Reserves in 1925 and to Army Reserves in

1939 when called into active or training duty during peacetime because these men were not eligible for payments under the Veterans' Administration on the basis of such service. In 1937, these men were made eligible for payments under the Veterans' Administration, but their eligibility under FECA was not terminated. Payments under FECA were less liberal than those under the Veterans' Administration, so no problem arose. Late in 1949, however, FECA rates of compensation were raised so it is more advantageous for members of the Reserves serving on active duty in peacetime to elect payments under FECA rather than from the Veterans' Administration. Members of the Reserves on duty during the Korean conflict were in this position. The result is that an inequitable differential has been established between the dependency benefits available to the survivors of a member of the Reserves and those available to survivors of a regular member of the Armed Forces.

The Korean conflict was not a declared war so members of the Armed Forces of the United States were not eligible for wartime benefits, but only for those available to members of the peacetime service. This was brought to the attention of the Congress and of the President. On May 11, 1951, an act was prepared and passed (Public 28, 82d Cong.) making veterans who served between June 27, 1950, and January 31, 1955, eligible for benefits available to veterans of World War II. The national service life insurance program was terminated on April 25, 1951 (Public Law 23, 82d Cong.), and for the benefit of Korean veterans, gratuitous insurance coverage of $10,000, called servicemen's indemnity, was provided, with certain restrictions and reservations. Vocational rehabilitation was provided on the same terms as for World War II veterans. Readjustment benefits under a Korean GI bill, were of the same nature as those under the GI bill of 1944. Under the educational program, payments of tuition were no longer made direct to the school attended, but the veteran was given an increased allowance out of which he was to pay his own tuition. The amount of education available to the veteran was more closely connected to the length of service than had been true under World War II programs. These changes were made in an attempt to remedy some of the abuses which had arisen under the prior program, and to make the educational program conform more closely to the congressional idea of "adjustment benefits."

The major change in the benefits system during World War II and the Korean conflict was the addition of the layer of benefits providing aid to the veteran in the process of rehabilitating himself and readjusting himself back into the civilian economy. Also, it was enacted to aid the economy to keep a balance during the reconversion period, and for many other reasons. The program has had its influence upon reconversion, upon maintaining stability, and in aiding the veteran to get back into the civilian economy. Still to be seen is the effect it will have upon future demands by veterans for adjusted compensation and pensions.

The system of veterans' benefits in existence in 1955 is the result of a piecemeal growth which started in Colonial days, shortly after the first English settlers came to the North American Continent, and which has continued to the present time. Many different influences have made a mark upon the development and present form of the veterans' benefit

system. Changing philosophies of veterans' benefits, changing economic and social conditions, differing conditions under which various wars were fought, development and growth in the economy, and political pressures are some of the factors which have had an impact and influence upon the formation of veterans' benefit programs.

For all wars from the Revolution to and including World War I, there seem to have been two philosophies of veterans' benefits, one of which prevailed during the war and the other prevailing during the postwar period. The philosophy prevailing during the war was that aid to the service-connected disabled, and to the dependents of the war dead, was all of the responsibility which the Nation had toward its veterans. In line with this philosophy, wartime enactments of benefits for veterans consisted of aid to disabled, and to the dependents of the war dead in the form of compensation. The two exceptions to this were the passage of the half-pay-for-life pension for officers of the Continental Army during the Revolution, and the provision of war-risk insurance for men in the Armed Forces during World War I. The half-pay-for-life pension was never repeated, and war-risk insurance did not accomplish what its supporters hoped it would in eliminating pensions.

There has never been any question but that it is the Government's duty and responsibility to provide, and to provide generously, for those who, while or as a result of serving their country in time of war, suffered disease or injury which resulted in their being unable to support themselves—in other words, those with service-connected disability. It has been accepted that the Government should compensate them in accordance with their disability. Also, there has been no question as to the Government's responsibility to the dependents of those veterans who died as a result of their services in time of war. Criticism of Government's actions in this area of veterans' benefits has been as much that the compensation paid these beneficiaries has been too small as that it has been too large.

The philosophy on which compensation has been based is clear and not easily subject to misunderstanding. The application of the philosophy, however, has not been so easy in dealing with actual cases. Immediately following a war, there has been no special difficulty in deciding whether a disability was service-connected or otherwise, and with the prevailing principle that the veteran should be given the benefit of the doubt, the men who applied for disability compensation immediately after the war were usually able to obtain satisfaction. For the man who became disabled 10 or 15 or 20 years after the war, however, the case was not so clear. He was convinced, rightly or wrongly, that his disability was due to his military service, and he demanded compensation. To admit such a man to the compensation rolls meant that the requirements for the establishment of service connection had to be liberalized, and as this went on, compensation merged slowly and almost imperceptibly into pension. The alternatives presented under such circumstances were to do nothing for the man, thus incurring the criticism that the Government was allowing the men who fought and suffered for it to go unattended in their time of want; to liberalize requirements for admission to the compensation rolls, thus eliminating the distinction between compensation and pension; or to provide pensions for all veterans with or without restric-

tions as to disability, age, or indigency. After temporizing for a time, the Government usually arrived at the last-mentioned alternative.

The philosophy on which pensions have been based, however, is not so clear and has been subject of much debate, many times acrimonious. The first such pension, enacted in 1818 for the benefit of veterans of the Revolutionary War, and the pension law of 1832, seem to have been based upon a desire to reward old veterans for long and faithful service during wartime under difficult conditions. These veterans rendered valiant service and suffered exceeding hardships during their service in the Continental Army. Their pay was small, and what pay they did get was robbed of its value by the inflationary spiral which went on during the entire war period. They were inadequately supplied with food, clothing, and shelter. Medical care was poor. Weather conditions were severe, particularly for those men who remained in the Army during the winter. There was reason to feel sympathetic with these aged veterans who now found themselves unable to keep up in the race with their nonveteran contemporaries. The requirement of a 9-month period of service in the 1818 law, and of a 2-year period of service for a full pension in the 1832 law, together with the provision of a lesser pension for a shorter period of service, indicates that the pension was thought of by legislators as reward for a long period of faithful service under the most trying and difficult conditions. This philosophy seems to be clear and fairly definite.

The absence of pension enactments following the War of 1812 seems to indicate the same philosophy. (It was not until 1871, almost 60 years after the start of the war, that pensions were provided.) There was little land fighting during that war, not many men were engaged in any one battle, and it was felt that the Army did not accomplish much. No particular support developed for the early passage of legislation to reward the men who fought in this war for any long or difficult service. The pension precedent, if not the philosophy, established after the Revolution was carried over to become the basis for pensions for the veterans of the War of 1812, the Mexican War, and the Indian wars.

Following the Civil War, however, and from then down to the present time, the philosophy that the pension was a reward for long and arduous service has gone through a process of change to eliminate the idea of long or arduous service as a requirement for entitlement to pension. Pension acts granting pensions to veterans of the Mexican and Indian Wars, enacted during the 1870's and later, required only 30 days of service, and in some instances less than that. The Dependent Pension Act of 1890, for the benefit of Civil War veterans, specified at least 90 days of service, but made no distinction between the man who got no farther than the training camps and the man who fought through 2 or 3 or 4 years of war. There was a brief period when the long and arduous service idea exercised some influence and pension rates for Civil War veterans were made somewhat dependent upon length of service, but this was soon eliminated from the law. Spanish-American War pensions were paid to the "70-day man" at somewhat lower rates than the full pension for 90 days or more of service.

The philosophy is discernible that the Government ought to help the veteran when he is down, on the basis that he is a veteran. This

seems to be largely the philosophy which prevailed up until World War II. Following the conflicts before World War II, the veteran was left to make his own way back into the civilian economy after the war was over. If he did not make a successful readjustment, and was thereafter unable to maintain himself and his family, it was the Government's responsibility to come to his aid. Such a system is of a backward-looking nature. It is designed to pick up the pieces of the wreckage long after the war is over rather than taking steps to prevent the wreck by aiding the veteran to reestablish himself. In effect, this meant that the Government established a security system for a limited group—the veterans. Entitlement to the benefits of this security system was dependent upon having spent a specified number of days in the Armed Forces in any capacity during a period of war. The principle of long and arduous service was lost, the fact of being a veteran with a minimum amount of service was all that counted.

Considering the stakes involved, it is not surprising that veterans soon organized themselves for concerted action, as in the case of the Grand Army of the Republic. Nor is it surprising that self-seeking individuals, both politicians and those seeking to enhance their own positions in other ways, made their appeals for veteran support. The Washington claims agent, of whom George Lemon is usually cited as the example, urged veterans to make more demands for pensions in order that the business of soliciting and handling claims might become more lucrative.

The concept developed, over a long period of time, that the Government "owed" various benefits to veterans, and over time, the concept of what the Government owed to veterans expanded, and the system of benefits grew by accretion. Starting with compensation as basic, the first addition was pensions. This was followed by land grants (changed after the Civil War to homestead preference); by domiciliary and incidental medical care and civil-service preference after the Civil War; and by hospital and medical care for all veterans, and vocational rehabilitation and adjusted compensation or the bonus after World War I. Out of World War II came the whole family of readjustment benefits.

As the United States was swept into World War I, an unsuccessful attempt was made to change the philosophy of veterans' benefits from a backward-looking one to a forward-looking one. The instrument through which this transformation was to be accomplished was war-risk insurance. The effort failed because low-cost insurance was not sufficient to meet what the veterans thought was owed to them. Actually, the war-risk insurance took no account of the precedent built up over a long period of time that the Government owed something to the veterans who returned from the war without visible physical or mental scars. Since full account was not taken of this vital element in the veterans' benefit picture, the War Risk Act was doomed to failure from its very inception.

For a long time, veterans were a minority group in the economy; there was no general social-security system for the entire population under which veterans would be eligible along with other elements of the population for protection against certain hazards; and the precedent had become established that the Federal Government would provide a security system for veterans, eligibility to be based upon a

minimum of 90 days (or even less) of service in the Armed Forces during a war emergency and certain other eligibility requirements. The cost of the system was high, expenditures on veterans' benefits typically exceeding the total cost of the war in which the veterans fought. Continued growth in the economy, however, had concealed much of the impact of veteran expenditures, and in general, the taxpayers of the country had borne the weight of the payments without significant reaction except in 1933.

Conditions in the middle 1950's, however, have changed significantly. Veterans no longer constitute a small minority group in the population. In 1955, 13.5 percent of the total population, or 20.5 percent of the population over 18 years of age, was composed of veterans. When wives, children, and other dependents are counted, nearly half of the population is eligible or potentially eligible for veterans' benefits. Following World War II and the Korean conflict, a vast readjustment program was undertaken to return the veteran to the stream of progress in a competitive situation with his nonveteran contemporaries. Through educational benefits, credit against which he could borrow, unemployment allowances, job counseling, reemployment rights, and others, an attempt has been made to aid the veteran in readjusting himself to civilian life and in making up the time he lost while serving in the Armed Forces.

Furthermore, starting in 1935 with the Social Security Act, a system of general security against temporary unemployment, against the loss of income at the time of retirement from active employment, and against indigency in old age, was established, partly under Federal sponsorship and partly under State sponsorship. Veterans are eligible for protection under this system the same as nonveterans. Under old-age and survivors insurance for service in the Armed Forces from September 16, 1940, until April 1, 1956, credit has been provided at no cost to veterans and military personnel.

These forward-looking programs should go far toward relieving necessity for treating veterans as a special class.

PART II

HISTORICAL DEVELOPMENT OF PARTICULAR BENEFITS

CHAPTER IV

COMPENSATION FOR VETERANS AND THEIR DEPENDENTS

Veterans' compensation refers to payments made to veterans on account of disabilities incurred during or as a result of service in the Armed Forces, or to payments made to survivors of veterans who died during or as a result of service in the Armed Forces. From early colonial days, provisions have been made for the compensation of disabled veterans. In the following pages, the development of the veterans' compensation system in the United States is traced from its early colonial beginnings.

COLONIAL COMPENSATION

The colonists brought with them from England a well-established tradition of awarding compensation to men who had been disabled in the service of the country. The decay of the feudal system and the dissolution of the monasteries in England had destroyed the sources of support which maimed and disabled veterans previously enjoyed, and had forced the Government to provide compensation for veterans no longer able to support themselves.

The first enactment of this type was in 1592. The system grew until, by the time of the American Revolution, from 14,000 to 15,000 disabled veterans there were receiving compensation. Reasons for providing compensation indicated that it was done because of a sense of national justice, and as an incentive to encourage other men to serve in the armed forces of the nation as need arose.

Although the English compensation system had not been in existence long when the first colonists left England for the New World, the colonists brought the idea with them and various colonies established their own systems. Starting as early as 1636, the Plymouth Colony enacted into law a provision that "if any man shalbee sent forth as a souldier and shall return maimed hee shalbee maintained competently by the Collonie during his life." Virginia Colony enacted an even earlier measure, but the action was not ratified in England before the status of the colony was changed and the enactment did not become operative. Most of the Colonies provided some kind of compensation for their disabled soldiers with the avowed intention of satisfying justice, and encouraging other men to volunteer their services. Massachusets Bay, Maryland, New York, Rhode

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Island, and others passed compensation laws, many of them remarkably comprehensive in scope and coverage.

Study of colonial compensation laws will give a fair idea that in their scope and character they provided much of the experience and precedent back of our national system of compensation. When the Colonies were seeking to secure enlistment in military expeditions against the Indians, or against the French, they promised to care for those who should be disabled and left without means of obtaining a livelihood. The disabled soldier, in order to be eligible for compensation, was required to be incapable of earning a living. A wound or injury would not of itself entitle to compensation. Compensation commonly came to be included in acts organizing militia or in levying soldiers for some particular expedition. Rates of compensation and other details were not always fixed but were left to the process of administration.

Even following the establishment of the Continental Congress and the outbreak of the Revolution, the States did not rely entirely on Congress to provide the relief of their maimed and disabled soldiers. Some of them, particularly Virginia and Pennsylvania, made independent, liberal provision for the compensation of their disabled. Virginia promised full pay for life to all of her soldiers who should be disabled in the Continental Army. The main compensation provisions for Revolutionary veterans, however, were enacted by the Continental Congress. Since the Continental Congress had no independent source of revenue, the efficacy of such compensation enactments depended upon support by the States.[1]

REVOLUTIONARY WAR COMPENSATION

Hardly had the smoke settled on the battlefields of Lexington and Concord when the need became apparent for a system of compensation for the disabled of the Continental Army. Applications for relief began to pour into Congress, but only temporary relief could be given in individual cases. A committee of five Members was appointed to draw up a compensation plan to be submitted to Congress. Four of the five Members of the committee were from States which had already established systems so there was no question as to the committee's reaction.

Disability compensation

The plan which was submitted by the committee and which became law promised half pay for life, or during disability, to every officer, soldier, or sailor losing a limb in any engagement or being so disabled in the service of the United States as to render him incapable of earning a livelihood. Proportionate relief was promised to such as were only partially disabled.

Various changes were made in the compensation system as first established. In 1778, its provisions were extended to cover all disabled men who had fought in the common defense, not just those in

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[1] William H. Glasson, Federal Military Pensions in the United States, 1918, 305 pp. Dr. Glasson's work gives a detailed discussion of military pensions prior to World War I, and a detailed and scholarly account of the political and other influences affecting legislation. See also: Glasson, History of Military Pension Legislation in the United States; and Gustavus A. Weber and Laurence F. Schmeckebier, The Veterans' Administration, 1934, 490 pp. The following discussion is based largely on these references.

the Continental Army. In 1782, all sick and wounded soldiers unfit for any kind of duty could apply for discharge rather than being placed in the invalid corps. These were entitled to $5 a month compensation in lieu of full pay and emolument of $8 a month which they would have received as a member of the invalid corps. A resolution of 1785 established a pattern which was followed for compensation of disabled veterans of the Revolution for 30 years. It set the compensation of a disabled officer at half pay, and that for noncommissioned officers and privates at $5 a month for total disability.

In 1806, Revolutionary War compensation reached its full, comprehensive form. All classes of claimants were included under its provisions, adding to previous coverage volunteers, militia, and State troops. Disability must have been the result of known wounds received in the line of duty, and must have been such as to render the applicant partially or wholly unable to earn a subsistence by manual labor. Desertion was a bar to claim. Rates remained at $5 a month for other than officers; these received half pay. The law was to be effective for 6 years, and was extended by various enactments until 1834.

During the years following 1818, compensation for Revolutionary War veterans became so intermingled with pensions that it is largely impossible to separate them. Men who had been receiving compensation for years suddenly found that they would receive larger payments by switching to the pensions rolls. Still later, men drawing compensation were allowed to continue to draw both compensation and pension.

Administration of benefits

During this early period the administration of benefits to veterans was not well organized. Prior to 1789 there was no centralized administration. Each State appointed officers to examine the evidence of claimants, admit claims, and make the pension payments. Amounts expended were to be deducted from the quotas of money paid by the respective States for support of the Confederation. It was also the duty of State authorities to transmit annually complete lists of compensation cases on the rolls to the Secretary of War, together with information as to the pay, age, service, and disability of each invalid. In 1789 the United States took over the administration of compensation for soldiers of the Revolution. The Secretary of War was given supervision over compensation, but the Congress reserved to itself the control over final allowance of claims.

In 1803, Congress delegated to the Secretary of War the power of final action as to compensation claims, but in 1806 took that power back again. In 1808 Congress took over the compensation claims which remained in the hands of the States, completing the assumption of all claims by the Federal Government. The power to allow claims was returned to the Secretary of War in 1818. In 1828, the administration of the law was placed in the hands of the Secretary of the Treasury; in 1835 it was returned to the Secretary of War and a Commissioner of Pensions was appointed. Finally, in 1849 the Department of the Interior was established and the Bureau of Pensions, with its Commissioner, was transferred to that Department and remained there until the consolidation in 1930 when the Pension Bureau,

the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau were brought under the Veterans' Administration.

As time passed the administration of compensation became more difficult. According to the law, the only basis upon which compensation could be granted was disability directly incurred in the war. A law passed in 1803 extended the benefits of compensation to those who, in consequence of known wounds received in military service, had at any period since the war become and continued so disabled as to render them unable to work. The result was that men were admitted to the compensation rolls on account of disabilities which had no discernible connection with war service. An unsuccessful effort was made to have the Congress change the law and establish a limit to the time during which applications for compensation could be made. The problem did not become a major one in terms of numbers since there were never more than 2,000 veterans on the active compensation rolls. But it was to assume gigantic proportions following the Civil War.

Compensation for dependents

Closely connected with compensation for the disabled, of course, was compensation for the families of those who died in their country's service. Compensation for the dependents of Revolutionary War dead was slow in developing since the widow and the children did not succeed automatically to the deceased veteran's award. Dependents were not provided for in the original legislation granting awards to veterans, but were later recognized in separate acts.

The first provision for widows and other dependents of the slain of the Revolution was made in 1780. This enactment applied only to widows or orphans of officers, and granted the survivors the same compensation the disabled officer was receiving for a period of 7 years. No further action was taken granting compensation to these dependents, but much later widows were included in pension legislation.

Conclusions on Revolutionary compensation

In the establishment of the system of compensation for veterans of the Revolution, there seem to have been few if any extraneous or outside influences at work. A system of compensation, by precedent and practice, was so much a part of the warp and woof of war that it almost established itself. Compensation was provided as a spur to enlistments, and since it was established during the war and before many disabilities occurred, it was considered something to which the men were entitled—something to which they had a vested right.[2] It is surprising, however, that no provision was made for the widows and orphans of soldiers killed in battle.

The period following the Revolution was one of searching for the right system through which to compensate the war disabled and dependents of the war dead. The search was not successful, of course, as quite possibly the search for a perfect system for compensation of service-connected disability and death will never be. No major precedents were established, the colonial system being simply carried

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[2] Particular reference can be had to Robert Mayo, compiler, Army and Navy Pension Laws, and Bounty Land Laws of the United States, 1852, 754 pp. On pp. xi to xxiv particularly, but in other places as well, compensation is referred to frequently as a right, not a gratuity.

forward with only minor variations. The amount of compensation granted was a percentage of the pay of the deceased, and established a link between compensation and the rank of the deceased. This connection was not severed until the passage of the War Risk Insurance Act in 1917.

In general, then, experience with compensation for Revolutionary War veterans and their dependents was inconclusive. It constituted only one further step in the development which had been taking place previously in the Colonies. No definite pattern of compensation was established which one can compare with the precedent which was established in the pension field.

REGULAR ESTABLISHMENT COMPENSATION

The earliest provision for compensation to the Regular Establishment made by the Federal Government was in 1790 (1 Stat. L. 121). This provided for all men of the Regular Establishment, commissioned and noncommissioned alike. Any man disabled while in line of duty in the public service was entitled to compensation. For commissioned officers this amounted to half of his monthly pay and for the noncommissioned officer, private, or musician it amounted to $5 monthly for total disability, and a proportionate amount for less than total disability. This act made no provision for the survivors of those killed in service. An act of 1802 (2 Stat. L. 135) continued the above provisions in force and in addition granted to widows and orphans of commissioned officers half pay for 5 years. No provision was made for the widows and orphans of enlisted men. This remained the fundamental law for Regular Army compensation, except for changes in rates, until the establishment of the general law system in 1862. Except for increases in rates in 1816 (3 Stat. L. 296) the only important change prior to 1862 was a provision of 1836 (5 Stat. L. 7) including the widows and orphans of other than commissioned officers under the compensation system. These were entitled to half pay of the deceased for a period of 5 years from and after his death. Subsequently, the period was extended for additional 5-year periods and finally for life or during widowhood.

Compensation for veterans of the peacetime Army and Navy or their surviving dependents was granted only for disabilities due to sickness or injury incurred in service, or for deaths due to service. Members of the Regular Army or Navy, disabled during a war, received the same compensation and other benefits as nonregulars.

The compensation provisions applying to the Regular Establishment were made applicable to the volunteers who served in the War of 1812, the Mexican War, and the Indian wars.[3]

CIVIL WAR COMPENSATION

The start of the Civil War found the country without adequate provision for its disabled veterans. The opening battles of that war caused the rapid filing of claims at the Pension Bureau by disabled soldiers and by the widows and orphans of the slain. A stopgap provision in 1861 (12 Stat. L. 268) provided that all volunteers who might be

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[3] Glasson, op. cit., pp. 98–107.

wounded or otherwise disabled in the service, should be entitled to benefits conferred on persons disabled in the Regular Army. The old laws contained many uncertainties and discrepancies, however, in their application to members of the Union Army called into service under different acts and proclamations, so the Commissioner of Pensions asked for prompt enactment of explicit and detailed legislation by Congress. This was soon done.

The General Law system

The General Law system which was passed in 1862 (12 Stat. 566) was a general law, the first one of its kind to be enacted in the United States. It applied to all military and naval service on and after March 4, 1861; it extended forward indefinitely into the future. As amended, it covered participants in the Spanish-American War, and was still in effect at the outbreak of World War I when it was replaced for veterans of that conflict by the War Risk Insurance Act.

The act of 1862 provided compensation for officers and enlisted men in the Army, Navy, and Marine Corps including regulars, volunteers, or militia. The claimant for compensation was required to show that his disability, whether occasioned by any wound, injury, or disease, was a dirct consequence of his service with the United States forces and in line of duty after March 4, 1861. The system also provided for widows, children, and dependent relatives of soldiers who died in actual military service, or, after the close of hostilities, from causes which could be directly traced to injuries received or diseases contracted while in military service.

Spirited through not excessive debate in Congress preceded the final passage of the bill on the question as to whether compensation should be graded according to the rank held in the Armed Forces, or whether it should be on a flat rate for all disabled regardless of rank. Those opposed to considering rank in awarding compensation contended that since compensation was being granted in consideration of the "hardships endured, the perils incurred, the sufferings by these soldiers who may be disabled in the service of the country, an expression of gratitude against want" the soldier who lost a leg or was slain should receive no less sympathy and consideration from the Government than the general in the same situation. On the other hand, those who favored considering rank in awarding compensation contended that officers gave up more when they went to war, and when they were killed their families lost more, and so higher compensation should be paid them. With an eye to the possible expense of the compensation system, some maintained that a higher, flat rate of compensation to all totally disabled would increase the cost to such a level that the country could not bear it. Those who favored considering rank won without difficulty.[4]

The act granted compensation from $8 per month for the lowest grade soldier to $30 for a lieutenant colonel or officer of equal or higher rank in all services for total disability.[5] Proportionate compensation was allowed for partial disability. In case of death, the law granted the same pension to dependents as would have been allowed to the

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[4] Glasson, pp. 123–129.

[5] Revised Statutes, 4695, which was derived from the act of 1862, specified rates of compensation for various officers starting with lieutenant colonel and all officers of higher rank at $30 a month for total disability; the rates ranged from $30 down to $10 for specified ranks or offices and provides "and for all other persons whose rank or office is not mentioned in this section, $8 per month." U. S. C. 38, 153.

soldier for total disability. The eligibility among dependents was much wider than it had ever been previously, starting with the widow, or in the absence of a widow with orphan children, and then in order to dependent mother or father, and to dependent orphan sisters or brothers.

While the act of 1862 represented a considerable advance in the coverage of its provisions and in the latitude it allowed among dependent relatives for eligibility for compensation, it made no significant change in the basic philosophy. It continued the former practice of granting compensation for service-connected disability or death at the time the war started. No mention was made of pensions or other types of benefits.

The Commissioner of Pensions and the Pension Bureau immediately found themselves faced with difficulty in interpreting the term "total disability." No definition was given, but the law specified that it entitled the noncommissioned officer or soldier to compensation at the rate of $8 a month for "total disability to perform manual labor." A law of 1866 (14 Stat. L. 56) provided that the same soldier should receive $20 a month (raised in 1872 to $24 a month) for "incapacity to perform any manual labor." The Commissioner described his devices in overcoming the difficulties in rating individuals as follows in his report for 1874:[6]

> The difficulties of the subject (equitably rating disabilities under existing laws) are increased by the fact that under existing law two different degrees of disability, for which rates of compensation differing widely are provided, may be confounded. The act of July 14, 1862, provided compensation at the rate of $8 per month in the case of a private soldier for a total disability for the performance of manual labor. For a disability incapacitating for the performance of any manual labor, the act of June 6, 1866, provided compensation of $20 per month, which was increased to $24 per month by the act of June 8, 1872. The words "total disability" which occur in the act of July 14, 1862, have been construed by this office to mean a total disability for the performance of manual labor requiring severe and continuous exertion. The words "any manual labor" occurring in the act of June 6, 1866, and the act of June 8, 1872, have been construed to include also the lighter kinds of labor which require education and skill. It is believed that the construction given by this office to these acts is in accordance with the intention of their framers; but, as it is difficult to draw a line of distinction between the two kinds of labor, there is to some extent a conflict between the acts referred to, which renders their execution difficult, and the decisions of the office thereunder unsatisfactory to its claimants. If the law could be so amended as to provide more definite standards for the comparison of degrees of disability, the Bureau would be relieved of its greatest source of embarrassment. This office is not at present prepared to suggest a remedy for the manifest difficulty; but in justice to itself the embarrassment from this course ought to be pointed out.

In spite of the plea by the Commissioner of Pensions, the same provisions were extended into the Consolidation Act of 1873 (18 Stat. L. 566) and the difficulties in rating continued.

Liberalization of the General Law

Liberalizations of the general law system started in 1864 before the war was over and continued for many years. Statutory rates for certain permanent specific disabilities of a severe character, such as

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[6] Report of the Commissioner of Pensions for 1874, p. 661. It will be noted that in the report, the Commissioner speaks of the payments being made as "pensions." Prior to 1917, all payments were spoken of as pensions. In this paper, however, current terminology has been used, and payments for service-connected disability (of which the Commissioner is speaking) have been referred to as "compensation."

the loss of both hands or the loss of the sight of both eyes at $25 a month, or the loss of both feet at $20 a month, were established (13 Stat. L. 387) in 1864. The act of March 3, 1865 (13 Stat. L. 499) added the loss of 1 hand and 1 foot at $20 a month and the act of June 6, 1866 (14 Stat. L. 56), added 14 other specific disabilities at varying rates. It is easy to understand the causes which led to the enactment of statutory rates for these disabilities higher than the normal rate for total disability. A shocking injury like the loss of the sight of both eyes or the loss of both hands aroused unusual sympathy for the victim and a sense of national obligation to him. It was felt that the total disability rate of $8 a month was entirely inadequate in such a case. The rates for specific permanent disabilities were increased over a long period of time, as shown in the following table. These specific injuries presented no great difficulties to the Pension Bureau, as they could be treated as exceptions to the normal total disability rate under the General Law.[7] The scope of statutory awards for permanent, specific disabilities, and the progressive liberalizations in rates for the benefit of war veterans and Regular Establishment personnel are shown by the following table:

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[7] It seems possible that the need for such specific statutory awards arose because of loose language and definition in the law. The Commissioner was forced to contend with such language as "manual labor," "skilled labor," and "labor requiring education and skill." Also, "total disability" did not mean complete inability to do anything, but something less than that. It seems possible that because of the sympathy which such cases aroused, the compensation was not on the basis of disability alone, but was also based upon a desire to compensate the man for other losses, such as the inconvenience and pain cost of losing a part of his body.

Statutory rates for permanent specific disabilities

	From July 4, 1864	From Mar. 3, 1865	From June 6, 1866	From June 4, 1872	From June 4, 1874	From Feb. 28, 1877	From June 17, 1878	From Mar. 3, 1879	From June 17, 1880	From Mar. 3, 1883	From Mar. 3, 1885	From Aug. 4, 1886	From Aug. 27, 1888	From Feb. 12, 1889
Loss of sight of both eyes	$25			$31.25	$50		$72							
Total deafness				13.00									$30	
Loss or total disability of 1 hand			$15	18.00						$24		$30		
Loss of both hands	25			31.25	50		72							$100
Total disability of both hands			25	31.25										
Loss of arm at or above elbow			*15*	*18.00*	24					30		36		
Loss of arm at shoulder or so near as to prevent the use of an artificial limb			*15*	*18.00*						*30*	[6] $37.50	45		
Total disability of 1 arm			*15*	*18.00*						*24*		36		
Loss of both arms	*25*			*31.25*	*50*		*72*							*100*
Total disability of both arms			*25*	*31.25*								*36*		
Loss or total disability of 1 foot			15	18.00						24		30		
Loss of both feet	20			31.25	50		72							
Total disability of both feet			20	31.25										
Loss of 1 leg at or above knee			*15*	[7] 24.00	24					30		36		
Loss of 1 leg at hip joint or so near as to prevent use of artificial limb			*15*	*24.00*				[8] $37.50				45		
Total disability of 1 leg			*15*	*18.00*						*24*		36		
Loss of both legs	*20*			*31.25*	*50*		*72*							
Total disability of both legs			*20*	*31.25*								*36*		
Loss or total disability of 1 hand and 1 foot		[9] $20	20	24.00		$36								
Loss of 1 hand and portion of other			*15*	*18.00*						*24*		*30*		
Loss of 1 foot and portion of other			*15*	*18.00*						*24*		*30*		
Regular aid and attendance (1st grade)			25	31.25	50				[10] $72					
Incapacity to perform manual labor (2d grade)			20	24.00						30				
Disability equivalent to the loss of a hand or a foot (3d grade)			15	18.00						24				
Frequent and periodical aid and attendance														

See footnotes at end of table, p. 78.

Statutory rates for permanent specific disabilities—Continued

	From Mar. 4, 1890	From July 14, 1892	From Jan. 15, 1903	From Mar. 2, 1903	From Apr. 8, 1904	From Mar. 3, 1915	From May 1, 1920	From June 5, 1920	From Sept. 1, 1922	From May 5, 1926	From Feb. 11, 1927	From Apr. 27, 1928	From Mar. 1, 1929
Loss of sight of both eyes					$100	(1)		$100		$125		(2)	(3)
Total deafness			$40			(1)						(2)	(3)
Loss or total disability of 1 hand				$40		(1)	[4] $60	60		65	$80	(2)	(3)
Loss of both hands						(1)			[5] $100			(2)	(3)
Total disability of both hands				*40*		(1)	[4] *60*	*60*	[5] 100	*65*	*80*	(2)	(3)
Loss of arm at or above elbow				46		(1)	[4] 65	65		75	90	(2)	(3)
Loss of arm at shoulder or so near as to prevent the use of an artificial limb				55		(1)	[4] 72	72		*75*	*90*	(2)	(3)
Total disability of 1 arm				46		(1)	[4] 65	65		75	90	(2)	(3)
Loss of both arms						(1)				125		(2)	(3)
Total disability of both arms				*46*		(1)	[4] *65*	*65*	[5] *100*	125		(2)	(3)
Loss or total disability of 1 foot				40		(1)	[4] 60	60		65	80	(2)	(3)
Loss of both feet				100		(1)			[5] 100			(2)	(3)
Total disability of both feet				*40*		(1)	[4] *60*	*60*	[5] 100	*65*	*80*	(2)	(3)
Loss of 1 leg at or above knee				46		(1)	[4] *65*	65		75	90	(2)	(3)
Loss of 1 leg at hip joint or so near as to prevent use of artificial limb				55		(1)	[4] 72	72		*75*	*90*	(2)	(3)
Total disability of 1 leg				46		(1)	[4] 65	65		75	90	(2)	(3)
Loss of both legs				*100*		(1)				125		(2)	(3)
Total disability of both legs				*46*		(1)	[4] *65*	*65*	[5] *100*	125		(2)	(3)
Loss or total disability of 1 hand and 1 foot				60		(1)	[4] 90	90		100		(2)	(3)
Loss of 1 hand and portion of other				*40*		(1)	[4] *60*	*60*		85		(2)	(3)
Loss of 1 foot and portion of other				*40*		(1)	[4] *60*	*60*		85		(2)	(3)
Regular aid and attendance (1st grade)	$72					(1)						(2)	(3)
Incapacity to perform manual labor (2d grade)						(1)						(2)	(3)
Disability equivalent to the loss of a hand or a foot (3d grade)						(1)						(2)	(3)
Frequent and periodical aid and attendance		$50				(1)						(2)	(3)

[1] Double pension allowed for Navy or Marine Corps aviation accidents.
[2] Double pension allowed for submarine accidents.
[3] Double pension allowed for Army aviation accidents.
[4] Allowed only for disabilities incurred during Civil War.
[5] Allowed only for disabilities incurred during War with Spain, Philippine Insurrection or China Relief Expedition.
[6] Allowed only for loss of arm at shoulder.
[7] Allowed only if an artificial limb cannot be used.
[8] Allowed only for loss of leg at hip joint.
[9] Allowed only for loss of 1 hand and foot.
[10] Allowed only to those then on rolls.

NOTE.—Rates noted in italics are for disabilities equivalent in degree to disabilities for which rates are provided by law.

Source: Federal Laws Relating to Veterans of Wars of the United States (Annotated), Aug. 1, 1932, S. Doc. 131, 72d Cong., 1st sess.

The appeal of the Commissioner of Pensions for aid in rating disabilities under the law brought about the passage of the Consolidation Act of March 3, 1873 (18 Stat. L 566) clarifying and codifying the law. While the Consolidation Act was mainly for the purpose of simplifying the law, it did make some additions through amendments. It added a $13 monthly rate for total deafness, an $18 rate to be proportionately divided by the Pension Bureau for any degree of disability that should be established for which there was no provision, some additional new rates for specific disabilities, and raised some of the existing statutory rates for specific disabilities.

Rating procedures

More than passing notice must be taken of rating procedures followed by the Pension Bureau, since they were the forerunners of later procedures established for World War I veterans under the Veterans' Bureau. The Consolidation Act established the $18 rate mentioned above, and empowered the Commissioner of Pensions to fix, at his discretion, rates amounting to some proportion of $18 a month for any degree of disability not sufficient to warrant the $18 rate for which the $8 total disability rate did not make provision. Under this provision the Commissioner of Pensions fixed a large number of rates for certain disabilities not specified by law.[8]

The discretionary powers of the Commissioner were later increased by the act of August 27, 1888 (25 Stat. 449), which established a $30 rate for total deafness and authorized the Secretary of the Interior to grant such proportion thereof in cases of partial deafness as he might consider equitable. Nine grades of such rates were established depending upon the degree of deafness. All of these disabilities, even that relating to deafness, were of such a nature that their existence was easily discernible and the rates to be applied were definitely established by law or by the order of the Commissioner of Pensions.

A much more difficult and technical problem arose, however, when compensation claims were based upon the allegation that diseases were contracted in the military service and had gradually caused the disabilities from which the claimants were suffering at the time of application. This field was obscure and uncertain. The granting of compensation, in many cases, depended upon expert medical opinion of the pathological sequence of diseases. Even medical men were frequently in disagreement, and a doubleheaded problem existed. First, the existence of a compensable disability had to be established. After the disability was established, there remained the problem of assigning a rating.

In the case of disabilities stemming from diseases, as with the others, the Commissioner was given authority to fix rates at his discretion, in terms of eighteenths of a disability (18 Stat. L. 566). The rates were based upon the results of medical examinations in terms of disability for the performance of manual labor. They ranged from six-eighteenths to seventeen-eighteenths, according to the degree of disability shown. When a disability was shown in excess of seventeen-

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[8] Examples of such rates are $17 a month for loss of 1 eye, $10 for anchylosis (stiffening) of elbow, $14 for loss of middle, ring, and little fingers, $8 for anchylosis of wrist, $8 for loss of thumb, $4 for loss of index finger, $6 for loss of great toe, $2 for loss of any other toe, and $10 for the loss of all the toes of one foot. See: Laws of the United States Governing the Granting of Army and Navy Pensions, 1916, p. 111. As quoted by Glasson, William H., Federal Military Pensions in the United States, p. 135.

eighteenths, and equivalent to the loss of a hand or a foot, the rate was $24; but if the disability was not the equivalent of the loss of a hand or a foot, it could not be rated over $17, regardless of whether it is more than seventeen-eighteenths. It seems clear that the matter of rating the disability caused by a chronic disease or diseases in terms of eighteenths of the disability for the performance of manual labor equivalent to the loss of a hand or a foot was a very technical and complicated matter. The complexities of the situation were increased by the variations in the character of the work done by the local boards of examining surgeons and by the medical examiners in Washington. Glasson summed up his conclusions in the matter.[9]

> The more a simple-minded layman penetrates into the obscurities of the system the more he is apt to regard the complicated practice of the Pension Bureau as likely to achieve either the arbitrary or the absurd—and sometimes both.

Arrears legislation

The controversial Arrears Act of 1879 (20 Stat. 265) probably created as great a furor as any other Civil War veterans' act ever considered by Congress. The circumstances and events surrounding the introduction, debate, adoption, and amendment of this act constitute a highly dramatic period of legislation activity. Self-interested lobby groups, politicians with careers hanging in the balance, and genuinely solicitous Members of Congress were all embroiled in the extensive and frequently acrimonious proceedings which were widely reported in the contemporary press.

For our purposes the Arrears Act does not have too much significance. It arose because the Congress had said that in order for compensation to be payable from date of discharge (or death, in case of death compensation), application for compensation could be made no more than 5 years following discharge or death. After the 5-year limit had been passed application for compensation could still be made and processed, and the compensation could be paid. Payment could start, however, only at the date of the award—not at any earlier date. The demand arose, stimulated quite largely by claims agents, for the passage of legislation to permit the retroactive payment of compensation from the date of discharge or from the date of death, as the case might be, regardless of the filing date. The prospect of a lump-sum cash payment, which might run into many hundreds of dollars, encouraged many people to file claims who would not have done so otherwise, and certainly placed an added premium upon the use of fraudulent evidence in the establishment of a claim.[10]

Support for the act, other than that motivated by hopes of either financial or political gain, came from those who were sincerely concerned that some men had been prevented in one way or another from completing their claims within the 5-year period, and were thus being deprived of something which should have been theirs in the light of equity and justice. Opponents pointed to the excessive cost of the bill, to the encouragement which it would carry for fraudulent claims and evidence, and opposed it also on principle because the United States had been very generous in its 5-year provision. The act was finally pushed through Congress by the political power of the Grand Army of the Republic under the stimulation of the claims agents. The

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[9] Glasson, op. cit., p. 138.
[10] For a more detailed discussion see Glasson, pp. 148–178.

Senate inserted a cutoff date of July 1, 1880, on applications for compensation for which arrearage could be paid. No accurate figures are available as to the cost of the act, but estimates indicate that it probably ran close to or possibly in excess of $200 million.

An aftermath of this episode can be found in the strict restrictions placed upon the activities of attorneys and claims agents before the Veterans' Bureau and the Veterans' Administration under the provisions of the War Risk Insurance Act and the World War Veterans' Act, as amended.

The passage of the Dependent Pension Act of 1890 removed some of the pressure from compensation for Civil War veterans because in many instances awards under that enactment were more liberal, and many veterans shifted from one roll to the other. This was true in spite of more liberalization which took place in the conditions of entitlement to compensation during the 1880's. To be mentioned only in passing, an act of 1885 (23 Stat. 362) was to have implications for World War I and II developments. This was the first time that the presumption of soundness at the time of enlistment had appeared. This was a simple provision that all men who applied to the Pension Bureau should be presumed to have had no disability at the time of enlistment, but that presumption was rebuttable.

SPANISH-AMERICAN WAR COMPENSATION

Compensation for Spanish-American War veterans caused very little comment and need occupy only a minimum of attention here. The general law system of 1862 was not limited in its operation to the Civil War but was extended indefinitely forward unless and until superseded by another law. The general law system, then, as modified during the 33 years between the Civil War and the war with Spain applied to all who fought in that war, regardless of whether they were emergency soldiers or part of the Regular Establishment.

The requirement of a service-connected disability remained in effect, as always for compensation purposes. The system of rates built up during the intervening period since the passage of the law applied to disabilities incurred in the Spanish-American War. The Pension Bureau was subject to the same difficulties in administering the law, in assigning disability ratings, and in interpreting the law as it had been in the case of Civil War veterans. The veterans of the war with Spain were the beneficiaries of the most generous system of compensation which had been provided for the participants in any of our wars up to that time.

Regular Establishment under the General Law

The general law system of 1862, as codified, consolidated, and revised by the act of 1873, controlled compensation for members of the Regular Establishment and their dependents until July 1, 1933, except for the period from October 6, 1917, to February 9, 1922. For service-connected disabilities, they were eligible for payments varying from $6 to $125 a month, according to the degree of their disability (44 Stat. 396). Widows of persons whose death resulted from disability incurred in service in line of duty received pensions ranging from $12 to $30 a month, with $2 to $6 additional for each minor child under the age of 16 years.

In addition to the above provisions, of course, members of the Regular Establishment were eligible to retire for longevity in service. Retired pay was not considered as either pension or compensation, but was administered directly by the branch of the armed services involved. Retired pay cannot be drawn in full concurrently with compensation or pension.

WORLD WAR I COMPENSATION

Compensation for veterans of World War I was established by the War Risk Insurance Act which attempted to set up a new system of benefits. The act changed the name of payments for service-connected disabilities from "pension" to "compensation," thus showing that such payments were intended as indemnity for loss. This was in line with developments taking place at the time in the field of workmen's compensation.

Except for the change in emphasis and the elimination of rank as a factor in determining the rate of compensation, there was little change in the compensation section of the War Risk Insurance Act from the compensation provisions in the system established in 1862. Even the top rate or total disability (which had previously been payable only to officers but now was payable to every totally disabled veteran) was placed at $30 a month. Extra allowances were provided for specified dependents including wife, children, and dependent mother. Statutory provisions awarding $100 a month for specific disabilities such as the loss of both hands or both feet or both eyes, or for becoming totally blind, were the same as they were under the general law.

In anticipation of difficulties in rating disabilities, the Bureau of War Risk Insurance was instructed to set up a schedule for rating disabilities. The schedule was to represent average impairments in earning power caused by specific injuries or combinations of injuries. In this way, the man who overcame his handicap would not be penalized. He would be encouraged to reenter the labor force by the knowledge that his compensation would not be curtailed or terminated. The pension laws in force previously did not take into account the reduction in earning capacity in civil occupations.

To be compensable, a disability had to be manifested within 1 year after separation from the service unless a certificate had been obtained from the director stating that the veteran, at the time of his separation, was suffering from a condition likely to result in disability. In such a case there was no time limitation. A time limit of 5 years was placed upon the filing of claims for compensation except in case of minors or of persons of unsound mind.

Modifications of the new system

Despite the care with which the compensation provisions of the new law had been considered, two major weaknesses immediately became apparent: One of these was administrative, growing out of the division of functions and authority among different agencies; the other reflected the complete inadequacy of $30 a month for total disability.

The inadequate rates of compensation did not long go unnoticed. Regardless of the adequacy or inadequacy of $30 a month compensa-

tion in 1917, and the fact that compensation was only one item of a package of benefits, there can be no question but that it was inadequate when the disabled veteran returned to his civilian life. Inflation had run a rather fearsome course during the war, so postwar prices made $30 a month look insignificant. Little more than a year following the war's end, on December 24, 1919, compensation rate for total disability was raised to $80 a month for temporary and $100 a month for permanent conditions and rates for partial disability were increased proportionately (Public No. 104, 66th Cong.). Statutory awards for specific losses such as both hands, or both feet, or both eyes, or various combinations of these were established by law. The list of these was enlarged from time to time as new conditions were added. The table in the appendix (facing p. 166) shows the progression which took place in terms of both the number of conditions and the amount of awards.

Liberalizations

Shortly after the war a series of moves began, each of which resulted in liberalization of the requirement of strict service connection for disabilities. The changes fitted into the pattern of development from earlier wars.[11]

A development in 1918 paralleled an 1885 act for Civil War veterans, and established the presumption of soundness of a man when he was accepted into service. When the War Risk Insurance Act was passed, it was supposed that the men entering service would pass the Regular Army and Navy physical examination and would be physically sound and fit. Physical examinations for draftees were hurried, however, and in many instances incomplete. As a consequence, men with physical or mental weaknesses or defects were taken into the Armed Forces. These conditions were aggravated during the war and upon discharge large numbers of veterans applied for financial and medical assistance on this basis. This law was further amended in 1924 (42 Stat. 147) removing from under the presumption conditions made of record at the time of or prior to examination. The impact of the presumption provision is difficut to assess, but it seems likely that it was considerable.

Immediately following the war, disabled veterans had no difficulty in proving service connection of their disabilities. As the time from the end of the war lengthened, it became increasingly difficult to establish service connection for some ailments, particularly tuberculosis and neuropsychiatric diseases. The act of August 9, 1921 (42 Stat. 147) establishing the Veterans' Bureau also established the presumption that any tuberculosis or neuropsychiatric disease developing within 2 years from discharge should be considered to be service connected. This presumptive period was extended to 3 years in 1923 (Public Law 542, 67th Cong.).

Following 1921, continued pressure for liberalization of compensation awards was maintained upon Congress. Some of the liberalizations asked were: To remove any time limit on filing claims; to extend the time and list of diseases for presumptive service connection; to

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[11] For a more detailed discussion see Dillingham, W. P., Federal Aid to Veterans, 1917–1941, pp. 38–57 and 94–105.

revise the schedule of disability ratings; to give any claimant who had recovered from tuberculosis a permanent rating of 50 percent disabled; to repeal restrictions on retroactive awards; to eliminate restrictions on compensation in venereal disease (misconduct) cases; and to liberalize requirements as to evidence which might be presented in support of claims. During this period, the basic laws granting benefits to veterans had become so complicated, overlapping, and conflicting that they were difficult to understand and more so to administer. The demand arose for simplification, clarification, and codification of the laws.

Corruption and maladministration in the Bureau under the directorship of Charles R. Forbes, an investigation by a select Senate committee, the appointment of Frank T. Hines as the new Director of the Bureau, and recommendations by the Legion, the select committee, by Director Hines, and by others, set the stage for the passage of an act to codify, revise, and reenact laws affecting veterans of World War I.[12] This law was World War Veterans' Act of 1924 (Public No. 242, 68th Cong.), which, together with its various amendments, remains part of ruling legislation for World War I veterans. The act contained many provisions, but the important changes in the compensation field were as follows:

1. The interpretation of the willful misconduct clause was relaxed to permit a veteran hospitalized for venereal disease to draw compensation during hospitalization. The previous attitude had been that venereal disease could be contracted only through willful misconduct and, therefore, any veteran suffering from such an affliction had been denied compensation.

2. The presumption of service connection for tuberculosis and neuropsychiatric diseases was extended to January 1, 1925, and paralysis agitans, encephalitis lethargica, and amoebic dysentery were added to the list. The presumption was conclusive for tuberculosis, but for other diseases it was rebuttable by clear and convincing evidence.

3. Any disabled veteran so helpless as to need a nurse or attendant was eligible to receive a $50 allowance over his compensation. Previously this allowance had been restricted to certain enumerated disabilities.

For years the Legion recommended a statutory award of $50 a month for any veteran who could be shown to have had tuberculosis of a compensable degree. The diagnosis of tuberculosis was in elementary stages at the time, and controversy frequently arose over this disease. In 1926, the Legion point of view prevailed and the statutory tuberculosis award was established (Public No. 448, 69th Cong.). Any veteran who could be shown to have had active tuberculosis to a compensable degree (10 percent or more) became eligible for a permanent, total award of $50 a month for life. Doctors were inclined to be liberal in granting compensable degrees of disability for tuberculosis. What the new law meant was that any veteran who could show tuberculosis scars on his lungs was practically assured of the statutory award. Undoubtedly there were some veterans for whom such a law provided a measure of justice which could not be provided otherwise. It is also reasonably sure that out of the thousands of veterans who became eligible for the statutory tuberculosis

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[12] Dillingham, ibid., pp. 14–15.

award, very many had never suffered any disability because of the disease.

The American Legion and the House World War Veterans' Committee advocated the extension of the period covered by legislative presumption to 1930, and the use of lay evidence in presenting claims. A bill passed embodying these principles and various other liberalizing amendments. It was vetoed by President Hoover and the veto sustained. The alternative, as suggested by Director Hines, was the disability allowance provision which had been discussed in connection with pensions. It became law, and did at least solve the problems of those men who became totally disabled from non-service-connected causes.

Economy Act of 1933

Veteran expenditures continued to increase during the early 1930's. The appeals of various economy groups had no influence. Finally, President Hoover, leaving office in 1932, vetoed the appropriation bill for fiscal year 1934 leaving the incoming President, Franklin D. Roosevelt, with the problem of financing the Government. The second act of the new Congress, passed on March 20, 1933, popularly known as the National Economy Act, granted the President power over veterans' benefits which he had requested. This act provided:[13]

> All public laws granting medical or hospital treatment, domiciliary care, compensation and other allowances, pension, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and the World War, or to former members of the military or naval service for injury or disease incurred or aggravated in the line of duty in the military or naval service (except so far as they relate to persons who served prior to the Spanish-American War and to the dependents of such persons, and the retirement of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard) are hereby repealed, and all laws granting or pertaining to yearly renewable term insurance are hereby repealed, but payments in accordance with such laws shall continue to the last day of the third calendar month following the month during which this act is enacted.

The act gave the President the power to establish a new system of veterans' benefits by Executive order.

The National Economy Act applied to veterans of the Spanish-American War, World War I, and the peacetime service. The President was authorized to prescribe rates of pension for disability varying from $6 to $275 per month, and for death varying from $12 to $75 per month. He was directed to determine the date of each war subsequent to the Civil War, and to specify the required number of days of service for entitlement to pensions.

The first series of 12 veterans' regulations issued as Executive orders (Executive Orders Nos. 6089 to 6100, 1933) made the following major changes in regulations governing the granting of compensation for disability or death:

1. Eliminated the term "compensation" and referred to all payments as "pensions."

2. Set up a five-step rating schedule recognizing disabilities of 10, 25, 50, 75, and 100 percent with monthly rates based on an $80 award for total disability. The highest statutory award for the loss of both hands and both feet was $250 per month.

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[13] Public, No. 2, 73d Cong., sec. 17.

3. The basic death benefit for the widow was set at $30, with allowances for children up to the age of 16, and dependent parents, the total not to exceed $75 per month.

4. Statutory presumptions of service connection were eliminated with very few exceptions.

5. The statutory award of $50 per month for life for arrested tuberculosis was repealed. However, the new rating schedule and instructions issued under authority of the act of March 20, 1933, and the Executive orders provided that a person having had active tuberculosis for 6 months or more should be rated as 50 percent disabled for the first 5 years following attainment of arrest, and 25 percent for the next 5 years.[14]

6. A limitation was placed upon the amount of pension a veteran might receive while receiving hospital or domiciliary care.

7. The decisions of the Administrator of Veterans' Affairs were made final and conclusive and were not to be subject to review by mandamus or otherwise by any court.

Other provisions and instructions had to be written, of course, to cover the multitude of rulings, decisions, and instructions under which the Veterans' Administration had been operating.

The immediate result of the first series of veterans' regulations would have been to eliminate all of the non-service-connected cases from the rolls except those who were totally and permanently disabled, and who could meet the income test of $1,000 for a single individual or $2,500 for a veteran with dependents. It had a heavy impact on the service-connected disability cases, also removing many of them from the rolls and drastically curtailing payments to the rest.[15]

Widespread public protest resulted from these reductions in both numbers on the rolls and rates of compensation. Subsequently, amendatory regulations were issued. The last series of liberalizing veterans' regulations was issued on March 19, 1935, the last day on which such authority could be exercised. These amendatory orders were issued to correct inequities which appeared in earlier orders and to put into effect liberalizations in benefits which were voted by the Congress during the 2-year period over which the President was given the power to issue veterans' regulations by Executive order. The regulations in existence on March 19, 1935, became law and could be changed only through legislation.

Restoration

The first reaction from Congress to the original set of veterans' regulations came with the passage of the Independent Offices Appropriation Act, 1934 (Public No. 78, 73d Cong.), on June 16, 1933. After considerable jockeying in Congress, the act was passed, providing that no rate for "directly service-connected disabilities" should be reduced by more than 25 percent except in case of fraud or the like, or misconduct. Death compensation was not to be reduced except in case of fraud or the like. Compensation of veterans of the Spanish-American War was to be protected. Review boards were to be set up to determine whether presumptive service connection in individual cases was to be continued, with all reasonable doubts being resolved in

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[14] Weber, G. A., and L. F. Schmeckebier, the Veterans' Administration, p. 145.
[15] American Legion, 1933 Convention, Proceedings, pp. 225–226.

favor of the veteran. Until a decision was rendered, the veterans with a presumptive service connection were to be continued on the rolls at 75 percent of their former compensation.

The second major step in the restoration of benefits curtailed under the Economy Act came with the passage of the Independent Offices Appropriation Act, 1935 (Public 141, 73d Cong.), April 30, 1934. This act restored service-connected disability compensation to pre-economy rates and restored to the rolls at 75 percent of their former rates the 29,258 presumptives who had been removed by the review boards.

The accomplishments of the Economy Act in terms of compensation were: (1) The presumptives who were removed by the review boards were restored at 75 percent of their former rates; (2) misconduct cases were not restored to the compensation rolls until 1939; (3) those who did not serve during the war, those whose difficulties had existed prior to the war, and those where fraud, misrepresentation or error were involved, were not restored. In the compensation field, the accomplishments under the Economy Act were slight.

The administration of benefits for veterans of World War I and the Spanish-American War was more difficult following 1935 than it was prior to June 30, 1933. Prior to the Economy Act, the World War Veterans' Act of 1924 as amended controlled benefits for World War I veterans, and the Spanish-American War veterans came under the pension laws passed for their benefit, plus some provisions of laws applying to World War I veterans. After 1935, these veterans were again eligible for benefits under their respective laws as before, but they were also eligible for the benefits established under the Executive orders issued from 1933 to 1935. Each veteran could select the law under which he would receive the largest benefit.

Death compensation

Death compensation for service-connected death has run through much of our veterans' benefits history. It is an attempt by the Government to indemnify the dependents of the war dead for the loss they suffered because of loss of the wage earner. This is considered a primary responsibility of the Government, although it has not always been so adequately attended to as disability compensation.

The War Risk Insurance Act provided compensation for the widow of a member of the Armed Forces who died from service-connected causes of $25 a month with allowances for minor children and for a dependent, widowed mother. The total payments on account of any on veteran could not exceed $75 per month. The children, originally, were eligible only until they reached the age of 18, but in 1928, provision was made under which compensation could be continued for a child attending an approved school until he finished his education or until he reached the age of 21, whichever occurred first. Helpless over-age children were covered under certain circumstances.

The only basic changes which occurred in the death compensation laws were those determining rates of compensation and those defining widowhood and the conditions under which the widow must have been married to the veteran in order to be eligible for compensation (Public No. 483, 78th Cong.). The requirements were finally stabilized in 1944 as follows: The widow must have been married to the vet-

eran prior to December 14, 1944, or 10 or more years. Also, no compensation is payable to the widow unless there was continuous cohabitation with the person who served, from the date of marriage to the date of death except where there was separation which was due to the misconduct of or procured by the person who served without fault of the widow.

There was a close connection between compensation for death and term insurance. Many widows receiving compensation were also in receipt of insurance payments for the specified 20-year period. When the husband had carried the full $10,000 of war risk insurance, the widow, in case she was the beneficiary, received payments of $57.50 a month for 20 years. Those widows who were insurance beneficiaries in effect had their compensation payments increased by $57.50 a month. Undoubtedly, there were widows who were not beneficiaries of insurance, and these had to exist on the small compensation payments provided in the law. Starting in 1938 when many of the death awards under term insurance began to expire, a drive to increase the widows' compensation took place. It was raised from its 1935 level of $30 to $40 a month, depending upon age, to $87 with more liberal allowances for dependent children. These allowances now amount to $34 for the first child and $29 for each additional child in the widow's care. This contrasts with the 1917 schedule of $25 for the widow with $10 for the first child, $7.50 for the second, and $5 for each additional child.

WORLD WAR II COMPENSATION

The first major enactment concerning compensation for veterans of World War II and their dependents came on July 13, 1943 (Public No. 144, 78th Cong.), which provided more adequate and uniform administrative provisions for granting benefits to veterans and the dependents of veterans of the various wars and the Regular Establishment. Wartime rates were payable under this act to veterans and the dependents of veterans of World War II under the same conditions as to entitlement as provided for veterans of the Spanish-American War and World War I. The eligibility requirements with respect to presumption of soundness at time of enlistment were liberalized, establishing a presumption of soundness except as to defects noted at the time of examination.

In 1943, members of the Women's Reserve components of the various services became eligible for the benefits available to veterans. Former members of the Women's Army Auxiliary Corps were not given compensation benefits until 1954.

Over the period following termination of the war, and up until the present, the usual process of expansion, clarification, and some liberalization of compensation has gone on. At the present time, briefly, compensation of veterans of World War II with service-connected disabilities is as follows:

Compensation for total disability is $181 per month, with rates for partial disability ranging down to $17 for a 10 percent disability. The totally disabled veteran receives additional compensation for dependents up to a maximum of $91 a month. The veteran who is 50 percent or more disabled receives additional compensation for dependents depending upon his degree of disability. A veteran who suffered specific losses is eligible for statutory award varying from $279 to $420 a

month, depending upon his losses. For example, for the loss or loss of use of both hands, both feet, or 1 hand and 1 foot, the statutory compensation is $279. This is in lieu of other compensation because of a disability rating. Blindness and deafness in varying degrees and combinations also carry specific statutory compensation rates, as does need for regular aid and attendance, and being bedridden.

Arrested tuberculosis carries with it a minimum compensation rate of $67 a month. Arrested tuberculosis is rated as totally disabled for a period of 2 years following date of arrest, 50 percent disabled for an additional period of 4 years, and 30 percent for a further period of 5 years. The permanent rating for arrested tuberculosis may be, after 11 years, 30 percent in the most extreme cases down to zero percent in cases where there is no impairment.

In addition to these statutory awards which are in lieu of ratings under the rating schedule for disability, there is also an award which is in addition to any ratings under the Veterans' Administration rating schedule for disability, or to any statutory rating; this is for the loss or loss of use of a creative organ, 1 foot, 1 hand, or blindness in 1 eye having only light perception. The award for these conditions is $47 a month in addition to other awards. When it is combined with other statutory awards, however, the total award cannot be over $420 a month, plus additional compensation for dependents. The award for the loss of 1 hand, or 1 foot, or blindness in 1 eye goes back to Veterans' Regulation No. 1 (a). The part relating to the creative organ was included under the World War Veterans' Act, as amended, and as reenacted in 1935 for the benefit of veterans of World War I. It was not put into effect for World War II and Korean conflict veterans until June 30, 1952 (Public, No. 427, 82d Cong.).

The delimiting dates of World War II service for compensation purposes are December 7, 1941, and December 31, 1946. Disabilities incurred between December 31, 1946, and July 25, 1947, however, are compensable at wartime rates. For Korean veterans there must have been service on or after June 27, 1950, and before February 1, 1955, to be eligible for wartime rates. Otherwise injuries are compensated for at peacetime rates only, which are 80 percent of the wartime rates.

Presumptive service connection is awarded for chronic diseases of 10-percent degree or more developing within 1 year after separation from active service; active tuberculosis developing a 10-percent or more degree of disability within 3 years after separation from active service, or multiple sclerosis developing within 2 years after separation from active service. Active pulmonary tuberculosis diagnosticated during the fourth year will be held to have preexisted diagnosis for 6 months in minimal cases, 9 months in moderately advanced cases, and 12 months in advanced cases. Tropical diseases also are given presumptive service connection when they develop to a degree of 10 percent or more within a year after separation from active service or at a time when standard and accepted treatises indicate that the incubation period thereof commenced during active service.

Disability is based upon average impairment of earning capacity. The Veterans' Administration Schedule for Rating Disabilities provides for 10 grades of disability upon which payments are based. No payment is made for disability of less than 10 percent, although a service-connected disability of less than 10 percent is significant in determining eligibility for some other awards.

KOREAN VETERANS' COMPENSATION

Except for the instance noted in connection with the delimiting dates of the period of service, provisions for veterans of the Korean conflict are exactly the same as those for World War II veterans. Public Law 28 of the 82d Congress, authorized May 11, 1951, provided that these veterans should be entitled to benefits of medical, hospital, and domiciliary care, burial benefits, and that they and their dependents should be entitled to compensation or pension provided for veterans of World War II.

Compensation to dependents of servicemen who died as a result of their service changed little except, of course, as to dates of service and dates within which the widow must have married the veteran to be eligible for compensation payments. The widow of a World War II veteran must have been married to the veteran prior to January 1, 1957, and there must have been continuous cohabitation with the person who served from the date of marriage to the date of death, except where there was separation which was due to misconduct of or procured by the person who served without fault of the widow. The widow of a Korean veteran must have been married prior to February 1, 1965.

Payments to widows are continued until remarriage or death. Payments to children are continued until the children reach 18 years of age, or if they are pursuing an education, payments are continued after they are 18, but only until completion of the education or until the child reaches age 21, whichever is earlier. For a child who becomes permanently incapable of self-support by reason of mental or physical defect before he reaches 18, compensation continues for the duration of incapacity.

Payments are at the rate of $87 for the widow, $34 for the first child with $29 for each additional child. Payments are provided for children where there is no eligible widow, also for dependent parents. Widow and children do not have to prove dependency, while parents have to prove dependency at the time of application for compensation in order to be eligible. There seems to be no limit to the total payments of compensation which can be made per month on the basis of one death.

SUMMARY OF COMPENSATION

Compensation for service-connected disability or death has run through the entire history of veterans' benefits. It was first established by colonial enactment as early as 1636, and has been provided for the veterans of every war in which the United States has engaged. For earlier wars in particular, when armies were raised by enlistment of volunteers, compensation was used as an aid in the recruitment process by assuring enlistees they would be cared for if injured. When armies are raised by a draft, as for World War I, World War II, and the Korean conflict, compensation does not serve such a purpose. It does, however, serve to relieve the minds of draftees of the dread that they will become objects of charity in case they are so disabled as to be unable to earn their own support.

A consistent pattern appears in the development of compensation benefits following each war. The requirement of service connection was included in each compensation law and was administered without serious difficulty during the years immediately following the war. As

time passed, however, proof of service connection for disabilities appearing long after the war was over became increasingly difficult. Particularly was this true for disabilities resulting from diseases. The tendency was for the requirements for service connection of disabilities to be made less rigorous. Men continued to break down from causes which they considered, rightly or wrongly, were service-connected, and demands continued to be made for their aid. Following the Civil War, the Spanish-American War, and World War I, Congress was eventually faced with the seeming alternative of admitting more men to the service-connected rolls or of providing some other type of aid for the non-service-connected disabled. Following the Civil War, the Dependent Pension Act of 1890 pensioned all disabled veterans; following the Spanish-American War the same action was taken; and following World War I, all of the non-service-connected disabled who could show a disability of 25 percent or more, and need as evidenced by an income test, were given pensions. The National Economy Act and the Executive orders issued pursuant to its authority repealed this liberal provision and substituted for it one which granted pensions only to those who were totally disabled and who were in need. The continuous attenuation which has gone on at times in requirements for eligibility for compensation has at times so narrowed the distance between service-connected and non-service-connected compensation that the two have become almost indistinguishable. Had the bill passed by Congress in 1930, and which was vetoed by President Hoover, been allowed to become law, the distinction between service-connected and non-service-connected disabilities would have been all but eliminated for veterans coming on the rolls after 1925.

The administration of compensation has been beset with many difficulties. There have been fraudulent claims established and paid. There have been difficulties in the interpretation of the law and in translating the conditions of the law into disability awards. There has been pressure exerted upon the administrative agency charged with carrying out the details of veterans' benefit laws to bring about changes in policy in the direction of greater generosity in the treatment of veterans. There have been difficulties in determining the degree of disability of the veteran and the service connection of the disability. Glasson, in closing his discussion of compensation for soldiers of the Civil War, said in part: [16]

> In closing this account of the general law pension system, the emphasis should not be placed upon the difficulties and abuses in administration, but upon the essential justice of the principle upon which the system is based. Those who are called upon to take up arms and risk their lives in the defense of the State ought to be cared for generously in case they are disabled by wounds or other injuries in the performance of their military duties. When soldiers make the supreme sacrifice of their lives in military service, every sentiment of honorable obligation and gratitude approves provisions by the State of pension or other assistance for widows and dependent relatives. * * * In the matter of Civil War pensions, there has been very little objection to a constant increase in the invalid-pension rates. The most serious evils that have arisen have been in connection with the service-pension system described in a later chapter * * *.

Most of the deficiencies noted by Glasson have been corrected, but no human operation is perfect. Accordingly, we must ever be on the alert to prevent new abuses or inequalities creeping into our compensation system.

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[16] Glasson, op. cit., pp. 146–147.

CHAPTER V

PENSIONS

NATURE OF PENSIONS

A veteran's pension is presently defined as a regular allowance made by the Federal Government to one who has been in its military service, or to his widow or dependent relatives, but who suffered neither disability nor death during or as a result of his military service (Public 494, 79th Cong.). A pension is thus differentiated from compensation which is paid to those who suffered disability during or as a result of their military service, or to the widow or dependent relatives of one who died during or as a result of his military service. Pensions have been granted solely on the basis of service of a specified length of time; they have also been granted on the basis of some specified service plus other qualifications such as indigence, inability to perform manual labor, inability to earn a support, disability in some degree incurred after the termination of the war, the attainment of a certain age, or various combinations of all these elements.

Ordinarily, a pension is neither provided nor promised at the time the war is being fought and young men and women are being taken into the Armed Forces, but is enacted years later when the veteran population is advanced in age and reduced in numbers. (Historically, as will be shown shortly, the period between the termination of the war and the enactment of pension legislation has become progressively shorter.) This differentiates between pension and compensation, since compensation laws are always enacted during the period of the war and thus become part of the enlistment contract, or in case of a draft, part of the draft agreement. Legally, of course, Congress may withdraw or reduce compensation, or any other benefit.

A pension is essentially a rear-guard or a backward-looking device. It is enacted as a delayed afterthought many years after the war is over for the purpose of relieving distress from disability or destitution among the aging veteran population. It has been used to show the Nation's gratitude for services performed many years before. In the period prior to World War I during which pensions became firmly established as part of the pattern for treatment of the veterans of our wars, there was no source from which aging veterans could draw aid in the absence of pension provisions other than private charity. Legislators were wont to look with horror upon the prospect of the aging veteran being forced to rely upon private charity during his time of want.

It is the purpose of the next few pages to examine major military pension enactments to determine conditions under which they were enacted, what the provisions were, and what were the results or outcomes of some of the legislation.

REVOLUTIONARY WAR PERIOD

Pension history in the United States starts with the Revolutionary War; prior to that time, colonial provisions for veterans had taken the form of compensation only. Pension history of the Revolutionary War consists of two parts. One of these, the struggle of Revolutionary War officers to obtain, while the war was going on, the promise of pensions of half pay for life was only a passing incident and established no precedent although it did cause much difficulty for the Continental Congress and much furor among the population. The other part, which established the precedent for the pension system, started with the limited service pension legislation of 1818 together with amendatory and liberalizing acts which followed.

Half pay for Revolutionary officers

The demand on the part of Revolutionary officers for a pension of half pay for life grew out of British precedent and out of the conditions under which the war was being fought. General Washington and many of the officers who served under him were aware that officers of the British Army were retired on half pay for life after their service was over. This they considered sufficient precedent for their demand.

From General Washington's standpoint, however, he needed inducements which would help hold his army together, or which would at least hold his officers faithful to their duty. The officers' pay was low, the fiat money issued by Congress with which the men were paid was practically worthless, inflation was taking its toll of what money was available, clothing and other supplies were practically nonexistent, and as a result the officers were suffering from privation and want. From the political standpoint, enthusiasm for the war was considerably less than universal and many men, both commissioned officers and otherwise, heartily wished themselves well out of it. Many officers resigned their commissions, and many others applied for permission to resign. This disaffection among his officers was destroying what little army Washington had under his command, and he sought desperately for something with which to hold it together. The device which presented itself was the half-pay service pension for life.[1]

There was much opposition, both in and out of Congress, to the passage of such legislation. Opposition was based upon several ideas: (1) It would place such a heavy financial burden on the Colonies that they could not bear it; (2) it was an undemocratic precedent for the country; (3) it would render the pensioners themselves in a great measure useless to their country; (4) it was unjust because it was not a matter of contract; (5) it was wrung from an unwilling Congress by what amounted to blackmail, and would not be supported when it came into effect. Pressure upon Congress of the fear that the Army would collapse became so great, however, that a measure was passed on May 15, 1778, providing officers who should serve through the war with half pay for a period of 7 years. On October 21, 1780, the period was extended to life rather than 7 years. On March 22, 1783, the

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[1] The record of this episode in pension history can be found in the following: W. C. Ford, Journals of the Continental Congress; American State Papers; L. C. Hatch, The Administration of the American Revolutionary Army; W. C. Ford, The Writings of Washington; and extensive discussions can be found in William H. Glasson, History of Military Pension Legislation in the United States and Federal Military Pensions in the United States.

Congress adopted a measure known as the Commutation Act, which provided instead of the half pay for life, a payment of 5 years' full pay in money or in securities bearing interest at 6 percent per annum, as the Congress should find more convenient.

The payment of the commuted pension caused difficulty also. The Continental Congress had no money with which to pay, so "commutation certificates" payable to bearer and bearing interest at 6 percent were issued. Intense opposition to the payment of the commutation certificates arose in the New England area, especially in Connecticut, but also appeared in Delaware, New York, and other States. The basis of the opposition was that the people were unwilling to submit to taxing power which would be used to further the establishment of a moneyed, privileged class within the United States. The Society of the Cincinnati, formed by the officers to aid them in obtaining their commutation pay, was the focus of much of the opposition. The New England States were ultrademocratic and on this basis also, opposed the establishment of a special class among the officers.

No provision had been made for paying either the interest or the principal of the commutation certificates, and since the Continental Congress had no money with which to pay, the certificates soon deteriorated in value. Many of the holders sold their certificates for a small fraction of their value. Thus a major portion of the approximately $5 million involved came into the hands of speculators when the certificates were later redeemed, and never reached the veterans at all.

The half pay for officers issue caused such upheavals because of several factors: (1) It was out of line with colonial precedent; (2) it discriminated against enlisted men in favor of officers and thus offended the democratic feelings of many New Englanders; (3) it was proposed during and immediately after the war when many people were concerned with the cost of the war; (4) unstable relationships between the States and the Congress also contributed to the difficulties; (5) the mass of the population took a tremendous interest and a firm stand either in favor of or against the proposition. There has not been any similar proposal advanced during a war since that time.

Revolutionary War pensions

With the exception of the half pay for officers just discussed, all other payments to veterans of the Revolution, prior to 1818, with the exception of certain small bounties paid at the end of the war, were for compensation for the war-disabled.[2]

By 1818, however, the War of 1812 was behind, 35 years had passed since the mustering out of the Revolutionary Army, import duties and sales of public land were bringing large amounts of money into the Treasury, the country was prosperous ,and the feeling seems to have arisen that something ought to be done for Revolutionary War veterans who were in indigence and distress. President Monroe sponsored such a move by his recommendations in his message to Congress

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[2] This summary of Revolutionary War pensions, and also pensions for veterans of the War of 1812, the Mexican War, and the Indian wars is based upon: William H. Glasson, History of Military Pension Legislation in the United States, and Federal Military Pensions in the United States; Gustavus A. Weber and Laurence F. Schmeckebier, The Veterans' Administration; William P. Dillingham, Federal Aid to Veterans, 1917–41; and Reports of the Veterans' Administration.

in December 1817. The belief was expressed that there were only a few of these aged veterans still living and that the financial expense would be nominal.

The feeling in Congress, as shown by the extended debates which took place, was far from unanimous. There seemed to be a general feeling that some relief should be afforded the old veterans, but there was lack of agreement as to what course this should take. Some wished for a service pension based purely upon a minimum of service while others favored a provision based upon "service and poverty." No one knew, and seemingly no one was able to estimate with any degree of accuracy, the number of veterans who would be eligible under such a law. All estimates proved totally inadequate and ridiculously small in view of later developments. One such estimate was less than 1900, but over 18,000 applied. This underestimate was typical of later enactments.

Supporters of the measure pointed complacently to the surplus in the Treasury as evidence that the country could well afford to help the veterans. The burden of their argument was eulogy of the Revolutionary soldiers, praise of their services, descriptions of the privations they had undergone, and an appeal to the gratitude of the country. Actually, veterans of the Revolutionary War did serve under conditions of extreme physical hardship. Their pay was small and in relatively worthless currency. Food, clothing, and medical care were poor or nonexistent. Probably more than veterans of subsequent wars, the veterans of the Revolution inspired feelings of sympathy and of the desire to further reward long and arduous service. Those who opposed the act pointed out that sentiment was a miserable guide for a legislator. Furthermore, a precedent was being established which would eventually cost the country vast sums of money. In this the Speaker, who in that instance was Senator Smith of South Carolina, was correct. Pension laws, more or less similar in nature, have been passed for the benefit of veterans of all subsequent wars, including veterans of World War II and of Korea.

The law of 1818 (3 Stat. 410) provided pensions, with certain restrictions, on the basis of service and need. The rate for officers was $20 a month while that for others was $8. The statute prescribed no method of proof of the claimant's need for assistance, but the regulations of the War Department required his oath and the certificate of the judge before whom his evidence in support of the claim was taken. Such a method of proof opened the door to flagrant abuse and fraud. Men of means were charged with having made themselves out to be paupers in order to receive the benefits of the law. A wave of indignation swept over the country at these abuses. Much of the opposition was centered again in Connecticut, where the opposition to commutation had been so strong. The opposition to the law was strengthened by the fact that in 1819 there was a severe business crisis followed by 3 years of depression.

With the Government forced to borrow large sums of money in order to meet its operating expenses in 1820 and 1821, pressure developed in favor of accomplishing savings through the reduction of pensions. Although Members of Congress felt they were walking on ticklish political grounds in talking about reducing pensions, there was some movement in that direction. A congressional investigation in 1820 resulted in the removal of upward of 6,000 names from the rolls.

This was brought about by the use of stricter standards by which the claimant must prove that he was in need of the aid. By advice of the Attorney General, the Secretary of War held that he had no power to replace on the rolls the names of persons who had been removed because they failed to meet the income requirements, but later because of a decline in their circumstances, became eligible for pension.

By 1822 the financial conditions of the Treasury had been improved, so liberality in the pension field was restored. In 1820, there were some 21,000 names on the rolls. In September 1822, there were approximately 14,500, which number had increased to 17,500 by November 1823, and expenditures in that year amounted to approximately $1,650,000. Continued increases soon carried the list above its previous high point. Thus, the first attempt at economy in pensions ended in failure as another one 113 years later was also destined to end. It seems likely that, in view of the depression of 1820 and 1821, many of the people who had previously fraudulently established eligibility for pensions actually became eligible because of reduced circumstances but because they had been removed from the rolls as ineligible, they could not then be returned to the rolls again.

Continued petitions by Revolutionary War veterans for pensions brought about the passage, in 1828, of legislation to place on the pension rolls at full military pay for life, all officers who had been eligible to receive commutation certificates in 1783. Continued agitation by this group over the years had done much to stimulate interest in pensions. Full pay for life was also given to the noncommissioned officers and soldiers who enlisted for the war and served until its end, and thereby became entitled to receive the reward of $80 promised by the resolution of May 15, 1778. Because so many enlistments were for short durations and few men served until the war's end, those who received this pension probably never exceeded 1,200 in number.

One other major liberalization took place in pensions for Revolutionary War veterans. Starting in 1830, a movement gathered momentum to expand the pension rolls. The Treasury was overflowing with money and the national debt was rapidly being extinguished.[3] The Treasury surplus was beginning to create difficulty and the idea seems to have occurred to many simultaneously that a good means of disposal of this would be to give it to veterans in additional pensions. President Jackson advocated this in his annual message of December 1829, and Congress was not long in introducing legislation to carry out the suggestion.

The same arguments used in support of the act of 1818 were repeated with only minor variations. The estimate in this instance was that there could be no more than 10,000 Revolutionary soldiers living who would come under the terms of the measure; that the cost would not be more than $450,000 a year, and that even that would disappear within 5 years. These estimates were strongly supported by those who advanced them. The number of applicants under the law which was passed subsequently exceeded 32,000. As had happened previously, and was to happen many times in the future, the estimates were grossly inadequate.[4]

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[3] The only period when the Federal Government was not in debt was for a few months at the end of 1835 and the start of 1836.

[4] Glasson, op. cit., pp. 80–83.

Opposition to extension of pension laws came largely from the South and the West. In addition to the philosophical arguments which had been used previously, southern opponents came up with the contention that there was a direct and unholy alliance between the advocates of increased pensions and the advocates of the protective tariff. By beggaring the Treasury through increased pensions, the possibility of tariff reduction would be eliminated. The South, being mainly agricultural and depending upon export markets to dispose of much of its output, felt that the relationship between pensions and tariffs was very clear. This was denied, of course, by the proponents of enlarged pensions.

Opponents were able to postpone the passage of the act for 2 years, but in 1832 a service pension became law (4 Stat. 529). The act extended the full pay for life provisions of the act of 1828 to all survivors of the war who had completed a total of 2 years of service, whether in the Continental Army or in State troops, volunteers, militia, or in the Navy. The long period of service required for full pension indicates a desire to reward long service rather than the mere fact of service in the Armed Forces. Pension was not to exceed the full pay of a captain. Those who had completed less than 2 years of service were entitled to a pension proportioned according to their length of service, but pension could not be paid for less than 6 months of time in the Armed Forces.

The laws were loosely written and made fraud easy to perpetrate. The only thing necessary to prove was length of service. Records of enlistment and service in the State troops, the militia, or the volunteers were generally nonexistent, so service had to be established by other means. Reliance was had on the sworn declarations of the claimant and his witnesses, and much importance was attached to traditional evidence, such as a general belief in the neighborhood that the claimant had been a Revolutionary soldier. Such a tradition might be supported by the evidence of the nearest clergyman and of other persons of character and standing in the community. There is no way of determining what portion of the allowed claims were fraudulent.[5]

The new scramble for pensions caused thoughtful men to question the moral and political effect of the whole pension system in the United States. This became even sharper as widespread frauds under the system were revealed by the report of the Commissioner of Pensions in 1834. Over 51 years after the end of the war, there were 40,000 pensioners on the roll. That a significant number of them were fraudulent cannot be denied. The question was raised whether the practical effects of the system had not been to discourage private industry and to lead a large portion of the people of the United States to look at the Treasury as the unfailing spring from which they were to receive every good. The same question has been raised many times during the pension history of the United States and is no less pointed at the present time than when first raised.

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[5] The House Committee on Revolutionary Pensions in 1834 reported four classes of frauds under the 1832 law: (1) Claims asserted in the names of actual Revolutionary soldiers who were dead; (2) claims in the names of persons not on the Revolutionary Army rolls, and where no such person existed at the time the declarations purported to have been made; (3) cases where the pensioners died after the pensions were granted, and their allowances were drawn by false vouchers; (4) overstatement of the services of claimants in their declarations and in the testimony supporting them.

There were no further enactments of significance with regard to pensions for Revolutionary War veterans except for minor liberalizations. The last veteran pensioner of the Revolution died in 1867—84 years after the termination of the struggle.

Dependents' pensions

One other item remains to complete the picture of the Revolutionary War pensions; this is pensions for dependents of decreased veterans. The first of a long series of acts for this purpose came in 1836 (5 Stat. L. 127). It provided that if any Revolutionary soldier, who would have been entitled to a pension under the act of June 7, 1832, had died, leaving a widow whose marriage took place before the expiration of his last period of service, such widow, so long as she remained unmarried, would be entitled to receive the pension which might have been allowed to her husband, if living at the time the act of 1832 was passed. This law pensioned about 5,000 widows who were wives of soldiers while the Revolutionary War was in progress.

For approximately 40 years after the act of 1836, there was a constant liberalization of the Revolutionary widows' pension laws. The general direction of the liberalization was to recognize widows of later and later marriages, until finally, widows who married veterans at any time were entitled to pensions. Another direction of liberalization was to grant pensions to widows of veterans with shorter service, until finally the widow of a veteran who served as much as 14 days or in any engagement was entitled to a pension. The last surviving widow of a Revolutionary War veteran died in 1906. Even this did not end the story since special pension acts had been passed granting pensions to the daughters of certain of these veterans. The last of these died in 1910.

Summary of Revolutionary War pensions

Because Revolutionary War pensions established precedents, showed patterns, and revealed possibilities for future development, it seems worthwhile to pause a moment to survey the results of this experience. The figures involved, both in terms of money and in terms of individuals, are infinitesimal in comparison with present totals. The amount expended came to approximately $66 million, divided between veterans approximately $46 million and widows approximately $20 million. The manner of keeping records during the early years of the Federal Government makes it impossible to state the exact number of Revolutionary soldiers who were granted compensation, and duplications make it difficult to determine exactly the number of individuals who received pensions. The Commissioner of Pensions reported that between 55,000 and 60,000 individual veterans received pensions, although duplications mentioned may mean that these are slightly overstated. The number of original soldiers' and sailors' claims allowed on account of the Revolutionary War is given as 52,504.

A century of Revolutionary War pension activity and legislation fell into a pattern which has often been repeated. First (apart from pension legislation) compensation was provided for the service-disabled. This was followed by some type of pension. In 1818, a precedent was established for service pensions to volunteer armies by the grant of such pensions to the indigent veterans of the Revolution. A more liberal law was passed in 1832 granting service pensions to

Revolutionary soldiers regardless of income or property. The widows of Revolutionary veterans received pensions first under the law of 1836. As the number of veterans was decreased by death and the number of widows increased, the laws for the benefit of widows were from time to time made more liberal and more inclusive.

Glasson thought he found, as indeed he did, a pattern which pervaded much of later pension history. He concluded:[6]

> However, Revolutionary pension legislation was important for the precedents it established. In miniature, its history shows most of the conditions which surrounded the passage and administration of later pension laws. Conditions of Treasury surplus encouraged the enactment of expensive service-pension provisions, thereby making precedents immensely costly when applied to later wars * * *. As in later days, it was felt that the pensioners and their friends were a political force to be reckoned with. Loose and extravagant legislation brought frauds, public indignation, and attempts at reform. There was a widespread feeling that the pension system had an important influence in lowering the moral tone and lessening the independence of large numbers of citizens. In many cases pension frauds were discovered which involved criminal acts of a grave character on the part of persons who had been respected and trusted. There were indications that many more frauds were committed than came to light * * *. As a whole the experience of the country with the Revolutionary pension laws should have furnished much valuable guidance and warning in the framing and administration of Civil War pension laws, but, as a matter of fact, this early experience was practically ignored.

WAR OF 1812, MEXICAN WAR, AND INDIAN WAR PENSIONS

Pension legislation for the veterans and the dependents of veterans of those three wars followed the same pattern as pensions for Revolutionary War veterans, and no extended or detailed discussion of them is necessary.[7] Only the highlights will be touched upon to show how closely they conformed. Indeed, the earlier pattern was the precedent upon which the later laws were based.

War of 1812 pensions

Approximately 286,000 troops took part in the War of 1812, which terminated in 1815. Revolutionary War veterans had to wait only 35 years for their limited pension and 49 years for their full service pension. The veterans of the War of 1812 never received a limited pension and were forced to wait 56 years for their full service pension. The usual controversy between those who favored and those who opposed such a pension went on for some time in Congress.

The pension law for veterans of the War of 1812 as passed in 1871 (16 Stat. L. 411) required 60 days of service, honorable discharge, loyalty to the Union during the Civil War, and granted pensions at $8 a month. There was no income limitation. The number of potential pensioners was underestimated as usual. About 25,000 persons made claim as veterans.

The same law provided that the widow who had been married to the veteran prior to the treaty of peace and who had not remarried was eligible for the same pension as her former husband would have been had he been alive. This rate was $8 per month.

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[6] William H. Glassen, Federal Military Pensions in the United States, p. 96.

[7] See: William H. Glasson, Federal Military Pensions in the United States, pp. 108–119; and Gustavus A. Weber and Laurence F. Schmeckebier, The Veterans' Administration, pp. 30–39, for detailed discussions of this period in our pension history.

Almost immediately greater liberality was urged for both veterans and widows. This was achieved in 1878 (20 Stat. 27) when the time of service was reduced to 14 days or action in any one engagement; the requirement of loyalty to the Union during the Civil War was abandoned, and any limitation on the date of marriage as a requirement for eligibility for widow's pension was eliminated. The reduction to 14 days' service in the requirements for eligibility for pension shows the abandonment of the "long and arduous" service idea. The liberalization of 1878 was almost entirely for the benefit of widows since the ranks of the veterans of that war were being reduced very rapidly by death. The only further action taken on pensions for either veterans or dependents consisted of a steady upward revision of rates. Starting with the $8 per month originally provided, the rate finally reached $50 per month in 1926.

The last veteran of the War of 1812 died in 1905, 90 years after the end of the war. The last pensioner of the War of 1812, the daughter of a veteran, who was drawing a pension by special act died in 1947—132 years after the end of the war. Total disbursements amounted to slightly over $46 million, divided between veterans and dependents as follows: Veterans, $14 million; dependents, $32 million. These relatively small expenditures are accounted for by the long period which was allowed to elapse before service pension legislation was enacted.

Mexican War pensions

The Mexican War ended on May 30, 1848, with approximately 78,000 men seeing service. Pension legislation for veterans of the War of 1812 gave impetus to the pension movement for the veterans of the Mexican War, who were forced to wait only 39 years before receiving their service pension in 1887 (24 Stat. 371). The law required 60 days of service, an honorable discharge, and either an attained age of 62 or a disability equivalent sufficient to entitle the individual to a pension. The pension rate was $8 per month. This was a limited service pension; not a full pension and applied to widows. A veteran who incurred his disability while voluntarily engaged in opposing the United States Government during the Civil War was not eligible, but there was no requirement of loyalty during that war.

As with previous pension patterns, a constant liberalization of both rates and conditions of entitlement followed. Pensions for veterans were raised to $65 a month in 1926. The last veteran pensioner died in 1929, 81 years after the end of the war. Widows' pensions were increased in like manner, and on June 30, 1954, 10 were on the rolls at a rate of $52.50 per month.

Expenditures for pensions on account of the war with Mexico approximate $56 million. This was significantly larger than the expenditures on account of the War of 1812 although there were less than a third as many men involved in this war as in the other. At least part of the explanation of this lies in the fact because of earlier enactment of pension legislation, the veterans of the Mexican War enjoyed some 18 years more of pension benefits.

Indian wars pensions

The United States engaged in a series of wars, skirmishes, running engagements, and various other types of activities against hostile Indians over a period which ended shortly before the close of the 19th

century. In total many thousands of men took part in the Indian wars although many of the campaigns were very brief occupying no more than a few days or weeks. Pensions for the veterans of these wars were finally provided in 1892 (27 Stat. 281), but the act specified that the benefits should not apply to any Indian wars later than 1842. Thus, once again, the period of waiting was a long one.

The act, which included widows, required 30 days of service in specified Indian wars between 1832 and 1842, and an honorable discharge. Service could be proved by any satisfactory evidence, and loyalty during the Civil War was not required. The rate of pension was $8 per month during life.

Successive enactments included later Indian wars up to 1898. The rate of veteran pension was raised periodically and is now $101.59 or $135.45 if in need of aid and attendance. On March 31, 1955, there were 195 living veterans of the Indian wars on pension rolls, and the dependents of 1,298 veterans were receiving pensions at a rate of $40.64 a month for a widow under age 70, a rate of $54.18 a month for a widow 70 or more, and a rate of $67.73 a month for a widow who was the wife of the veteran during his service, with additional allowances in each case of $8.13 for each eligible child. Total expenditures to June 30, 1954, amounted to $102,276,266, almost evenly divided between veterans and dependents.

CIVIL WAR PENSIONS

The Civil War which ended in 1865 was a war of massed armies, with some 2,200,000 men enrolled in the Union Army, and figures quoted in congressional debate on pension measures for veterans of that war indicate that some 800,000 were disabled by wounds or disease.[8] Accordingly, numbers were much more important than in previous wars with respect to the amount of money involved, the number of individuals who would be covered, and also, on the political side, by the size of the soldier vote. Pension laws for Civil War veterans, thus, were much more significant than those for the benefit of veterans of the War of 1812, the Indian wars, or the Mexican War, all of which were passed within the same general period.

Part of the background for the first Civil War pension act grew out of the difficulty veterans experienced in substantiating their claims for compensation. Fifteen, twenty, or twenty-five years after the war, many veterans were completely disabled and unable to earn their own support from causes which they were convinced originated in the war. It was not possible, however, for them to prove any service connection. (The same set of circumstances was instrumental in producing pension legislation for World War I veterans in the form of disability allowance in 1930.) These disabled men, of whom there were several thousand, were existing in almshouses, jails, flophouses, and other similar institutions. There was an understandable desire to do something to aid these disabled, destitute survivors of the war, and to keep them from being public charges and from having to lean upon "the frigid bosom of public charity."

Another part of the background for the Dependent Pension Act lay in the existence and activities of two groups: The pension claims agents and the Grand Army of the Republic. This aspect of pension

[8] Congressional Record, v. 19, pt. 2, March 8, 1888, p. 1865.

history has been ably developed by Glasson [9] and more recently by Dearing.[10] Since it has been alluded to elsewhere in this report, it will not be pursued further here.

The law which was passed in 1890 after a decade or more of political jockeying and maneuvering was called the Dependent Pension Act of 1890 (26 Stat. L. 182). As the name would indicate, it was not a pure service pension since it contained the provision that to be eligible, the veteran must demonstrate himself unable to perform manual labor to an extent that would preclude his earning a living. Three lesser conditions also attended eligibility for this payment, viz, at least 90 days of military service during the Civil War, an honorable discharge, and a disability not the result of his own vicious habits which rendered the veteran incapacitated for manual labor. The pension rate varied from $6 to $12 a month depending upon the degree of inability on the part of the veteran to support himself.

Arguments on both sides were long and vicious, many sharp interchanges being recorded in the congressional debates. Those supporting the act contended (1) that the Government owed all it could pay within reason to these veterans; (2) that the surplus in the Treasury justified anything which could be done; (3) that the country had been niggardly in its treatment of veterans; and (4) that it would encourage volunteers in case of another war when dependence would have to be had on the volunteer soldier. Those opposing the legislation contended, (1) that frauds and abuses always accompanied such legislation; (2) that the cost (as had been the case in previous pension enactments) would be far in excess of anything its supporters estimated; (3) no distinction was made as to length of service, financial status, or other income background; and (4) eligibility depended solely on disability to perform manual labor to an extent sufficient to earn a living. Ability to earn a living in some other manner than by manual labor was not considered in determining eligibility.[11]

The dependent pension law fits in quite well with the pattern of pension development which has emerged in this country over the past 175 years. The time which elapsed between the war and pension without regard to service-connected disability was shortened from what it had been in any previous war. In this instance it was only 25 years, while the shortest prior case was 35 years for the veterans of the Revolution. The law was loosely drawn which made it subject to abuse; as for example, while it was aimed to alleviate the distress of those who were indigent and incapable of supporting themselves, the only measure established in the law was that of ability to earn a living by manual labor. There was no provision to prevent those with substantial incomes from applying for and receiving dependent pensions under the act.

In characterizing the law, Glasson says: [12]

> For the favored class, the act of 1890 provided what was practically a species of paid-up insurance against bodily disability of a permanent character caused by accident or chronic disease. The premium was a service of 90 days or more during the Civil War.

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[9] Glasson, William H., Federal Military Pensions in the United States, pp. 148–268.
[10] Dearing, Mary R., Veterans in Politics, Story of the G. A. R.
[11] 84th Cong., 1st sess., House Committee Print No. 171, pp. 69–73.
[12] Glasson, op. cit., p. 236.

At a time when there were no workmen's compensation laws, no social insurance, no protection for the individual against the hazards of life, the veterans of the Civil War had obtained for themselves practically complete protection against loss of income because of physical disability regardless of its cause. It is small wonder that the veterans were pleased.

Although the law made no provision for age, the Commissioner of Pensions, in effect, made it so in 1904 when he ruled that a claimant who had passed the age of 62, if he met all other qualifications, would be adjudged to be one-half disabled and entitled to be rated at $6 a month.

The law applied to widows of deceased veterans as well, and allowed those who could qualify under the law a pension of $8 a month. The widow of a veteran who served 90 days or more, and who was honorably discharged, was entitled to pension without regard to the cause of the veteran's death provided that she was married to him before the date of the act and that she was dependent upon her own daily labor for support. An additional allowance of $2 per month was made for each child under the age of 16.

Following the usual pattern, after the act of 1890 was on the books, there began a series of liberalizations. On May 11, 1912, Civil War pensions were placed on a combination basis including both length of service and age (37 Stat. L. 112). The top pension was $20 per month, which was raised to $30 by an act of 1912 (37 Stat. 112). Successive increases in the rates followed until the rate at present is the same as for Indian War pensioners, $101.59 per month, or for the veteran in need of constant aid and attendance, $135.45.

Pensions for widows of Civil War veterans have been increased from time to time until the maximum rate currently being paid amounts to $67.73 for the aged widow who was the wife of the veteran during his service.

Civil War pensions payments have largely been completed although not finally so. One doughty veteran of that war still survives 90 years after the termination of the conflict, and on April 30, 1955, there were 5,546 death pensioners still on the roll. Total expenditures for pensions and compensation on account of the Civil War to June 30, 1954, amounted to $8,183,440,651, but there is no division of this among veterans and dependents.

SPANISH-AMERICAN WAR PENSIONS

The first statute providing pensions for veterans of the Spanish-American War, the Boxer Rebellion and the Philippine Insurrection (which will hereafter be included under the simple title of "Spanish-American War") was enacted in 1920 (41 Stat. 982–93), 18 years after the close of the war. One item peculiar to this situation was that the Pension Bureau required the veteran to show by hospital records that he was sick or wounded while in service in order to qualify for compensation.

Various arguments in support of the bill were advanced, some of which were new in pension history. Legislation was justified on the basis of the material gain to the United States and the excellence of the record of the Armed Forces in the war. It was the Nation's duty

and privilege to return in some measure to these men who had given their all for their country. Food and living conditions in the camps and on the battlefields were horribly bad, and the death rate in training camps was over three times as high as it was in similar camps during World War I. Finally, a dramatic appeal was made that this was the war which helped bind up the wounds and heal the scars left by the Civil War since this was the first time the sons of the North and the sons of the South had marched into conflict together.[13]

Opponents of the bill were few but vocal. Opposition was voiced because the bill discriminated in favor of Spanish-American War veterans and against those of World War I. Mr. Sam Rayburn of Texas opposed the setting up of a special class of people. If a man was to receive disability pension because he was a veteran, then all disabled men ought to be treated the same. Alarm was voiced over the increasing trend toward dependence upon the Federal Government and the state of mind which such dependence engenders.

The act which was passed (41 Stat. 982) was a combination of age and disability pension. It required 90 days of service, an honorable discharge, and either a disability which incapacitated the veteran from earning a support by manual labor or the attainment of age 62. The disabilities could not be the result of his own vicious habits. Pension rates varied from $12 to $30 a month depending upon the degree of disability as determined by the Commissioner of Pensions. At ages 62, 68, 72, or 75 years, the veteran became eligible for a pension of $12, $18, $24, or $30, respectively.

The first liberalizing enactment was that of May 1, 1926 (Public Law 166, 69th Cong.) which raised pension rates to a range of $20 to $50 depending upon age; another was the act of June 2, 1930 (46 Stat. 492–93), which increased pension rates to a maximum of $60 for 75 years of age, and established a new rate of pension for 70 days of service. The requirement that disabilities not be the result of the veteran's own vicious habits was eliminated. President Hoover vetoed the bill which both Houses of Congress had passed unanimously. After some flaming oratory in the Congress, the bill was passed over the veto with no difficulty.[14]

The Economy Act (Public No. 2, 73d Cong.) enacted March 20, 1933, repealed existing pension provisions, but the laws pertaining to Spanish-American War veterans which were in force on March 19, 1933, were reenacted by section 30 of Public No. 141, 73d Congress, approved March 28, 1934 (48 Stat. 525), and Public 269 of the 74th Congress.

Other legislation for Spanish-American War veterans has been largely only of a liberalizing nature and has not made any significant changes in conditions of entitlement. Rates have been raised until at present, the veteran of this war who served 90 days or more receives $101.59 if he was discharged under conditions other than dishonorable. If he is shown to be in need of the aid and attendance of another person, the pension is $135.45 monthly. Lesser monthly rates of $67.73 and $88.04 are authorized under the same conditions for veterans who served 70 days or more but less than 90 days. On April 30, 1955, 60,685 of these veterans were on the pension rolls.

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[13] 84th Cong., 1st sess., House Committee Print No. 171, pp. 81–88.
[14] Ibid., pp. 88–95.

No special provisions were made for pensions for widows of Spanish-American War veterans until 1918, when they were made eligible for pensions of $12 monthly, plus allowances for dependent children, subject to an income limitation of $250 a year (40 Stat. 903). These pension rates were increased and the terms made somewhat more liberal in 1922 (42 Stat. 834) and following years. The process continued until presently, the widows of these veterans are receiving $54.18 a month, or $67.73 for a widow who was the wife of the veteran during service, with $8.13 additional for each eligible child. On April 30, 1955, there were 80,732 widows of Spanish-American War veterans on the pension rolls.

Expenditures to June 30, 1954, on account of the Spanish-American War amounted to slightly over $3.5 billion with about $2.75 billion going to veterans and the balance to dependents.[15]

The Spanish-American War terminated the period when pensions formed the basic part of the plan for the aid and benefit of veterans. Looking back over the period, a definite pattern can be seen. There was little or no effort to help the veterans readjust themselves to civil life and no attention was given to medical care or rehabilitation of the disabled. The whole idea was that of a rear-guard action designed to help the veteran when old and disabled.

The arguments which were advanced from time to time over the entire period were basically similar. They stressed the debt of gratitude which the Nation owed to the elderly veterans who, in the bloom of their youth and strength had offered their all in defense of freedom or in an effort to prevent the destruction of the Nation. The Treasury was in a position to afford temporary drafts in payment of veterans' benefits, but despite frequent claims and estimates to the contrary, once these benefits were established, they were remarkably expensive and continued for many years. Some proponents of pension laws contended that the Nation owed the veterans a debt to come to their aid whenever they asked for aid.

Arguments on the other side opposed pension enactments because of the expense and predicted dire consequences to the economy. The program was expensive but the predictions of financial ruin never came true, because the country was growing and could absorb the burden. Opponents appealing for logic in the establishment of pensions pointed out that sentiment was not a good basis for legislation. The predictions of opponents of pension enactments were more often proven to be correct in the light of future developments than were those of the supporters.

WORLD WAR I PENSIONS

World War I veterans have not yet had pensions granted to them on the basis of service alone. They do receive, however, pensions based upon minimum service, disability, and need as evidenced by an income limitation. The establishment of this pension in part followed the previous pattern and in part only.

Disability pensions for World War I veterans came only 12 years after the end of the war, thus following the pattern of continued liberalization of this type of benefit by providing it within shorter

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[15] Veterans' Administration, 1954 Annual Report, p. 208.

and shorter periods. The program grew out of a situation quite similar to that which gave rise to the Dependent Pension Act of 1890. Many veterans had broken down and become disabled from diseases which they were convinced were caused by service, but for which it was impossible to establish service connection. Out of this situation grew a compromise bill providing what was called disability allowance, which amounted to a pension for non-service-connected disability.

The act of July 3, 1930 (Public 522, 71st Cong.), provided that any veteran who had served 90 days or more during World War I, who had a 25 percent or more permanent disability not the result of service nor of willful misconduct, and who was exempt from the payment of Federal income tax during the preceding year would be eligible to receive a pension. Four degrees of disability were recognized: 25, 50, 75, and 100 percent; and for these respective degrees of disability the rates of pension were $12, $18, $24, and $40 monthly. This was the first time such a pension law had been passed during a period of depression or financial stringency. There was no surplus in the Treasury, although at the time the bill was passed the Treasury was not borrowing heavily.

The law became effective immediately upon passage. The underestimates of the number eligible were not surprising in this instance since the depression of the time had made many eligible who would otherwise have been eliminated by the income limitation. Within about 2½ years of the passage of the act, pensions were being paid to almost 441,000 veterans.

Public No. 2, 73d Congress, the so-called Economy Act enacted March 20, 1933 (48 Stat. 8), repealed the enactment of July 3, 1930, effective June 30, 1933, and substituted more stringent conditions. It was necessary, under this act, for veterans to meet the requirements of Veterans Regulation 1 (a), part III, promulgated by the President pursuant to the authority contained in the Economy Act, in order to continue in receipt of disability pensions. The conditions precedent to entitlement thereunder were 90 days of service, part of which must have been during the war period, or, if less than 90 days, a discharge for disability incurred in service in line of duty; an honorable discharge; permanent and total disability not the result of his own misconduct and annual income not in excess of $1,000 if the veteran was unmarried, or not in excess of $2,500 if the veteran was married or had minor children.

In 1944 (58 Stat. 230) the rate was increased to $50 monthly with the provision that the rate should be increased to $60 monthly when the veteran was 65 years of age or had been rated permanent and total and in receipt of pension for a continuous period of 10 years. Discharge or release under conditions other than dishonorable was allowed. By 1946 (Public Law 662, 79th Cong.) the rates were raised to $60 and $72. Shortly thereafter, the income limitations were raised to $1,400 for a single individual and to $2,700 for a veteran who was married or had dependents. Currently, veterans otherwise eligible for pensions are entitled to basic rates of $66.15 or $78.75 monthly, and to $135.45 monthly when in need of regular aid and attendance. To June 30, 1954, expenditures for pensions to World War I veterans had amounted to slightly over $2 billion.[16]

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[16] Veterans' Administration, 1954 Annual Report, p. 209.

Widows' pensions

Death pension for World War I widows was not enacted when the "disability allowance" was authorized, but was delayed 4 more years until 1934. The act (Public 484, 73d Cong.) required a 30 percent service-connected disability on the part of the veteran and death from neither misconduct nor service-connected causes to entitle the widow to pension. An income limitation barred from eligibility anyone who had paid Federal income tax the preceding year, and the limiting date of marriage was July 3, 1931. Pension for the widow was $22 per month with allowances for children in addition. Total pension was limited to $56 a month.

A series of liberalizations in the requirements for eligibility for widow's pension took place during the following years. In 1936 (Public 844, 74th Cong.) dependents of presumptive and misconduct cases were made eligible. In three steps from 1937 to 1939, the requirement of a specific degree of service-connected disability on the part of the veteran was removed, and for it was substituted the requirement that he must have a disability which would have been compensable had it been in sufficient degree. In 1944 (Public 483, 78th Cong.), any requirement of service-connected disability on the part of the veteran was removed. The date of marriage was fixed as "prior to December 14, 1944, or 10 or more years to the person who served; continuous cohabitation from date of marriage to date of the veteran's death was required except where separation was due to misconduct of or procured by the veteran without fault of the widow." The pension rate for the widow is $50.40 with allowances for children, with an income limitation of $1,400, for a widow alone or $2,700 for one with dependents. To June 30, 1954, almost $1.2 billion had been expended for widows' pensions for World War I.

WORLD WAR II AND KOREAN CONFLICT PENSIONS

Pensions to World War II veterans were provided on the same basis as those for World War I veterans in 1944 (Public 313, 78th Cong.). Under this act, the provisions of paragraph I (f), part III, Veterans Regulation No. 1 (a), as amended, was made applicable to World War II veterans. Rates of pension are $66.15 per month for permanent total disability; $78.75 per month for permanent total disability and receipt of a pension for 10 years, or attainment of age 65; and $135.45 per month for permanent total disability, requiring regular aid and attendance.

Pensions to veterans of the Korean conflict were provided on May 11, 1951 (Public 28, 82d Cong.), when the laws providing pensions (and some other benefits) for World War II veterans were made applicable to veterans of the Korean conflict. Amendments since that date have applied to veterans of World War I, World War II, and the Korean conflict.

Pensions to widows of World War II veterans were provided also on May 27, 1944 (Public 312, 78th Cong.), with limitations, of course, as to the date of marriage, and the period of service of the veteran. To be eligible for a pension, the widow of the World War II veteran must have been married to the veteran prior to January 1, 1957. Continuous cohabitation is required as for World War I. Also, in order for the widow of the World War II veteran dying of non-service-

connected causes to be eligible for pension, the veteran must be receiving or be eligible to receive pension, compensation or retirement pay for disability, or he must have had at the time of his death a service-conected disability for which compensation would have been paid if 10 percent or more in degree. Pension rates are the same as for World War I widows.

Pensions to widows of Korean conflict veterans dying of non-service-connected causes are the same as those for World War II widows. Public No. 28 of the 82d Congress made the laws providing pensions (and certain other benefits) for World War II veterans applicable also to veterans of service on and after June 27, 1950, and prior to February 1, 1955. To be eligible for the pension, the widow must be married to the veteran prior to February 1, 1965.

SUMMARY

Some type of pension has been provided for the veterans of every war in which the United States has engaged starting with the Revolution and continuing through the Korean conflict. These pensions were not on the basis of disability arising from either disease or injury suffered as a result of military service. They were based for Revolutionary War veterans on the idea of reward to the veteran for long and arduous service performed under difficult conditions during a war. Later, the long and arduous service idea was dropped from pension legislation, and the basis of pension seems to have been to aid the veteran who was unable to reestablish himself upon his return to civilian life well enough that he was able to compete with his non-veteran contemporaries. In this way, the pension was a backward-looking device, designed to remedy a situation which might have been prevented by some earlier action, such as an effort to aid the veteran with his problems of readjustment. Now that readjustment benefits have been made available to veterans to aid them with the problems of reentry into the civilian economy, the philosophy of pensions may have to undergo another change.

Precedent for pensions was established during an earlier, simpler era when no social-security program existed and when the individual was forced to make provisions for his old age through his own personal efforts. In these latter days, pensions continue to be provided under various circumstances for veterans of our wars in spite of the fact that the economic and social conditions which prevailed previously, and which brought pensions into existence, no longer exist.

A definite pattern of liberalization in conditions of eligibility for pensions has appeared following various wars, and a second pattern of a decreasing time period following the war before the passage of pension legislation. Pensions for World War I veterans have been liberalized. This was brought about by Extension Five of the 1945 Veterans' Administration's Disability Rating Schedule issued by the Administrator of Veterans' Affairs on October 7, 1948, which provided that the veteran who upon reaching 65 years of age and showing a 10-percent disability and unemployability should be considered totally disable for purposes of disability pension. The effect of this provision is determined quite largely by the methods used for determining employability since almost any man of 65 will have some disability which can be rated at 10 percent or more.

The progressive shortening of the period elapsed between the end of the war and the passage of pension legislation has gone on steadily. The first Indian Wars pension was delayed 50 years after the end of the war to which it applied; the Civil War, 24 years; the war with Spain, 18 year; World War I, 12 years; World War II, about 3 years after the war started, and before it ended; and Korean conflict, less that 1 year after the war started.

CHAPTER VI

GOVERNMENT AIDS TO LAND ACQUISITION BY VETERANS

During its early history, the United States Government followed the practice of giving the men who served in its Armed Forces bounty land grants as part of their reward for service to their country. In some instances the land bounty was provided before enlistment, and was used for the purpose of encouraging enlistment and continued service in the Army; in other instances it was used as a means of remunerating veterans for their service in the Armed Forces. More commonly, however, the grant was made sometime after the service was completed, and thus was a gratuity rather than a matter of agreement.

The justification for Revolutionary land grants can be found largely in the conditions under which the war was conducted. The infant Republic and the States went into the war without making provision for finances, arms, munitions, or other supplies for the Army. Political opinion and loyalties were divided; fiat money with which troops were paid became worthless and drove prices to unprecedented heights; members of the Armed Forces, both officers and men, were underfed, poorly clothed, and badly supplied, and many of them heartily wished themselves well out of the war. Since the Continental Congress had no money and at the time no prospects of getting any, it gave what it had at hand, which was a claim against some of the vast reaches of public land which lay to the West.[1]

In addition to encouraging men to enlist and to remain with the Armed Forces until the end of the war, the use of land grants can be attributed also to a desire to reward men for their military service. Free land was given somewhat as a substitute for monetary emoluments which the Revolutionary government was not in a position to provide. Also, the French and Indian Wars had only recently ended and people were extremely conscious of the Indian menace. Settlement of the frontier was considered desirable as a defense measure.

In practice, bounty-land warrants did little to accomplish the ends for which they were used. In many instances, they merely became the basis for speculation in public lands which was rife throughout much of the 19th century. That is, veterans disposed of their entitlement as rapidly as possible, which meant almost inevitably that they came into the hands of speculators. The Commissioner of the General Land Office, Joseph S. Wilson, in a letter to Congressman George W. Julian, chairman of the House Committee on Public Lands, wrote:

> The files and records of this Office show that not 1 in 500 of the land warrants issued and placed in the hands of the soldiers or their heirs have been located

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[1] The following discussion is based upon a General Land Office report, Government Aids to Land Acquisition by War Veterans, mimeographed.

by them * * * the most part having been used by persons to acquire title to public lands for speculation purposes.[2]

The precedent which had been established during the War of the Revolution was carried on through the War of 1812 and the Mexican War. Land bounties were given to the veterans of all of these wars in spite of increasing sentiment in opposition to such action.

The bounty-land system was irregular in its provisions and no less so in its administration. During early years its administration was shunted about from one agency to another. Those involved included the Secretary of the Treasury, the Secretary of War, the Congress itself, the United States district courts, and the Secretary of the Navy. When the Department of the Interior was created in 1849, the administration of bounty-land warrants came under the General Land Office.

The use of bounty-land warrants was introduced by acts of September 16 and 18, 1776, and of August 12, September 22, and October 3, 1780. These acts provided that officers and soldiers of the Revolutionary Army who served to the end of the war should be entitled to grants of public land varying in amounts according to the rank of the recipient. A major general received 1,100 acres and others according to their specific rank down to the noncommissioned officer and soldier who received 100 acres apiece. The same series of acts provided cash bonuses of $20 each for noncommissioned officers and men who should fight through the war to its end.

These early acts granting bounty-land warrants made no provision for the dependents of veterans killed during the war or veterans who died subsequent to the war without exercising their rights under their land warrants. Enactments subsequent to 1780 provided that the dependents, in specified order, should succeed to the veterans' rights, and extended almost without limit the time during which the land could be claimed. An area on the Ohio River was set aside and all Revolutionary land warrants had to be located within this reserved area.

Bounty-land warrants were provided for part of the soldiers who served during the War of 1812, under much the same conditions as those for the Revolutionary War veterans with the exception that officers were not eligible—this distribution being limited to noncommissioned officers and enlisted men. Those who enlisted for a period of 5 years or for the duration of the war were granted 160 acres of land each, but those who enlisted for periods of 12 or of 18 months received no land grants. However, the heirs of the men who enlisted under the act of February 6, 1812, for 12 months did receive such grants in case the veteran was killed. An act of December 10, 1814, promised a bounty of 320 acres of land to men who would enlist and serve in conformity with the act through the period of the war, provided they received honorable discharges. Obviously, the use of bounty-land warrants was capricious in its operation.

By the time of the war with Mexico in 1847, considerable opposition to the use of bounty-land warrants had come about because so many of the veterans disposed of their lands or their rights to

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[2] Hubbard, Benjamin B., A History of the Public Land Policies, Macmillan Co., New York, 1924, p. 132. As quoted in Governmental Aids to Land Acquisition by War Veterans, 1796–1944, General Land Office, mimeographed, p. 5.

bounty lands for a small sum, many of them going for as little as $15 or $20 for the claim to 160 acres. This opposition was not sufficient to stop the use of the warrants. The veteran was given the option of accepting in lieu of his bounty-land warrant for 160 acres of land, $100 in script of the United States Government bearing interest at 6 percent per annum. Provision for the entitlement of widows, orphan children, dependent parents, or of the estate of the veteran in case of his death during service or before he could claim his land bounty, was included in the law.

Starting in 1850, there was a series of bounty-land laws applying to veterans of all previous wars who had not received land warrants. Those who had served over 9 months received 160 acres of land while those who had served lesser periods received lesser amounts of land down to 40 acres, with certain exceptions. The first of these acts was that of September 28, 1850. Two years later, on March 22, 1852, all land warrants were made assignable, and thus subject to sale, even though the veteran had never claimed the land. Such a provision, of course, although it aided the veteran or his descendants in disposing of the land warrant, contributed immeasurably to the lodging of warrants in the hands of speculators, the very aspect of the program which had caused so much criticism.

An act of March 3, 1855, provided in part:

> That each of the surviving commissioned and noncommissioned officers, musicians, privates, whether of regulars, volunteers, rangers or militia, who were regularly mustered into the service of the United States, and every officer, commissioned or noncommissioned, seaman, ordinary seaman, marine, clerk, and landsman in the Navy, in any of the wars in which this country has engaged since 1790, and each of the survivors of the militia or volunteers or State troops of any State or Territory, called into military service and regularly mustered therein, and whose services have been paid by the United States, shall be entitled to receive a certificate or warrant from the Department of the Interior for 160 acres of land * * *.[3]

The act of May 14, 1856, liberalized the provisions and expanded the application of the above act. It specified that act should be construed as "embracing officers, marines, seamen, and other persons engaged in the naval service of the United States during the Revolutionary War"; also "all persons who have served as volunteers with the Armed Forces of the United States, subject to military orders, for the space of 14 days, in any of the wars specified in the first section of the said act, whether such persons were or were not mustered into the service of the United States." The same act established liberal provisions for establishing claim to any such land warrant, and specified that the establishment of a pension claim should constitute evidence of entitlement to the land warrant.

The act of 1856 was the last one providing bounty-land warrants to veterans of the Nation's wars. Administratively, of course, the location of land warrants went on for many years. According to

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[3] The two acts of 1855 and 1856 were held by the Commissioner of Pensions to apply to the following wars: Wayne's War, 1790–94; French War of 1799; War of 1812; June 18, 1812, to February 17, 1815; Seminole War, 1817–18; Black Hawk War of 1832; Creek War of 1836 to 1837; Florida War, 1835–42; Disturbances, Canada Frontier, 1838–39; Pennsylvania Whisky Insurrection; Cherokee Removal of 1838; Mexican War, 1846 to May 30, 1848; Texas Ranging Service, 1846–55; Apache War, since the Mexican War; Southwest Arkansas Frontier Disturbances, 1836; California War, 1850–51; Cayuse Digger Indian War, 1835; Rouge River War, 1853; Navajo and Apache War; Revolutionary War; Invasion of Plattsburg, September 1814; Battle of Kings' Mountain; Battle of Nickojack; Attack on Lewiston, War of 1812; Patriot War; and Aroostook War. See George W. Raff, A Manual of Pensions, Bounty, and Pay, Cincinnati, Robert Clark & Co., 1864, pp. 318–319.

Pension Bureau records no original land warrants have been issued since 1917.

Criticism of bounty-land warrants, because they did not fulfill the purposes for which they were used, became so harsh following 1855 that the principle was abandoned. The Homestead Act of 1862 (12 Stat. 392) made it possible for the veteran to obtain free public land without its costing him anything except time and labor required to make the homestead entry. Following the Civil War the policy of awarding bounty-land grants was abandoned, and provisions granting preference to the veteran in making entry on homestead land were substituted in its place.

Over 598,700 bounty-land warrants were granted under the various laws providing for their issuance,[4] and covered almost 69 million acres of land. It is noteworthy that the laws which provided these as part of the enlistment contract for the Revolution and the War of 1812 accounted for only 46,000 warrants covering less than 7,500,000 acres of land. The other 552,700 warrants, covering over 61 million acres of land, were issued under the laws from 1847 to 1856.

Homestead preference

The Homestead Act established the procedure under which anyone could obtain title to public lands, but contained no special rights for ex-servicemen. Before long, however, special consideration was given to veterans in connection with homesteading. An act passed on April 14, 1872 (17 Stat. 49), gave credit for military service against the time required to perfect title to homestead lands. If the settler had served not less than 90 days in the Civil War, he was entitled to have the period of his military service, not exceeding 4 years, deducted from the time required to perfect his title. He had to live on the land, improve it, and cultivate it for for at least 1 year, however. For those who had been wounded or disabled, the period of enlistment was allowed, regardless of length of service (but not to exceed 4 years) and the same allowance was extended to the dependents of those who died as a result of service. Later, Congress provided that if the veteran had made a homestead entry approximately prior to January 1, 1874, on less than 160 acres of land, he was entitled to enough land to bring his entry up to 160 acres without the requirements of residence or cultivation on the additional land.

Similar privileges with respect to homesteading public lands were granted to veterans of the war with Spain, the Boxer Rebellion, and the Philippine Insurrection by acts of June 16, 1898 (30 Stat. 473), and March 1, 1901 (31 Stat. 847). Later, similar privileges were also extended to veterans of the Mexican border operations, and of World War I, by acts of August 29, 1916 (39 Stat. 671), July 28, 1917 (40 Stat. 248), and February 25, 1919 (40 Stat. 1161).

Unfortunately, the total acreage acquired by soldiers under the Homestead Acts is not known, for no separate records were kept of their participation.

No additional aid in acquiring land was given to veterans of the Civil War and Spanish-American War aside from the preferences listed above. No land-settlement schemes were put forth prior to

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[4] Statistics from Weber, G. A., The Bureau of Pensions, Its History, Activities, and Organization. The Johns Hopkins Press, Baltimore, Md., 1923, p. 97.

World War I. Following World War I, various such schemes were proposed as a device for rehabilitating returned veterans, but none of them was implemented by legislation. Bills providing for various types of soldier-settlement programs were introduced into the Congress by such men as Senators Borah and McNary and Representative Bankhead. Secretary of the Interior Franklin K. Lane originated a plan which was possibly the most comprehensive of any put forth in providing both work for veterans and aid in settling on the land. It passed the House as the Smoot bill (S. 863, 66th Cong., 1st sess.), but was not approved by the Senate.[5]

The soldiers' preference law, enacted in 1920 (41 Stat. 434) provided for a 60-day preference right of entry to public lands under the homestead and desert land laws for ex-servicemen. The period was immediately extended to 90 days, and the act was subsequently extended in its operation until 1940, but it was not renewed thereafter. The effect of this was to open any public lands available for homestead entry to veterans for a period of 90 days before it was open to non-veterans.

For World War II veterans, many of the previous provisions have been continued. The Soldiers' and Sailors' Civil Relief Act of 1940 (Public Law 861, 76th Cong., approved Oct. 17, 1940) protected the veteran during his period of service in his rights to lands on which he had made entry prior to his entry into service. An act approved September 27, 1944 (Public Law 434, 78th Cong.), gave veterans of World War II the 90-day preference in entry to public lands opened for homesteading and allowed them to use up to 2 years of service in satisfying the 3-year requirement under homestead laws.

The various laws providing preferences for veterans in homesteading and in purchase of public lands have been extended to cover veterans of the Korean conflict (Public Law 402, 83d Cong.; 68 Stat. 253–254). This includes the right to prior entry in homestead lands opened to the public, the use of up to 2 years of service in perfecting their titles, and a preference on the right to homestead on small parcels of public land of less than 5 acres.

These various preferences are of very little importance in the total picture of veterans' benefits, or even in the smaller one of rehabilitation benefits for veterans, at the present time. The amount of homestead land is very limited, and the number of veterans who avail themselves of this preference is small. The right to acquire title to small parcels of public domain by homesteading, by lease, or by purchase, while it involves a large number of veterans, is of relatively little advantage to them, for it simply means that they have the right to buy public land at the going price. The value and the impact of these preferences are infinitesimal in comparison with other rehabilitation benefits.

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[5] Dillingham, W. P., Federal Aid to Veterans, p. 147.

CHAPTER VII

CASH BOUNTIES

Cash bounties were used in the United States as a device to encourage enlistments during those war years when a system of draft or conscription was not in use or was ineffective. Enlistment bounties were first used during the Revolutionary War, when men who enlisted were given a cash bounty of $20, payable in Continental currency. This contrasted badly with the bonus offered by Lord Howe to Colonials of first $16 and later $24 payable in specie. As the currency declined in value the amount was increased, but often localities paid more to militia than the Continental Congress could pay.[1]

The cash bounty system was carried on through the War of 1812 and the Mexican War, during both of which it was applied in a haphazard manner, its main characteristic being lack of uniformity. Bounties varied during this period from $16 to some $25 or more. During peacetime, a reenlistment bonus of 3 months' pay was characteristically given to a man who reenlisted within a stated period of time from the termination of his previous enlistment. The bounty system of recruitment reached its highest development, however, during the Civil War.

In 1861 the Union Government was faced with the problem of recruiting, within a short period of time, large numbers of men. Because of the delusion that the war would be of short duration, short-term enlistments were accepted. Before long it became evident that the war was going to last a long time and patriotism was not a sufficient basis for recruitment of men for the Armed Forces. As a result, the bounty system was developed to its highest level.

Bounties, as the system came to be used, existed on three different levels, and a man could collect all of them for a single enlistment. The Federal bounty for new enlistees was $302 by 1863 with an additional $100 for the veteran who was reenlisting. States, counties, and municipalities also paid bounties in varying amounts. In New York an enlistee received a State bounty of $75 and a county bounty of $300, making a total of $777 including the Federal payment. If, in addition, he was being hired as a substitute he received even more. Not all of this bounty was paid at the time of enlistment, but a substantial portion was, particularly of the State and local items. This placed a premium on "bounty jumping," which meant deserting from the Army and reenlisting in some other State where another bounty could be collected.

Before the end of the war the Federal Government had put out over $300 million in bounties and still found that the system was a very unsatisfactory system of recruitment.

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[1] L. L. Lerwill, The Personnel Recruitment System in the United States Army, Department of the Army Pamphlet No. 20–211, 1954, discusses enlistment bounties.

The matter of enlistment bounties appeared in many of the discussions of veterans' benefits following the war. Veterans and their supporters were insistent in their demands that the Federal Government enact a measure that would equalize bounty payments for veterans who enlisted before the bounty system came into operation, or from States which did not pay such high bounties. Such a bill was introduced but never became law.

Enlistment bounties, as a wartime recruiting device, have not been used since the Civil War.

CHAPTER VIII

DOMICILIARY CARE

Prior to the Civil War little provision was made for the domiciliary care of disabled veterans.[1] Quite possibly, the need for this type of care was not so acute then because of the preponderance of agriculture as the chief means of livelihood among the population. The farm family group and the farm family living conditions were often such that an aged disabled member could live on with the group and make some contribution to its welfare. With the relative decline of agriculture, and with the growth of industry and commerce, the place for the aged disabled member of the society gradually disappeared, and the Government came to recognize a responsibility to provide a place in which the disabled could live without accepting charity or becoming an inmate of a local poorhouse.

There are three classes of domiciliary institutions: (1) The Naval Home at Philadelphia and the United States Soldiers' Home at Washington, D. C.; (2) the 17 Veterans' Administration homes, formerly the National Home for Disabled Volunteer Soldiers; and (3) State homes for disabled soldiers and sailors. Only the second group is under the control of the Veterans' Administration. The two special homes mentioned are for Regulars only and are under the control of the Departments of the Navy and Army, respectively. The State homes are under State control.

National Home for Disabled Volunteer Soldiers

The large number of disabled veterans requiring care following the Civil War brought about the demand for the establishment of an institution to provide shelter. In response to this demand, on March 3, 1865 (13 Stat. 509), Congress created an asylum for the care of all volunteer officers, soldiers, and seamen who served during the Civil War and who were totally disabled by wounds received or sickness contracted in the line of their duty. The act contained provisions for the administration of the home, although the name, National Home for Disabled Volunteer Soldiers, was not officially adopted until 1873.

The board of managers of the home was given the power to determine eligibilty and to select persons to be admitted. Members, as the inmates were called, were made subject to the Rules and Articles of War and were governed thereby. As an interim measure while the homes were being constructed, the managers were authorized to extend outdoor relief to persons who were entitled to benefits at a cost not to exceed the cost of maintaining an inmate. This practice was discontinued as soon as the facilities of the various branches became extensive enough to provide for those applying for admission.

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[1] The following discussion is based largely on Gustavus A. Weber and Laurence F. Schmeckebier, The Veterans' Administration, and on compilations of laws and Veterans' Administration reports. See also W. P. Dillingham, Federal Aid to Veterans, 1917–41.

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This form of outdoor relief was extended especially to State soldiers' homes for a number of years after the establishment of the branches of the national home by paying the cost of maintaining occupants there.

Prior to World War I, branches of the national home had been established at Dayton, Ohio; Augusta, Maine; Milwaukee, Wis.; Hampton, Va.; Leavenworth, Kans.; Sawtelle, Calif.; Marion, Ind.; Danville, Ill.; and Hot Springs, S. Dak. During early years of the program, temporary branches were maintained in New York and Pennsylvania.

Conditions of entitlement to admission to the branches of the national home were slowly liberalized and were extended from Civil War to cover all disabled veterans. Prior to 1890, many of the inmates were not eligible for pensions as their disabilities were not service connected. Later those who were in receipt of pensions could receive their pensions and also reside in one of the branches of the home.

Only incidental medical care was provided. The aim was not to admit cases in need of hospital treatment, because only a minimum of such care was maintained. The purpose was to provide a place where veterans could obtain shelter and comfort with others of their own kind and thus spend their last years in as happy a situation as possible. The idea was noble and occupied an important place in the structure of veterans' benefits following the Civil War.

World War I domiciliary care

Disabled veterans of World War I were eligible for admission to branches of the National Home for Disabled Volunteer Soldiers on the same basis as veterans of other wars. Veterans who served with the Navy during wartime, and veterans of the Regular forces who could meet the disability requirements were also eligible.

Prior to 1931, provision of domiciliary care for veterans incapable of earning a living because of age or disability was the responsibility of the national home. In the 1931 consolidation of administrative agencies under the Veterans' Administration, the national home lost its separate identity and became part of the Veterans' Administration which has since administered domiciliary care.

The Economy Act of 1933 repealed all provisions for domiciliary care, but such care was reinstated by Veterans' Regulation No. 6, which limited the care:

> To those veterans who served in the active military or naval service for a period of 90 days or more who are suffering from permanent disabilities or tuberculosis or neuropsychiatric diseases, which incapacitate them from earning a living, and who have no adequate means of support.

This was liberalized under Veterans' Regulation No. 6 (a) and subsequent regulations to include members of the Regular forces as well as men who fought in specific wars.

The number present increased when the disabled veterans were unable to find work and decreased when employment was available. The provisions of regulation No. 6, that an inmate of a Veterans' Administration facility would receive a reduced amount of pension, made it less advantageous for a veteran to occupy a domiciliary bed, and may have helped account for the slow increase in the number of veterans in domiciliary facilities after the right was restored to all disabled veterans in 1934.

Domiciliary care was extended to World War II and Korean conflict veterans on the same basis as it was extended to World War I veterans.

CHAPTER IX

VETERANS' CIVIL SERVICE PREFERENCE

During the early years of our country, appointments to civilian positions in the service of the Government were considered among the spoils of the victor in national elections. In some instances veterans may have been accorded preference by virture of their military service but no satutory provision was made until immediately after the Civil War.[1]

The rapid disbanding of the Union Army threw so many veterans into the labor market that those with disabilities found great difficulty in securing employment. The act of March 3, 1865 (13 Stat. 571), was designed to meet this situation. It provided that veterans honorably discharged from the military or naval service for disability incurred in line of duty should be preferred for civil appointments if found to possess the necessary business capacity.

The weakness of the 1865 act was that it contained no provision for enforcement. Accordingly, appointing officers were able to bypass veterans with impunity. When the law was reenacted in 1878 as section 1754 of the Revised Statutes, the word "should" was changed to "shall," but the new language was little more effective. However, regardless of the weakness with respect to enforcement, many disabled veterans did obtain employment in post offices and other civil positions.

Veterans of World War I were originally entitled to preference under the 1865 act. That act, however, was repealed by the act of March 3, 1919 (40 Stat. 1293), which gave preference to honorably discharged veterans and widows of deceased veterans. An amendment the same year added wives of disabled veterans. Those eligible for preference were given a bonus of 5 points on examination scores and if they made a total score of 65 points were placed at the top of the eligible list ahead of nonveterans regardless of their score.

A controversy developed between the veterans' groups and those who felt that the merit principle should be followed in appointments to the civil service. In 1923, President Harding issued an Executive order that disabled veterans should have a bonus of 10 points and nondisabled a bonus of 5 points added to their earned ratings. Veterans were not, however, to be placed at the top of the list but were simply raised to correspond with their combined score and bonus. The Executive order also provided for waiving physical standards in favor of veterans and retention of veterans in reduction in force. President Coolidge, in 1929, issued an Executive order providing that disabled veterans who made a qualifying grade would be placed at the top of the eligible list. The order also provided that widows of veterans and wives of disabled veterans would be given 10-point preference and certified ahead of other veterans and nonveterans.

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[1] Dillingham, Federal Aid to Veterans, pp. 184–196.

In 1937, the American Legion made a survey to determine how valuable civil-service preference actually was to the veterans involved.[2] The report stated that such preferences as exemption from certain restrictions and requirements such as age, height, and weight; credit for time spent in military service, and the reinstatement of former employees were quite valuable. However, the addition of 5 or 10 points to the veteran's score and the raising of his name to a higher place on the eligible list was not so helpful because there was no certainty he would be appointed.

Veterans' civil-service preference is now governed by the Veterans' Preference Act of 1944, as amended. The act applies to honorably discharged veterans, wives of disabled veterans, unmarried widows of deceased veterans, and certain mothers of deceased or service-connected permanently and totally disabled veterans. Disabled veterans receive 10 and nondisabled 5 additional points in examinations. Other benefits include: Waiver of certain requirements; preference for retention in reduction in force, and written notice of reasons for discharge with right of appeal to Civil Service Commission.

At the present time there are about 1 million veterans in Government employment. This is just about one-half of the total number on the Federal payroll, but more than one-half of the male employees are veterans.

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[2] American Legion, 1937 Convention, Annual Report, pp. 406–408.

CHAPTER X

INSURANCE

One of the major innovations contained in the War Risk Insurance Act of 1917 was the provision of low-cost insurance which was available to all men in the Armed Forces in multiples of $500 in amounts varying between $1,000 and $10,000. The Government, since 1914, had been providing low-cost insurance to cover the vessels and cargoes where trade was being carried on in the war zones, and on which the owners could not obtain private insurance at a price which they felt they could pay. Later this was extended to cover the officers and crews of the ships involved. The principle of low-cost insurance at the hands of the Government had become well established then, prior to the passage of the War Risk Insurance Act of 1917.

It was easily understood that the insurability of members of the Armed Forces was temporarily destroyed. Most private insurance policies either contained a "war clause" or required an additional premium under war conditions. It became evident that the Government was going to have to insure the men itself, or to subsidize private insurance companies. Subsidizing private insurance companies was not acceptable. Hence, the Government undertook to provide the insurance.[1]

Another idea which was a ruling one in the discussion of insurance was that with an inflexible compensation schedule which reduced the entire country to a dead level compensationwise, the individual should be in a position where he could, at his own option, provide an additional amount of cash payments for his dependents in case of his death. Since, characteristically, this arrangement is consumated through the medium of insurance, this idea was adopted. It failed to work out in this way because each man was practically required to take out $10,000 of insurance and a very large percentage of veterans dropped their insurance as soon as possible, thus losing many of the benefits which had been anticipated for them.

The original war-risk insurance was 1-year term insurance renewable on an unnual basis without examination. As is the nature of term insurance, it was renewable each year at the correspondingly higher premium for the attained age of the insured. Premiums could be and in most instances were withheld from the pay of the insured so there was no opportunity for the insurance to lapse during service. When he was separated from the Armed Forces, however, each man was responsible for paying the premiums directly to the Government. If he failed to do this, the insurance lapsed. A total of about $40 billion of term insurance was issued during the war. Approximately

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[1] Dillingham, Federal Aid to Veterans, pp. 25–37 and 83–93.

90 percent of this was allowed to lapse so on June 30, 1920, only approximately $4 billion of insurance remained in force.[2]

War-risk insurance was limited as to both beneficiaries and methods of payment. The beneficiaries included only spouse, children, grandchildren, and brothers or sisters. This list was later enlarged to include other members of the deceased's family. Finally, in the absence of other beneficiary, the estate of the deceased became the beneficiary, and through it all heirs of the deceased. Payment of benefits were in monthly installments of $5.75 per month per $1,000 of insurance for 20 years. This was relaxed to permit the settlement of estates. Some optional settlements were available. The insurance matured upon death or disability.

The terminal date for war-risk insurance was set on July 2, 1927, and on that date all 1-year term insurance expired. Shortly thereafter, however, provisions were enacted under which anyone who had been eligible for term insurance could apply for and receive permanent insurance on one of the standard forms issued by the Veterans' Administration. Permanent insurance was also made available to men in the active service.

The conversion privilege was incorporated in term insurance mainly for two reasons. One of these was that many disabled veterans would have lost their insurability permanently and would have been unable to obtain other insurance. The other reason was that if the veterans continued their insurance after the war, there would be no need for pensions. Term insurance was convertible into straight life, limited payment life, and some endowment policies. Following 1927, in response to demands for a lower cost form of insurance, a 5-year term policy was provided. The converted insurance is referred to as United States Government life insurance, or by the initials USGLI.[3]

All USGLI is participating, and the rates, values, and optional settlements are based on the American Experience Table of Mortality and 3½-percent interest. One of the most important features of all USGLI policies, term as well as permanent plans, is the total and permanent disability benefit which matures the contract upon the occurrence of disability as defined, and pays out of the face of the policy in monthly installments over 20 years, such installments to continue, however, for as long as disability lasts.

All premiums paid in under USGLI are deposited in a special trust fund maintained in the United States Treasury. The assets of the fund are invested in United States Government securities and policy loans. The only payments out of the fund are payments to policyholders. The cost of administration of the insurance and the payment of excess mortality because of war risk are both charges against the Government through appropriations to the Veterans' Administration.

USGLI was only partially successful in fulfilling the aims which its founders cherished for it. It protected the insurability of men in the Armed Forces and provided protection for their dependents. It did not provide the flexibility in compensation programs which it was hoped to do. It did not keep veterans' benefits out of politics and was only partially successful in forestalling demands for pensions. The

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[2] Dan Mays McGill, An Analysis of Government Life Insurance, 390 pp., discusses all aspects of the Government insurance program for World War I veterans.

[3] G. A. Weber and L. F. Schmeckebier, The Veterans' Administration, pp. 169–185 and 336–339.

insurance served a useful function in bringing aid and relief to many thousands of individuals. Whether insurance served the needs of these individuals better than some other form of aid or benefit might have done does not seem susceptible of proof, and will probably have to remain in the realm of speculation.

The cost of war-risk insurance has been estimated at $1,318 million and of United States Government life insurance at $236 million, or a total of $1,554 million cost to the Government.[4]

Insurance for World War II

Insurance was one of the areas in which new legislation was passed and major changes were made in the program for World War II. Up until 1940, members entering the Armed Forces were eligible to obtain up to $10,000 of United States Government life insurance in any of the forms in which this insurance was being issued. This authority was terminated in 1940 by the provisions of the National Service Life Insurance Act of 1940 (Public No. 801, 76th Cong.). The insurance could still be issued veterans of World War I, but not to others. The issuance of USGLI to anyone was stopped in 1951 (Public No. 23, 82d Cong.). The insurance now in existence will continue, of course, but since no more of it can be issued, the amount outstanding will decline steadily.

For the group being inducted into the Armed Forces following 1940, a new system of insurance, called national service life insurance, was established in October 1940, by the above-cited law. Five-year term policies were issued with face amount of $1,000 to $10,000 in multiples of $500. No one person could carry Government life insurance in excess of $10,000. All members of the Armed Forces were eligible for this insurance. Beneficiaries were limited to husband, wife, children, parents, brother or sister. At the death of the insured, if the beneficiary was under 30 years of age, the amount of insurance was payable in 240 installments at the rate of $5.51 per thousand of insurance. If at the death of the insured the beneficiary was 30 or more years of age, the amount of the insurance was payable in equal monthly installments of $5.51 per $1,000 of insurance continuing during the remaining lifetime of the beneficiary. If the beneficiary did not live to receive at least 120 of the payments, the balance of the 120 were payable to other permitted beneficiaries.

The insurance carried no disability benefits. It did contain a waiver of premium clause in case of total disability. If the insured became totally disabled and the disability existed for 6 consecutive months prior to attainment of age 60 by the insured, premiums would be waived upon application, the insurance would remain in force unimpaired, and there would be no indebtedness created against the amount of insurance.

Each policy of national service life insurance was originally issued as a 5-year term policy. After the insurance had been in force for 1 year on that plan, the insured could elect to change to an ordinary life plan, a 20-year payment life plan, or a 30-payment life plan at any time before the expiration of the 5-year term period. Premium rates on all plans were net rates based upon the American Experience Table of Mortality, and interest at the rate of 3 percent per annum. There

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[4] For supporting figures see the Report on Origin, History, and Philosophy of Insurance for Servicemen and Veterans.

was no change in the premium for the cost of the waiver of payment of premiums while the insured was totally disabled; the United States bore the cost of administering the program and also the cost resulting from excess mortality and waiver of payment of premiums when death or disability was traceable to the extra hazards of the military and naval services. Premiums could be and in most instances were withheld from the serviceman's pay while he was in service, but after separation from service he was responsible for paying his premiums to the Veterans' Administration.

Limitations were set up as to the dates within which application could be made for the insurance. In all cases, the applicant had to be in active service at the time of application.

Gratuitous insurance in amounts of $5,000 or $10,000 could be issued under various circumstances. A serviceman who had not applied for insurance prior to April 19, 1942, and who died or was killed in line of duty, was considered to have been granted gratuitous insurance in the amount of $5,000 payable only to the widow, child, or dependent parent. Also, anyone totally disabled in the service by the above date who had not applied for and been granted insurance, was granted $5,000 of gratuitous insurance starting with the onset of his disability (Public No. 360, 77th Cong.).

Regulations provided, in case of a disabled veteran for whom payment of premiums had been waived, for examination and reexamination of the insured, and benefits could be denied for failure to cooperate. When the insured recovered from his total disability, the waiver ceased as of the date of the finding of the Veteran's Administration.

During the years which followed, many liberalizations were made in the conditions under which insurance operated. Limitations on beneficiary and settlement options were liberalized, as were those on the kinds of insurance into which term insurance could be converted. A disability income benefit was added and restrictions on the time of conversion and on the requirement that the insurance must be issued first in term form were modified or removed. The time during which 5-year term policies might be renewed without conversion was extended and finally all limits were removed. In 1946, authority was provided to grant insurance to veterans of service between October 8, 1940, and September 2, 1945 (Public Law 589, 79th Cong.).

The initial dividend distribution on national service life insurance was made in 1950; it covered distributable surplus earned at any time from the inception of the NSLI program in 1940 through policy anniversaries in 1948. A dividend was credited on every policy on which three or more monthly premiums were paid, whether or not the policy still remained in force on its anniversary in 1948. The total amount paid through June 30, 1950, on account of this dividend distribution was $2,634,537,050. The cost of national service life insurance to the Government has been estimated at $5,296 million.[5]

Servicemen's indemnity—Korean conflict

Careful consideration of the national service life insurance program led to the enactment on April 25, 1951, of the Servicemen's Indemnity Act (Public No. 23, 82d Cong.). Under this act each member of the

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[5] Ibid.

Armed Forces was granted $10,000 of gratuitous life insurance for the period of his service and 120 days thereafter, with the limitation that the amount of gratuitous insurance would be reduced by the amount of any Government life insurance which he already held. The man who already held Government life insurance could have the premiums waived, or could surrender his insurance with the privilege of reinstating it after his period of service was over. The man who held term insurance could receive a waiver of the entire premium; the insured holding level premium insurance was eligible for waiver only of the pure insurance risk portion of the premium.

Two provisions are included in the law for continuing insurance on men who have been eligible under servicemen's indemnity. The man who is separated from the service without disability is eligible to apply for nonparticipating, 5-year term insurance, renewable without limit at the appropriate premium for the attained age of the insured. This insurance cannot be converted to any other type. The disabled veteran, however, is eligible to apply for any of the permanent forms of insurance being issued under the National Service Life Insurance Act, as well as the 5-year term. These plans, in addition to 5-year term insurance, are straight life, 20-payment life, 30-payment life, 20-year endowment, 30-year endowment, and endowment maturing at age 62. This provision protects the insurability of the disabled men.

CHAPTER XI

MEDICAL AND HOSPITAL CARE

The War Risk Insurance Act contained a promise of complete medical and hospital care, including prosthetic appliances and other supplies, to be provided at Government expense for veterans with service-connected disabilities. No provision was included, however, for implementing this promise, and no efforts were made during the war to prepare for the waves of disabled veterans who would be entitled to hospital service. The Public Health Service, which had been placed in charge of this program, had a few hospitals and was forced to use all possible makeshift arrangements to get space into which the men could be crowded to receive medical care. There was no reservoir of experience on which anyone could draw for no such care had been given previously.[1]

The Public Health Service, and later the Veterans' Bureau, faced a dual problem from the outset: Medical and hospital care had to be provided for veterans who were eligible for it at the same time that facilities, equipment, and all of the other things needed had to be provided. Delays on the part of the Congress in providing appropriations and the normal time required to construct hospitals meant that it was about 6 years after the war before the first hospital project, specifically designed to meet veterans' needs, was completed. Up until that time, use had to be made of old Army hospitals, Public Health Service hospitals, and contract facilities. During 1920 and 1921, almost half of the hospital admissions were to contract type installations.

The problems of providing good and efficient medical care in the facilities which were available were no less important and troublesome than the provision of buildings. During the early days of the program, it was not possible to obtain the services of adequate high-class personnel for the salaries and under the conditions which existed. Doctors were not anxious to enter this work because they did not have the usual pleasant relations with their patients; they objected to the political influence which was brought to bear upon appointments, promotions, and retentions in the Service. Nonmedical personnel interfered in medical problems.

Various efforts were made to establish the Medical Service on an efficient operating basis. A medical council, appointed in 1924, studied the problems and recommended establishment of special training centers for medical personnel; of postgraduate schools for doctors in the various fields, one of which was neuropsychiatry; and of other research projects for doctors. The result was a steady improvement in personnel which raised the level of medical service in VA installa-

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[1] Dillingham, W. P., Federal Aid to Veterans, pp. 58–72 and 106–116, gives a discussion of medical care from its inception.

tions to a consistently high level. It was several years, however, before the Medical Service reached a satisfactory plane.[2]

Medical and hospital care were limited, originally, to veterans with service-connected disabilities. The service included the furnishing of prosthetic appliances and supplies, which were finally produced in orthopedic shops operated by the Bureau. It included dental care, first performed by private dentists but later carried on by the Bureau in dental clinics. The dental work became mainly adjunct work carried on in connection with other conditions which were service connected.

Outpatient dispensary care has always been a major part of the medical program of the Veterans' Administration. Following early widespread use of private physicians and dentists, the establishment of outpatient clinics was studied. It was found that in most instances these clinics provided better and more economical service than had been possible with private practitioners. Many of the clinics were operated in connection with Veterans' Administration hospitals. An average of almost 840,000 medical treatments per year were given at these clinics between 1924 and 1941.

Hospital and medical care were originally part of the package of benefits established for those with service-connected disabilities. Pressure began immediately for extension of medical and hospital care to all veterans, and this pressure was continued until the aim was accomplished in the World War Veterans' Act of 1924. This extended the right to hospitalization and medical care to all honorably discharged veterans of the Spanish-American War and World War I who were suffering from diseases which had been granted presumptive service connection, but with no limit as to the date of the onset of the disease. These diseases were the neuropsychiatric ones, tuberculosis, paralysis agitans, encephalitis lethargica, and amebic dysentery. Also, the Director was authorized, so far as existing hospital facilities permitted, to furnish hospitalization to veterans of any military expedition or occupation since 1897. The law did not make mandatory the provision of hospitalization and medical care for the non-service-connected disabled. Congress did appropriate the money needed to build hospital facilities for the treatment of these cases and, at least by implication, established the principle of providing them with hospital care. Preference was to be given to those unable to pay for their medical care and hospitalization. Under the operation of the law, a steadily larger portion of those hospitalized were treated for non-service-connected causes.

During the period from June 30, 1933, to June 30, 1935, while the Economy Act and the regulations issued under it were in force, eligibility for medical and hospital care was controlled by Veterans Regulation No. 6 and amendatory regulations. Hospitalization was provided, in order, for the veterans suffering from service-connected disabilities, and for veterans who served 90 days or more and who were suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments which incapacitated them from earning a living, and who had no adequate means of support. Clothing was furnished only to indigent veterans who needed it to protect health and sanitation, or

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[2] G. A. Weber and L. F. Schmeckebier, The Veterans' Administration, pp. 153–169.

to veterans who required special clothing because of prosthetic appliances. Payments of reasonable traveling and other expenses to and from a Veterans' Administration facility might be authorized for persons who were eligible for care but who were unable to defray the cost of travel.

The amount of pension which might be paid to an individual receiving hospital treatment was strictly limited under regulation No. 6. No one without dependents could receive more than $15 a month while receiving treatment for a service-connected disability; for a non-service-connected case the pension was limited to $6. An insane beneficiary was subject to the additional limitation that if his estate, derived from Government benefits, exceeded $1,500, compensation would be discontinued until the estate was reduced to $500. This was the first time compensation of hospitalized beneficiaries was reduced during hospitalization. The hospital load remaining under treatment was reduced approximately 23 percent under the operation of the new regulation.

After some liberalization of conditions under which hospital and medical care could be provided, Congress restored all rights to hospitalization and extended the privilege of hospital and medical care to any veteran who could sign an affidavit to the effect that he was unable to pay the cost of hospitalization and medical treatment. During the balance of the period prior to 1941, activities centered in improving the medical programs and in carrying on a building program designed to provide 100,000 hospital and domiciliary beds upon its completion. It was estimated that this program would meet reasonable veteran needs for hospital facilities. Special attention was given to building facilities for the neuropsychiatric group where a shortage of hospital facilities existed.

Medical care for World War II

Medical and hospital care were carried over from World War I into the World War II period with relatively little change.

To be eligible for hospital or medical care, of course, the veteran must meet the requirement of discharge or release under other than dishonorable conditions from the service. Within the limits of available space, and excluding emergency admissions which have first preference, veterans are admitted to Veterans' Administration hospitals in the following order as given in World War II Fact Sheet issued by the Veterans' Administration:

(*a*) Veterans who require treatment for a service-incurred disability.

(*b*) Veterans with a service-connected disability who require treatment for a non-service-connected disability.

(*c*) Veterans without a service-connected disability who require treatment for a non-service-connected disability.

Eligibility for hospital and domiciliary care is controlled by section 6 of Public Law 2, 73d Congress, and by Veterans' Regulation No. 6 (a), as amended, which sets forth in detail the requirements and conditions of eligibility for medical, hospital, or domiciliary care.

In cases of non-service-connected conditions, there is a general requirement that to be eligible the veteran must certify that he is unable to defray the cost of medical and hospital treatment required. On these conditions, all veterans of all wars are eligible for medical and hospital care in Veterans' Administration hospitals and in other Fed-

eral hospitals. The Veterans' Administration is not permitted to go back of the affidavit signed by the veteran to inquire whether the affidavit is true or false.

The Medical Service of the Veterans' Administration was reorganized into a Department of Medicine and Surgery early in 1946, and a new program of medical care based on progressive research and training was adopted. Clear-cut advances were made immediately under the new program in the direction of improving medical care and hospital service. Other branches of the medical care program, including outpatient treatment and dental care, improved also.

Outpatient medical treatment is also available for veterans with service-connected disabilities who receive treatment at Veterans' Administration outpatient clinics or from authorized private physicians. Necessary drugs prescribed by the physician authorized to give outpatient treatment may be obtained from the hometown druggists at Government expense.

Outpatient dental treatment may be authorized for certain service-connected and non-service-connected cases resulting from condition or status of veteran. The service-connected cases are those types requiring dental treatment resulting from either: (1) Those conditions compensable in degree; (2) those conditions shown to have been in existence at time of discharge and application for treatment is made within 1 year after discharge; (3) those conditions due to combat wounds or other service trauma; or (4) those conditions of a former prisoner of war. The non-service-connected cases may receive dental treatment as follows: (1) Veterans of the Spanish-American War group (including the Boxer Rebellion and the Philippine Insurrection); (2) veterans pursuing a course of vocational training authorized under Public Law 16, 78th Congress, as amended and extended (38 U. S. C. 701, 101a, ch. 12A), in order to prevent interruption of training; (3) or veterans requiring "adjunct" treatment of a dental condition which is associated with and aggravating disability from some other service-incurred disease or injury. The treatment of noncompensable service-connected dental disability is generally on a onetime completion basis. This onetime completion limitation does not apply to veterans of the Spanish-American War group; to veterans in training under Public Law 16, as amended; to "adjunct" treatment; to service-connected dental disabilities which are due to combat wounds or other service truama, or of a former prisoner of war.

A veteran's eligibility for prosthetic appliances can be established if (1) he has a service-connected or service-aggravated disability requiring an appliance, or (2) if an appliance is determined necessary as a part of hospital treatment or domiciliary care.

Free medical examinations, when and if required, will be given by the Veterans' Administration.

Medical and hospital care for veterans of the Korean conflict were established May 11, 1951 (Public 28, 82d Cong.), when many of the benefits available to World War II veterans were extended to veterans of service on and after June 27, 1950, and prior to a date later to be set (later set as January 31, 1955), even though such service was not in an actually declared war. Prior to passage of this act, veterans of that period of service had been eligible only for peacetime benefits, which are considerably curtailed from those available for veterans of wartime service.

CHAPTER XII

VOCATIONAL REHABILITATION

World War I

Vocational rehabilitation was another part of the "package" provided in the War Risk Insurance Act for the benefit of disabled veterans. It was expected, because of improved methods of medical treatment, that the percentage of the wounded who would survive would be larger than in any previous war, meaning that more disability cases would survive. Furthermore, changing occupational skills which demanded a higher degree of training would mean that the disabled would be in greater need of rehabilitation. It was anticipated, however, that the disabilities would be similar to those encountered in everyday civilian life; that the numbers involved would be vastly greater than anything of the kind ever experienced before; but that the men would be more easily rehabilitated because they were young and because they would have more inspiration and enthusiasm for the job.

It was realized, furthermore, that the disabled men would need help. Some of the more ambitious would undertake the task themselves, but many would not have the necessary personal drive. The return of these disabled men to the productive, workaday world would not only benefit them, but would benefit the entire economy by salvaging productive capacities which otherwise would have been lost.

The War Risk Insurance Act provided for vocational rehabilitation but gave no details for carrying it into effect. After some study, the Vocational Rehabilitation Act (Public No. 178, 65th Cong.) was passed setting up the outlines of the program and placing the administration of the act under the Federal Board for Vocational Education. Later, vocational rehabilitation was placed under the newly organized Veterans' Bureau which concentrated the administration of all programs in the hands of one agency.[1]

Disabled veterans who suffered vocational handicaps were originally the only ones eligible for rehabilitation. The men received special rates of compensation while they were in training. Eventually this was set at $100 a month for men without dependents and $120 a month for men with dependents. Each man was allowed to select his own training objective and a program of work or study was laid out to help him meet his objective. The cost of training was paid by the Government with a time limit dependent upon the accomplishment of the training objective. The final time limits for training as set by the World War Veterans' Act of 1924 (Public No. 242, 68th Cong.) were: For application, June 30, 1923; for induction, June 30, 1925; and for training, June 30, 1926. The time for the termination of

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[1] For a more complete discussion see W. P. Dillingham, Federal Aid to Veterans, pp. 131–144.

training was extended in 1926 (Public No. 448, 69th Cong.) 1 year for those in placement training and 2 years for those taking educational training. This was an extension from the June 30, 1926, terminal date established in 1924. Trained workers in the field were scarce, the program was a temporary one, and it proved difficult to supply the needed guidance and supervision.

Two kinds of training, in general, were given—educational training, usually in established schools, and on-the-job or placement training in which a man was trained in an apprentice-like arrangement for a specific job. Placement training, in particular, suffered because of lack of an adequate supervisory staff. The Bureau established a few small schools for the training of men who could not find a school which fitted into the pattern of their particular needs.

Responsibility for finding suitable employment for rehabilitated veterans was placed upon the Government. The Bureau attempted to find employment for these men, to follow them up in their employment, to assist them in meeting the difficulties of new positions, and to promote the good will of the public toward them. No funds were available, however, to keep a record of the rehabilitated veteran's placement; hence no effort was made to keep such a record. In carrying out their placement duties, the Bureau representatives surveyed employment opportunities, maintained contact with employers to secure their cooperation, and attempted to secure the cooperation of all elements of society in placing rehabilitated men. Cooperation from employers was good, and in general employment representatives were successful in placing trainees. At the termination of the program in 1928 it was reported that approximately 97 percent of rehabilitated veterans had been placed in gainful employment.

The vocational rehabilitation program was handicapped at the beginning by divided authority. The Bureau of War Risk Insurance determined a man's eligibility before he could be admitted to training, and the work of the Bureau was frequently over a year behind. A division of responsibility with the Public Health Service caused much delay. Very few veterans were admitted to training for 2 or even 3 years after the armistice.

Misplacement of trainees presented problems which could be guarded against only by better guidance and counseling service, and many times even that was not sufficient. Veterans demanded to be allowed to pursue the course of training they wanted whether they possessed the qualifications for it, and whether they were physically able to carry on the occupation. When it became evident that a man was misplaced in training, some action had to be taken. Usually this was in the nature of termination of his training. The Bureau was very severely criticized for terminating the training of these men. Actually, many of the men knew they could not earn as much as the $120 they were drawing. Many of these shopped around among training objectives, trying one type of training for a time and then shifting to another. Their training had to be terminated. Those who criticized the Bureau went on the assumption, apparently, that all men taking training were perfectly honest in their desires to be rehabilitated and get out to a job; some opponents of the program took the attitude that all of the men in training were goldbrickers who were there only in order to draw benefits; both attitudes were

wrong. Many of the men were honestly trying to rehabilitate themselves to become useful members of society, but some were not.[2]

Vocational rehabilitation was a temporary program, and was terminated in 1928. Some 675,000 applications for rehabilitation were received, of which approximately half were rated eligible for training. Of these, 180,000, or slightly over half, entered training and 129,000 successfully completed their training courses. Roughly a third took only institutional training, another third took only on-the-job or placement training, and the balance took a combination of both.

There can be no reasonable doubt but that many of the men who took rehabilitation training benefited greatly from it, and found themselves to be more productive than they could otherwise have been. However, undue liberalization of the laws and lax administration permitted too many men to come under its provisions and to enroll in courses from which they could gain very limited, if any, benefits, and increased the cost of the program to an unwarranted level. There is no basis for comparison as to the relative efficiency or productivity of the expenditures.

Total expenditures amounted to $645 million. This does not represent the cost of vocational rehabilitation, however, because included in the figure is the cost of maintenance for trainees, much of which would have been paid in the absence of a rehabilitation program.[3]

World War II and the Korean conflict

Vocational rehabilitation for disabled veterans of World War II was authorized on March 24, 1943 (Public No. 16, 78th Cong.). Debates in Congress dealt only with procedural aspects of the measure and showed no real opposition to the basic objectives.

Any veteran who served during the war, who was honorably discharged, who had a compensable disability, and who was in need of vocational rehabilitation to overcome the handicap of the disability was entitled to vocational rehabilitation. The law provided for a terminal date beyond which training could not extend, that a course of training of more than 4 years' length could not be authorized (although this limitation was relaxed somewhat for special cases), for additional compensation beyond disability compensation during training, and for training and other details to be established by the Administrator of Veterans' Affairs.

The purpose of vocational rehabilitation was to restore employability which had been lost because of the handicap of disability. Requirements were established specifying that the trainee must decide upon an approved employment goal which he desired to attain. The goal was to be chosen after consultation with vocational experts and guidance counselors during which the aptitudes and abilities of the individual would be reviewed. Once the vocational goal was established, the course of study or training necessary to enable the trainee to reach his goal was laid out. This might consist of a program of studies in some school already established—secondary school, vocational school, college or university—or it might consist of some type of on-the-job or apprenticeship training. It might, and in many in-

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[2] 66th Cong., 2d sess., H. Rept. 1104; and 68th Cong., 1st sess., Senate Finance Committee hearings on S. 2257, February 21, 1924, give reports on some of the shortcomings of vocational rehabilitation.

[3] W. P. Dillingham, Federal Aid to Veterans, pp. 142–143.

stances did, consist of a combination of institutional and on-the-job training. On-the-farm training for agriculture nearly always consisted of a combination of study and practice.

Experience with vocational rehabilitation for veterans of World War I during the 1920's had demonstrated quite clearly that one of the fundamental requisites for the success of such a plan was expert and careful vocational advisement prior to the beginning of a course of rehabilitation. On the basis of such advisement, the veteran decided upon a plan of study or of training which he was required to follow full time and precisely. Any deviation from the prescribed plan had to be approved by the vocational counselor.

Probably the major difference between vocational rehabilitation for World War II and World War I veterans was that World War II veterans could take training under the educational provisions of the GI bill if they chose while World War I veterans took vocational rehabilitation or nothing. Any World War II veteran who could meet certain minimal eligibility requirements was eligible for educational training under Public Law 346. In addition, those who were disabled and in need of vocational rehabilitaiton or retraining because of their disabilities, were eligible for vocational rehabilitation. A man who was eligible for both could take training under either one, or a combination course could be approved. The subsistence payments were higher under vocational rehabilitation, but is also required full-time study or training and submission to more rigorous control than was true of educational training. There is no record of the number of veterans eligible for vocational rehabilitation who elected to take training under Public Law 346. It is known that there were many men who did this, some because they wished to pursue part-time training while holding down a job, some because they did not wish to submit to the supervision exercised over trainees under Public Law 16, and some because they wished to pursue some goal which was not recognized as legitimate by the Veterans' Administration. At least, the result of the ability to choose between the two programs made the vocational rehabilitation much more flexible so far as the individual veteran was concerned.

Vocational rehabilitation for veterans of the Korean conflict was provided by Public Law 894 of the 81st Congress, as amended by Public Law 110, 82d Congress, under basically the same conditions as it had been provided for World War II veterans.

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CHAPTER XIII

GUARDIANSHIP SERVICE

Under any program which results in payments to a large number of individuals, it is inevitable that some portion of these individuals will be legally incompetent to manage their own affairs. In this group will be included children under legal age, aged people, and veterans who have been rated mentally incompetent for a variety of reasons. For all of these people, legally competent fiduciaries must be provided who will be responsible for their legal affairs, and in some cases, for their personal care as well. Guardianship is a State function, and originally the Veterans' Bureau had little to say about the activities of these fiduciaries. However, it soon became evident that widespread abuses were being perpetrated by guardians and that something would have to be done to protect their wards.[1]

The unsatisfactory conditions found to exist fell naturally under two heads: (1) Unsatisfactory administration of the ward's estates—involving anything from actual embezzlement to merely unwise investments, or failure to invest; and (2) unsatisfactory living conditions of the wards, involving degrees of negligence ranging, as to insane veterans, from cases of mere neglect to those wherein the helpless veteran was confined in a pen or coop; as to minors from mere neglect to cases wherein the minor was required to stay out of school and work to help support her stepfather who used the compensation money for his own benefit. It could safely be said that the courts would not permit such things to exist if they knew about the abuses, but they had to depend on the unsupported reports of the guardians as to those matters falling within the first category, and had no machinery whatever to inquire into those falling within the second.

The authority of the Administrator to intervene in what is basically a State function developed slowly. The main steps were as follows:

Under the War Risk Act, the Director had no discretion as to whether to pay funds to the appointed guardian. If no guardian had been appointed, however, and the incompetent veteran was institutionalized, the Director could withhold money and retain it in the Treasury to be expended at his own discretion for the benefit of the ward.

Under the World War Veterans' Act of 1924, the Director was given the authority to suspend payments to any guardian who refused to account for the funds paid to him for the benefit of the ward. A limited guardianship service was established under the World War Veterans Act, but its functions were closely circumscribed by the law.

The next advance came in 1926 (44 Stat. 791) and gave the Director discretionary powers whether to pay funds to appointed guardians, and authorized him to expend funds for attorneys to appear in State

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[1] W. P. Dillingham, Federal Aid to Veterans, pp. 197–206, gives a more detailed account of guardianship activities.

courts in connection with accounts, appointment or removal of guardians, excessive fees or commissions, and the like. In 1928 (45 Stat. 964) the Director was authorized to meet the cost of appointing guardians.

The law in 1930 gave the Administrator complete discretionary power in handling the payments due beneficiaries under legal disability. It empowered him to select the fiduciary appointed by the court and to supervise the administration of the beneficiary's funds by that agent. It also permitted the Administrator to assume the guardianship and disburse or retain the funds until a suitable guardian was appointed or the need for one ceased.

The last legislative enactment concerning guardianship during the period came in 1935 (Public No. 262, 74th Cong.) as a result of irregularities in accounts of guardians during the depression. The bill defined embezzlement and other illegal acts, brought all types of payments being made by the Administration for the benefit of veterans under guardianship rules, and extended the Administrator's discretionary powers still farther. The restrictions on the number of beneficiaries one guardian might serve were extended to cover guardians in all States. Administration attorneys were no longer limited to action in the court which appointed the guardian, but could appear in any court having original, concurrent or appellate jurisdiction over the cause. Willful neglect or refusal to make and file proper accountings and reports was taken to constitute prima facie evidence of embezzlement or misappropriation, and appropriate penalties could be applied.

From 1924 to 1935 the Administration's system of guardianship was being perfected. Specifically, all guardianship officers finally came to be charged with the responsibility for determining: (1) That guardians rendered periodic accountings for the disposition of funds under their charge; (2) that the ward received the benefit of the award of funds in his favor; and (3) that the ward was being properly cared for. Through the activities of these officers, a considerable amount of money illegally disposed of by guardians was restored. Also, annual savings in terms of the prevention of illegally high fees and the diversion of money to other than its legitimate uses, ran into quite large amounts because large amounts of income and large portions of estates would have been diverted to the use of persons other than those entitled to them in the absence of a guardianship service.

During the same period the Administration collaborated with interested parties who attempted to obtain uniformity in the various States regarding commitment of patients to Bureau hospitals and in the administration of the estate of Bureau beneficiaries through support of a uniform probate act to be known as the Uniform Veterans' Guardianship Act. That act provided for the appointment of guardians, for their reports and accounts, and for their removal; it provided limiting fees and commissions and for safeguarding funds; and it established conditions for the commitment of Administration beneficiaries to Bureau hospitals. The mentioned effort was successful, over a period of time, in obtaining passage of this legislation or of substantially similar laws by the State legislatures of most of the States.

Guardianship work on the part of the Veterans' Administration for the benefit of incompetent veterans of all wars and minor dependents seems to have been highly successful. It was slow in developing,

but this was probably inevitable. Its only expense was administrative, consisting of salaries and other administrative costs, and of court costs in cases where such costs were assessed against the Government. The annual savings to beneficiaries under guardianship were estimated to be much larger than the annual cost of carrying on the work.

The guardianship activities of the Veterans' Administration are not limited to cases in which a fiduciary has been appointed, but deal also with a large number of cases in which there are legal custodians or other fiduciaries accountable only to the Veterans' Administration. These include institutionalized veterans, veterans for whom no fiduciaries have been appointed and minor children in the custody and control of their mothers and for whom no fiduciary has been appointed.

In April 1955, 95,000 incompetent veterans were under Veterans' Administration supervision; almost 40,000 were not subject to guardianships, but were under direct Veterans' Administration supervision. On the same date, of the 230,000 children benefiting from fiduciary payments, almost 75,000 are not subject to guardianship. The total value of estates involved in legal custody cases protected by Veterans' Administration guardianship service but outside of State guardianship laws is over 78 million and the annual estimated income of these wards is $50 million.[2]

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[2] Congressional Record, vol. 101 (daily edition), June 9, 1955, pp. 6768–6771.

CHAPTER XIV

ADJUSTED COMPENSATION

Agitation for the payment of adjusted compensation began immediately after the war. It is difficult to say who started it. Quite strenuous opposition to the idea developed and it was not until 5 years had passed that the World War Adjusted Compensation Act, popularly known as the Bonus Act, was approved on May 19, 1924 (Public, No. 120, 68th Cong.). The main argument in support of the bill was that it was an obligation owed to the veterans. The opposition was on the basis that it was too expensive.[1]

The Bonus Act was limited to honorably discharged members of the military and naval forces in active service between April 5, 1917, and November 12, 1918. No credit was to be given for service as a commissioned officer above the grades of captain in the Army or Marine Corps, lieutenant in the Navy, or first lieutenant in the Coast Guard. Regular officers who had remained in the service and not been discharged were, of course, ineligible. With these limitations each veteran was entitled to an adjusted-service credit based upon the number of days in excess of 60 of active service between April 5, 1917, and July 1, 1919. The 60 days for which no credit was allowed represented the period assumed to have been covered by the previous $60 bonus. For each day of home service the credit allowed was $1; for overseas service the credit was $1.25. The amount of credit could not exceed $500 for a veteran with no overseas service, and $625 for one who had overseas service. If the credit was not more than $50, the veteran received cash, otherwise he was given an adjusted-service certificate of face value equal to the amount of 20-year endowment insurance adjusted service the credit plus 25 percent would purchase as a single payment at the attained age of the veteran, calculated on the basis of the American Experience Tables of Mortality and interest at 4 percent.

This certificate was payable to the veteran after 20 years, or in the event of his prior death, to his beneficiary. After 2 years the certificates might be used as collateral for loans to 90 percent of their reserve value. Applications for adjusted service credit should be made on or before January 1, 1928. The dependents of any deceased veteran who had failed to file such an application were authorized to apply for the credit, but did not become entitled to the additional 25 percent. In such cases the payment was made in full if the credit was less than $50, or in 10 quarterly installments if it was more than that amount.

If a veteran had 100 days' service at home and 200 days' service abroad, his basic adjusted service credit was $100 plus $250 less the

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[1] W. P. Dillingham, Federal Aid to Veterans, pp. 145–172; also, 84th Cong., 1st sess., House Committee Print No. 171, pp. 96–107.

bonus of $60 paid on discharge, or $290. To this would be added 25 percent, making the total adjusted service credit $362.50. If he was 30 years old, the maturity value of the certificate would be $914.95.

Starting in 1926, a series of liberalizing amendments to the adjusted compensation law were enacted. These provided for the filing of applications in the names of veterans who had died, with no deductions on account of indebtedness to the Government; loans from the United States life insurance fund were authorized; interest rate on loans was reduced from 6 percent to 3½ percent by 1932; the loan limit was raised to half of the face value; the 2-year waiting period before a loan could be obtained was eliminated; and the period for making application was extended several times. The Adjusted Compensation Act was a complicated one originally and was not made less so by amendment.

The general business depression and widespread unemployment that followed the close of the year 1929 encouraged a demand on the part of the veterans' organizations for immediate payment of the bonus. Agitation continued for the immediate payment of the bonus certificates, interrupted for a time by the Economy Act and efforts to restore cuts made in veterans' benefits in the name of economy.

After much maneuvering and a Presidential veto in 1935, payment was finally authorized in January 1936 (Public, No. 425, 74th Cong.). The certificates were payable on or after June 15, 1936, in United States bonds in $50 denominations, with the difference payable in cash. The bonds were dated June 15, 1936; they matured 9 years later; they were redeemable at any time; and they drew interest at 3 percent. Many veterans cashed their bonds at once; others, however, left their bonus in the form of bonds, some of which still are being redeemed.

Adjusted compensation was a poor substitute for rehabilitation or a service pension. As an aid to readjustment, the timing of the bonus was completely wrong, offering no immediate aid, but dissipating itself over a period of time when the need was not urgent. As a substitute for service pensions it also came at the wrong time and in the wrong way. A service pension becomes a crucial issue when veterans are old or disabled and many are indigent. A lump-sum payment 20 years after the war did not meet these conditions. There seems little likelihood that the bonus influenced the course of other legislation for veterans of World War I.

CHAPTER XV

MILITARY DISABILITY RETIREMENT

The system of pensions and compensation, which has been built up over our history starting 1636, was established and maintained for the purpose of relieving the hardships of men injured in the Armed Forces during periods of actual conflict, or of the families of men killed while serving in the Armed Forces during periods of actual conflict, or dying as a result of such service. As such, it applied to both the emergency citizen soldier and the member of the Regular Establishment without distinction for service performed in time of war. In general, however, and with few exceptions, it did not apply to disability incurred in the Armed Forces during periods of peace.[1]

The first retirement act for Regular Army officers was passed in August 1861 in order to eliminate those who were unfit because of advanced age, disease, or infirmities. The law prescribed that "when an officer has become incapable of performing the duties of his office, he is to be either retired from active duty or wholly retired by the President." Prior to the enactment of this law, officers appointed in the Regular Army stayed on the active list until they resigned, died, or were eliminated for cause. The retirement for physical disability was not for the benefit of the individual, but to insure an army which was physically fit, and which could provide effective leadership. In 1882, the Officer Retirement Act of 1861 was reenacted and became the law which authorized disability retirement for Regular officers until 1949. Retirement compensation was based on 75 percent of the base pay, less allowances, and the amount of retired pay varied according to the grade and length of service, and not according to the severity of the disability.

During the early history of the pension compensation system, rank of the disabled or deceased man was important in determining his disability pension or compensation. Length of service past some minimum was not considered in the determination of pension. For service in World War I, non-Regular officers were under the same pension compensation system for disability or death during a period of war emergency as were enlisted men. They received no differential treatment.

Shortly after the termination of World War I, a group of non-Regular officers initiated action to equalize their retirement benefits to those of retired Regular officers. In 1928 the Tyson-Fitzgerald bill (Public Law 506, 70th Cong.) was passed, and provided that non-Regular officers who were disabled 30 percent or more would be placed on the emergency officers retired list at 75 percent of their retired pay. The President vetoed the bill, and among other things stated:

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[1] William H. Glasson, Federal Military Pensions, pp. 98–99 and 123–147; see also, G. A. Weber and L. F. Schmeckebier, The Veterans' Administration, pp. 16–29.

"It discriminated against emergency officers of less than 30-percent disability, and all disabled enlisted men of World War I * * *." The bill, however, was passed again over the President's veto and became law. This then, was the first time that the retirement law of Regular officers was used as a measure for disability compensation for non-Regular officers.

In 1939, when a large number of Air Corps Reserve officers were being considered for extended active duty, legislation was introduced to confer retirement benefits on Reserve officers who became disabled while on active duty. This legislation was supported by the Reserve Officers Association, Disabled Veterans of the World War, the American Legion, and the Veterans of Foreign Wars. The War Department opposed the enactment. The act was passed (Public Law 18, 76th Cong.). It provided that all men of the Army, other than those of the Regular Army, when called or ordered into service for an extended period of time, and who suffered disability or death while so employed "shall be deemed to have been in the active military service during such period and shall be in all respects entitled to receive the same pensions, compensation, retirement pay, and hospital benefits as are now or may hereafter be provided by law or regulation for officers and enlisted men of corresponding grades and length of service of the Regular Army." This act, therefore, did permit benefits for non-Regular officers but did not benefit non-Regular enlisted men because there was no physical disability retirement law for enlisted men of the Regular Army with under 20 years of service at that time.

The Revenue Act of 1942 contained a provision that pension benefits should not be taxable while retirement benefits would be. Retirement pay received because of physical disability was considered as a pension and, therefore, was not taxable. With heavy war and postwar income tax rates and low exemptions, the exemption of retirement income from the income tax became valuable. Some 90,000 officers sought retirement for disability following World War II as compared with only about 3,000 officers who had been retired for disability since the passage of the Officer Retirement Act of 1882.

The Career Compensation Act of 1949 is the present law providing for retirement for physical disability. It constitutes the first authorization of retirement for physical disability for enlisted personnel comparable to that received by officers. To be eligible for disability retirement, an individual must be found "unfit" to perform the duties of his office, rank, grade, or rating by reason of physical disability incurred while entitled to receive basic pay. There is a further requirement of at least 30 percent disability for an individual to be retired with less than 20 years of active service. An individual may be placed on a temporary disability retired list or he may be permanently retired. If temporarily retired, he must submit to physical examinations and to a review of his case within 5 years. At which time, he is either permanently retired or returned to active service. If the member has less than 8 years of active service, the disability must be the proximate result of the performance of duty. Individuals with less than 30 percent disability and less than 20 years of service, who are found to be unfit, if otherwise qualified, are eligible for severance pay instead of monthly retirement pay. Severance pay is calculated at the rate of 2 months of basic pay for each year of active service, the total not to exceed 2 years of basic pay.

The disabled member of the Regular forces has three different possibilities so far as receiving retirement benefits is concerned. If he has less than 30-percent disability and less than 20 years of service but is found unfit, he may (1) take severance pay in lieu of anything else, or he may (2) draw disability benefits from the Veterans' Administration. He cannot do both, and if he draws severance pay he cannot receive benefits under the Veterans' Administration until an amount equal to the severance pay has been offset. If a member is eligible for disability retirement pay, he may take that or he may once again decide to take the compensation offered by the Veterans' Administration. He cannot have both but he may take the veterans' compensation with a corresponding reduction in his retirement pay. He can, however, shift from one list to the other at will.

CHAPTER XVI

RETIREMENT OF DISABLED EMERGENCY OFFICERS

Under the War Risk Act and the World War Veterans' Act, compensation was based upon the degree of disability rather than upon rank. Soon after the close of the war, however, proposals were made for compensating disabled emergency officers at a higher rate than was authorized by existing laws. Hearings were held on such legislation during almost every session of Congress for 9 years. The American Legion finally threw its weight behind the proposition and in 1928 an act (Public No. 506, 70th Cong.) was passed over the President's veto which made eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than Regular officers of those services, who incurred physical disability in line of duty while in the service of the United States during World War I.

Under this act, eligible officers 30 percent or more permanently disabled became eligible to receive 75 percent of their basic pay at the time of discharge, plus Veterans' Administration privileges and those of the Regular services.

Officers who were more than 10 percent, but less than 30 percent, permanently disabled and whose disability was of service origin, were entitled to be placed upon the retired list without pay and to continue to receive any disability compensation payable to them by reason of their injuries or diseases incurred in the military service.

The act specifically stated that its benefits should extend only to officers who during "service have incurred physical disability in line of duty." The question arose immediately as to the eligibility of those whose service-connection had been established by presumption. The presumptions in force at that time provided that any man who had, prior to January 1, 1925, neuropsychiatric disease, spinal meningitis, an active tuberculosis disease, paralysis agitans, encephalitis lethargica, or amoebic dysentery, should be presumed to have acquired the disability in the service; the presumption was conclusive in the case of active tuberculosis disease and spinal meningitis, but in all other cases it was rebuttable "by clear and convincing evidence." The act also provided that the officers should be rated in accordance with law. The Attorney General held that this applied the rating schedules in use under the World War Veterans' Act to disabled emergency officers, so they became entitled to presumptive service connection. This admitted many to the list who would not have been eligible otherwise.

The retired pay of emergency officers came under economy fire as the depression deepened. A percentage reduction in retirement pay was applied to them as to many other recipients of money from the Government. A limitation on the combined amount which could be received from retirement and Government salary combined was established.

The Economy Act repealed the law relating to retirement of emergency officers. Section 10 of title I of the Economy Act reinstated the benefits for disabled emergency officers and in Veterans Regulation No. 5 was stated as Executive Order No. 6093. The pay was continued at the same rate as before, but the number of beneficiaries was reduced by eliminating the following: (1) All officers whose awards were based on the presumptive service connection; (2) all officers whose injury or disease was not suffered in line of duty; (3) all officers who had a prior disability which had increased during service, but where the increase had not directly resulted from the performance of military or naval duty; (4) all officers who entered active service after November 11, 1918; and (5) all officers who were disabled as a result of a disability, the causative factor of which is not shown to have arisen out of the actual performance of duty.

These restrictions removed well over 4,000 officers from the retired list, reducing the roll from 6007 to 1,566. Expenditures were reduced accordingly. The Legion atempted to obtain a more liberal interpretation of the law during the balance of the 1930's, particularly the "causative factor" which required that an absolute proof be established that disability had arisen directly out of service in the performance of a military duty. Some relaxation in this interpretation was accomplished.

Because of a liberal interpretation of a loosely written law, it seems probable that the intent of Congress was not carried out in the administration of the retirement of disabled emergency officers. A reversal of policy under the Economy Act made the requirements for admission to the roll very strict. A 1940 act, Public 743, 76th Congress, modified the administration of Veterans Regulation No. 5 and returned 957 emergency officers to the rolls. The act seems to have been intended for the benefit of some badly wounded officers, many of them young lieutenants who led platoons through fierce machinegun fire in the Argonne Battle. The language of the act was so general, however, and the interpretation was so liberal, that many former officers with other types of disabilities, including those of presumptive or statutory origin, found their way onto the retired list.

This was the only instance where a benefit granted to veterans of World War I was placed on a basis of rank. It was probably too much to expect in view of the long history of compensation benefits being based at least partially upon the rank of the recipient held during his time in the Armed Forces, that it could be completely eliminated in case of World War I veterans.

There seems to have been no connection between this law and the rest of the benefits package enacted for World War I veterans.

CHAPTER XVII

FEDERAL EMPLOYEES' COMPENSATION ACT

While social security, workmen's compensation, and other security programs for private employees were developing, the Federal Government developed a security system for its employees under the Federal Employees' Compensation Act. The Federal Employees' Compensation Act (Public Law 267, 64th Cong.), hereinafter called FECA, was a law to provide compensation for disability and death and medical care for civilian employees of the Federal Government, including civilian officers who suffer injuries due to the performance of their duties. The act follows the prevailing pattern of workmen's compensation legislation, basing benefit payments to survivors on a specified percentage of the deceased employee's wages. The law established a schedule of percentages of the deceased employee's wages payable to different relatives within certain preferred classes, which included spouse, dependent children, parents, brothers, sisters, grandparents, and grandchildren.

Prior to the First World War there was almost no inactive duty training of a Federal character. The National Guard was a State institution until called into the service of the United States. Inactive duty training programs were greatly expanded after the war. The Navy and Marine Corps maintained a small number of reservists on active duty to administer the inactive duty programs. The existing disability and death compensation laws covered any person on active duty,[1] but inactive duty training was not covered.

Navy and Marine Corps reservists were brought under the FECA by an act of February 28, 1925 (Public Law 512, 68th Cong.). This act reorganized the Navy and Marine Corps Reserves and extended coverage to Reserve personnel while on active duty, training duty with or without pay, or when engaged in authorized travel to and from such duty in time of peace. The benefits were restricted to disability or death resulting from physical injury and excluded all sickness or disease. The application of FECA to members of the different Reserve components of the Armed Forces is a highly technical matter. The following discussion is not intended to explore fully nor to exhaust the details of the complete application of FECA to the Reserves, but only to indicate the general outlines of the situation.

Extension of FECA benefits to Army Reserve personnel did not come until July 15, 1939 (Public Law 179, 76th Cong.). Under that act, the benefits of FECA were extended to Reserve officers and

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[1] Except that National Guard and Army Reserve personnel on active duty for training were ineligible after June 15, 1933 (Public Law 64, 73d Cong., sec. 112). This restriction was repealed retroactively for reservists on June 23, 1937 (Public Law 159, 75th Cong.). This restriction was repealed for National Guard personnel called to active duty for more than 30 days on April 3, 1939 (Public Law 18, 76th Cong.), and for naval or marine reservists called for active duty more than 30 days or for training duty on June 20, 1949 (Public Law 108, 81st Cong.), if the disability or death results from injury.

enlisted men of the Army. Compensation under the act was payable for physical injuries or death resulting from peacetime service (1) while on active duty, (2) when engaged in authorized travel to and from such duty, or (3) when engaged in training without pay. The application of the FECA to Army Reserve personnel was more liberal than its application to Navy Reserve personnel in that it permitted compensation for disability or death due to sickness or disease contracted in line of duty. Benefits were limited to cases where there was a causal connection between the active duty service and the illness or death.[2] Reserve officers were prohibited from receiving benefits under the FECA when called to active duty for more than 30 days, but there was no such restriction for their survivors. In order to place Army and Navy Reserve personnel on a par as to the year in which these benefits were applicable to them, an act in 1940 (Public Law 747, 76th Cong.) made the benefits of FECA retroactive to cover injuries resulting in permanent disability or death to Army Reserve personnel at any time after February 28, 1925.

In general, during the World War II period, reservists on active duty were eligible for the benefits available to Regulars rather than for benefits under the FECA program. Under an act of February 19, 1941 (Public Law 8, 77th Cong.), however, temporary members of the Coast Guard Reserve physically injured in time of war were entitled to the benefits of FECA. These men were not eligible for benefits under the Veterans' Administration. The act of August 7, 1946 (Public Law 641, 79th Cong.), declared the period after September 8, 1945, to be a time of peace for purposes of benefits to reservists (with different provisions for different Reserve components), and thereby made it possible again for reservists on active duty to elect FECA benefits under the laws enacted in 1925, 1938, and 1939, in lieu of Veterans' Administration death compensation benefits. This was done when it became apparent that "time of peace" might be indefinitely postponed. At the time the act was passed, its relationship to veterans' benefits did not appear important since FECA benefits rates were generally lower than alternative Veterans' Administration death compensation rates.

On June 20, 1949 (Public Law 108, 81st Cong.), a law was enacted for the purpose of equalizing death and disability benefits for reservists and Regulars by making reservists in peacetime as well as wartime eligible for the same benefits under Veterans' Administration as Regulars. The alternative of coverage under FECA was not eliminated in the legislation, however. An election was required between the regular death compensation and death gratuity benefits under the Veterans' Administration, and FECA benefits. At the time the 1949 act was passed, the duality of benefits did not appear to be a noticeable defect, because the FECA benefits were still substantially lower than the Veterans' Administration death compensation benefits.

The duplication of benefits and the possibility of election became a significant problem in 1949 as a result of the act of October 14, 1949 (Public Law 357, 81st Cong.), which increased FECA benefit rates very substantially. It became advantageous in many cases for families of deceased reservists who were officers or enlisted men in

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[2] 76th Cong., H. Rept. 1009, p. 2.

the higher grades to elect FECA benefits from the Labor Department in lieu of the death compensation paid by the Veterans' Administration. In case FECA benefits were elected, the beneficiaries were still eligible for payments under veterans' insurance and nonservice pension laws, and any old-age and survivors' insurance payments. By chance, then, many reservists in active service became eligible for benefits more liberal than those available to Regulars.

The above condition is part of a situation which has resulted because of piecemeal changes in laws which have been cleared by different committees of Congress over many years. The total picture has never been thoroughly reviewed, with the exception of survivor benefits for service-connected deaths which was studied by the House Select Committee on Survivor Benefits in 1954 and 1955. Similar situations have arisen in other fields of veterans' benefits because of the piecemeal development of security systems for the whole population which are also to veterans.[3]

The Kaplan committee has reviewed the situation created by these overlaying benefits, and has recommended the elimination of FECA coverage for both death and disability in future cases.

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[3] 83d Cong., 2d sess., H. Rept. 2682, pt. 2, p. 43.

CHAPTER XVIII

SOCIAL SECURITY

In 1935, a movement which had been gathering strength for some time finally culminated in the passage of the Social Security Act. This act laid the foundation for a variety of programs designed to relieve citizens from some of the risk of destitution and want arising out of the loss of their income due to unemployment or old age. Among the programs inaugurated under this bill were old-age and survivors insurance, unemployment compensation, and aid to various needy groups such as the indigent aged, the blind, and dependent children. Provision of disability benefits was added in 1952. The most important of these programs, so far as veterans are concerned, is old-age and survivors insurance.[1]

The purpose of old-age and survivors insurance was to provide protection against economic insecurity for the workers and their families when the earnings upon which they had depended for support were cut off by retirement or death. This basic purpose was reaffirmed by President Eisenhower in his social security message of January 14, 1954. The President pointed out that the old-age and survivors insurance system had been developed in response to the needs—

> arising from the complexities of our modern system * * * the system was not intended as a substitute for private savings, pension plans, and insurance protection. It was, rather, intended as a foundation upon which these other forms of protection could be soundly built * * * the system both encourages thrift and self-reliance, and helps to prevent destitution in later life.

The old-age and survivors insurance program was intended as an expression of the Nation's conviction that the older retired persons should have a continuing income to which their rights would be established by law on the basis of their earnings and contributions, and which could be available without a means test. Although not included in the original act, survivors insurance provisions were added to the Social Security Act in 1939 in recognition of the problem encountered by families when the breadwinner died. The resulting legislation was basically the old-age and survivors insurance program as it is today, although it has been expanded by the comprehensive amendments of 1950 and 1954.

At first, coverage under the old-age and survivors insurance was limited to employment in commerce and industry in the continental United States, Alaska, and Hawaii, where accurate and relatively simple wage reporting could be adapted to the employer's regular bookkeeping practices. In 1950, coverage was expanded in two ways—compulsory coverage for nonfarm, self-employed persons, many of the

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[1] For a discussion of the social-security system, including its purposes, growth, and changes which have taken place, see Social Security Bulletin, vol. 18, No. 8, August 1955. This was an anniversary number of the bulletin, and the entire contents was devoted to a review of the growth of the system.

Federal employees not covered by the civil-service retirement system, and regularly employed farm and domestic workers; and elective coverage on a group basis for employees of State and local government units and of nonprofit organizations.

In 1954, coverage was extended to still more groups including farm owners and some of the professional self-employed formerly excluded, additional farm workers and domestic employees, and, on a voluntary basis, clergymen. The 1954 amendments also removed the restriction against coverage of most State and local government groups with retirement systems of their own.

Thus today, most of the gaps in coverage have been closed. About 90 percent or more of all paid jobs are covered by old-age and survivors insurance. The Railroad Retirement Act and the old-age and survivors insurance programs are so closely coordinated that railroad employment can be considered to be covered by old-age and survivors insurance. The bulk of those not covered are Federal employees covered by Federal employee retirement systems, both civilian and military. Military personnel have had interim coverage since 1940 on the basis of assumed wages of $160 monthly. Others not covered by the program are self-employed physicians, lawyers, dentists, naturopaths, osteopaths, chiropractors, veterinarians, and optometrists, as well as domestic and farm workers earning less than a specified amount, and self-employed persons with net earnings of less than $400 a year.

Monthly benefits in 1950 were still the same as those which had been set in 1939, a maximum of $45.60 for the retired worker and $68.40 for an aged couple. During the 1940's, wages and costs of living had gone up so rapidly that such a level of benefits was unrealistic, to say the least. To remain effective, the old-age and survivors insurance program must keep pace with the social and economic changes that take place in a dynamic system. In 1950 the benefits were increased in recognition of the rise in living costs and the increases in wage levels. The 1950 benefit formula resulted in $80 for an aged worker and $120 for an aged couple, which amounts were raised in 1952 to $85 and $127.50. The top benefit for the retired worker under the 1954 revisions is $108.50 and for the aged couple is $162.80.

The amendment of 1950 provided that the starting date for benefits could be 1951. Under conditions where this would be true, workers will count only the years since 1950 in determining their benefit level. This aids those who had many years of credit when wages were low, because the influence of these low wages on the retirement benefit was eliminated. In 1954, the provision was added that in calculating the benefits, the 4 or 5 years of lowest or no earnings, could be eliminated or dropped. This provision will be helpful in raising the average wage upon which benefits are based. Another device to aid in raising the benefit level, enacted in 1954, was the "disability freeze." Under it, periods of time during which the worker or self-employed person was out of work because of extended disability may be eliminated in determining benefits.

Old-age and survivors insurance, over the years, has provided an increasing measure of protection for the individual and his family against destitution and want resulting from loss of income when the breadwinner retires or dies. To the extent that the individual has been protected, society and the national economy as a whole have been

strengthened. The program has become identified with the economic welfare of the country within the framework outlined in the 1948 report of the Advisory Council in its report to the Senate Finance Committee:

> In the last analysis the security of the individual depends on the success of industry and agriculture in producing an increasing flow of goods and services. However, the very success of the economy in making progress while creating opportunities, also increases risks. Hence, the more progressive the economy, the greater is the need for protection against economic hazards. This protection should be made available on terms which reinforce the actions of the individual in helping himself. A properly designed social security system will reinforce the drive of the individual toward greater production and greater efficiency, and will make an environment conducive to the maximum of economic progress.

Old-age and survivors insurance is not a static program. Having met many of the challenges of the past, it must constantly turn its attention to the future. And as President Eisenhower has said:

> It helps individuals provide for security and to reduce both the fear and the incidence of destitution to the minimum.

As was pointed out above, old-age and survivors insurance is not a static program but a dynamic one which must be fitted into a dynamic economy. Neither is its companion program, old-age assistance (and the various other assistance programs) a static program, but relations between the two are ever changing. From the standpoint of the individual, the old-age assistance program does not require contributions from wages to acquire eligibility. Old-age assistance is a social welfare program administered through the various State welfare departments in cooperation with the Federal Government. At some times during the 1940's, payments under old-age assistance were larger than under old-age and survivors insurance. This latter program has been based upon the supposition that eventually all workers will be covered and that the old-age assistance will eventually become only a small operation providing for exceptional cases not provided for by old-age and survivors insurance. Under the influence of the amendments to the old-age and survivors insurance program since 1950, benefit payments have increased and far outstripped payments under old-age assistance.

Currently, one of the major problem fields under old-age and survivor insurance is that of bringing the remainder of the workers under insurance provisions, and one of the major groups involved is Federal employees, both civilian and military.

Extension of OASI to cover the military

In the broad complex of military pensions, compensation, retirement, and other benefits, members of the military, both of the Regular forces and the emergency forces recruited during war periods, have enjoyed a special system of security against loss of income because of disability, old age, or death. World War I veterans, and to a lesser degree, veterans of the Spanish War, have enjoyed protection and benefits beyond these specific risks as well.

A partial extension of old-age and survivors insurance coverage to military personnel on the basis of their military service took place during the period immediately following World War II, and has continued. At the present time, consideration is being given to the

extension of old-age and survivors insurance coverage for all members of the Armed Forces on a regular contributory basis. The Armed Forces constitute one of the major groups remaining without old-age and survivors insurance coverage on a full-fledged basis.

Survivors of persons with active military or naval service were first given the right to some old-age and survivors insurance benefits, on a limited basis, by the social security amendments of August 10, 1946 (Public Law 719, 79th Cong.). This act, like most of those which have been proposed or enacted since that time, viewed military service as an interruption of civilian employment. Following this line of thought, it was presumed that the majority of men in the Armed Forces either had social security coverage prior to their entry into the Armed Forces, or that they would have obtained such coverage in civilian employment had they not been taken into the Armed Forces. Credit for military service was designed to prevent interruption of coverage because of military service.

Protection under the 1946 act was provided only for the survivors of persons with active military or naval service. The requirements for coverage were 90 days or more of service, a discharge other than dishonorable, service between September 16, 1940, and July 25, 1947, and death during a period of 3 years after discharge. The benefits did not apply in cases of death while in the service, or to servicemen who were discharged later than 4 years after the end of World War II. Nor were they payable in case of any Veterans' Administration compensation or pension benefits payable on the basis of such military service. An assumed wage level of $160 a month was used for the purpose of determining benefits. The purpose of the gratuitous 3-year grant of insured status was to bridge the gap in survivorship protection for servicemen shifting from military to civilian employment. It protected a man's dependents while he was in the process of establishing sufficient coverage to be currently insured under OASI.

The Treasury was required by Public Law 719, 79th Congress, to reimburse the old-age and survivors insurance trust fund for the cost of military service benefits. Reimbursements of $15.4 million were made during the fiscal years from 1947 to 1952 to cover the costs of benefits actually made. There was no deduction from the pay of the member of the Armed Forces, nor were there regular payments into the fund by the United States Government as the employer.

Over the years from 1946 to 1950, several proposals were introduced embodying a variety of provisions. These ranged from the emergency type of provision in 1946 to a plan for permanent coverage of military and naval personnel on a contributory basis in the same way they would be covered if they were employed in private industry. Questions which arose in connection with the various proposals were: How would social security coverage gear in with existing plans for career military service or veterans legislation? Would the Armed Forces continue to be composed of personnel who spend a few years in the military service and the remainder in civilian life? Should the matter be treated as emergency legislation, or should it be established on a permanent basis? Who should bear the cost of social security coverage for men and women in the Armed Forces? No final decision has been reached on these questions, such legislation as has been passed since 1946 being of a temporizing nature.

The decision of the 1950 amendments (Public Law 734, 81st Cong.) to the Social Security Act was in the nature of a compromise between existing legislation and the proposal for permanent coverage. The wage credits and the period involved were the same as in the 1946 legislation ($160 a month between September 16, 1940, and July 25, 1947), but the wage credits could be used at any time in the future without limitations to establish the right to social security benefits not only for survivors but also for the individual and his dependents. The wage credits could not, however, be used to establish entitlement to benefits for (1) a lump-sum death payment if the veteran died prior to September 1, 1950; or (2) on behalf of any individual who died in the service if his death was inflicted as lawful punishment for a military or naval offense. Social security benefits were not payable if the same period of service was being used as the basis for pension or retirement benefits granted by Federal agencies other than the Veterans' Administration. Pension or compensation payable by the Veterans' Administration was no longer made a bar to receiving social security payments based upon the same period of service. No provision was made for payment of the cost of social security coverage for the Armed Forces to be met by appropriations from the Treasury in the 1950 act and the earlier provision was repealed, leaving the cost to be carried by the trust fund itself.

Much study has been devoted to the problem of social security for the military. The first stand in favor of full coverage was taken by the Social Security Administration in its annual report for 1941. In 1948, a study was made by the Advisory Council on Social Security of the Senate Committee on Finance which endorsed full coverage for the military. A study for the House Ways and Means Committee in 1946 pointed out the problems of overlapping benefits as follows:[2]

> As a matter of fact, if no change is made in existing law we may expect an ever-increasing number of cases where OASI benefits rights will be acquired by persons who have retired with military pensions. Permanent coverage of military service for OASI purposes would permit satisfactory solution of this situation as protection under OASI after extended military or naval service could be relied upon, and such modification as may seem desirable made in protections afforded by military law. Also, the problems of the great mass of personnel who served a short time, qualify for no military retirement, but impair or lose OASI protection, would be solved.

Since 1950, the social-security amendments of 1950 have been extended to cover service between July 25, 1947, and January 1, 1954 (Public Law 590, 82d Cong.), and later to cover service prior to July 1, 1955 (Public Law 269, 83d Cong.), and to April 1, 1956 (Public Law 325, 84th Cong.).

As a result of the various stopgap laws enacted in 1950, 1952, 1953, and 1955, military service on the basis of presumed earnings of $160 a month was credited under the old-age and survivors insurance system from September 16, 1940, through March 31, 1956, without contributions by the servicemen. The original purpose of such credits was to preserve and continue unbroken the social-security coverage of persons entering the Armed Forces temporarily during emergency periods. However, grants of free credits over a prolonged period have led to results not previously clearly foreseen because they have been

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[2] Issues in Social Security, committee print of the Ways and Means Committee, House of Representatives, 1946, p. 65.

sufficient to provide lifetime insured status under the old-age and survivors insurance system on the basis of military service alone in some cases, and in many cases have added still another layer of survivorship benefits to an already complex array of benefits.[3]

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[3] 83d Cong., 2d sess., S. Doc. 89, pt. 2, Retirement Policy for Federal Personnel, pp. 25–28. 83d Cong., 2d sess., Study of Survivors Benefits, hearings before the Select Committee on Survivors Benefits, November 15–22, 1954, pp. 479–481. See also: 79th Cong., 2d sess., H. Rept. 2526, pp. 3–5 and S. Rept. 1862, pp. 3–5; 81st Cong., H. Rept. 1300, and S. Rept. 1669; and 82d Cong., H. Rept. 1944, and S. Rept. 1806.

CHAPTER XIX

READJUSTMENT BENEFITS

The Servicemen's Readjustment Act of 1944—better known as the GI bill of rights—provided a wide variety of benefits to aid veterans in their readjustment to civilian life. Among these were education and training benefits, readjustment allowances for the unemployed and self-employed, guarantee of loans to facilitate purchase of homes, farms and businesses, and provisions for assistance in finding employment. This overall program, offering some type of aid to nearly every veteran, had evolved out of much more limited proposals developed during more than 2 years of discussion of the Government's obligation to returning servicemen.

Early in the war, consideration was given to the provision of some kind of education and training for veterans. When President Roosevelt signed the selective service amendments of 1942, calling for the induction of 18- and 19-year-olds, he appointed a committee of Army and Navy officers and various educators to study the problems of education for these young men and women after the war. This committee, known as the Osborn committee, reported in October 1943, recommending that the Federal Government should make it financially feasible for every veteran who served in the Armed Forces for a minimum period to attend school for a year or take some kind of on-the-job training. The main purpose of this proposal was to fill the educational gap created by the war.

Meanwhile, in July 1943, the President had urged Congress to consider legislation to care for the "special problems" of persons who had made economic and other sacrifices by serving in the Armed Forces, and in November he proposed laws to provide mustering-out pay, unemployment allowances and social security credits for time spent in the Armed Forces. During the fall and winter of 1943–44, the Congress gave extensive consideration to these and other proposals. An omnibus bill, providing a variety of benefits, was passed by the Senate in March. By June, differences between the Senate and House proposals had been resolved, and the final law was signed by the President on June 22.

The legislative history of the GI bill makes it clear that the difficulties suffered by World War I veterans in their readjustment to civilian life and the accompanying demands for adjusted compensation and other benefits were well-remembered by many Congressmen in 1943 and 1944. It was felt, also, that many members of the Armed Forces lost ground in comparison with their nonveteran contemporaries.

Although many different points of view and many different procedures were proposed during debate on the measure to provide readjustment benefits, and though the various educational aspects of

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the measure were discussed at length, there was little controversy with respect to the major objectives of the proposed legislation. Mr. A. Leonard Allen, of Louisiana, emphasized this point:

> There were no differences in the objectives to be reached by this legislation, and it has been singular and encouraging that no differences in objectives have been voiced on this floor. There have been differences of opinion as to procedure, as to the mechanics of this legislation, but that is to be expected. No one, however, should be questioned as to his sincerity of purpose in that regard and we do not here question the sincerity of purpose of any gentleman who is sponsoring amendments or who is sponsoring a different bill or a different version of this bill. We all wish to accomplish the same purpose, namely, to do the thing that will be best for the veterans. We need this legislation and we are all for it.[1]

One Senator termed Public Law 346, "a fundamental bill of rights to facilitate the return of service men and women to civilian life." Congress gave it the prosaic name "Servicemen's Readjustment Act of 1944." Somewhere along the line, the name "GI bill of rights" was coined, and it is by the latter name that this omnibus measure is properly known.

VETERANS' REEMPLOYMENT RIGHTS

Veterans' reemployment rights were first enacted for peacetime servicemen as part of the Selective Training and Service Act of 1940 (Public No. 783, 76th Cong.). The United States was not at war at the time, and men were being inducted into the Armed Forces for the purpose of training as a defense measure. It was not anticipated that they would be absent from their employment for a period of more than approximately 12 months. The Director of Selective Service was made responsible for the administration of the reemployment provisions of the act and was directed to set up a Personnel Division with adequate personnel to aid returnees in securing their reemployment rights.

The act, together with legislation covering reservists (1940) and enlistees (1941) gave statutory reemployment rights to persons who had served satisfactorily in the Armed Forces, provided that (1) the serviceman had left a position in private or Government employment to enter active service in the Armed Forces, (2) the position he left was not a temporary one, and (3) he was still qualified to perform the duties of the position. If he made application for reemployment within 40 days after he was relieved from training and service, he was entitled to be restored to his former position, or to a position of like seniority, status, and pay unless the employer's circumstances had so changed as to make restoration impossible or unreasonable. The reemployed serviceman was to be considered to have been on furlough or leave of absence during his period of training and service, and was to be restored without loss of seniority. He was entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time he was inducted, and after reemployment, he was not to be discharged from the position without cause for 1 year. Minor amendments were added from time to time, such as one extending the time during which application had to be made from 40 to 90 days.

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[1] Congressional Record, vol. 90, pt. 4, p. 4445.

Public Law 26, 80th Congress, approved March 31, 1947, transferred the reemployment function from the Selective Service System to the Secretary of Labor, who established a Reemployment Rights Division in the Department of Labor. On February 17, 1948, the Division was made a Bureau under General Order No. 39

The Selective Service Act of 1948 provided similar, but not identical rights—with new provisions covering disabled servicemen and a 3-year service limitation (later extended to 4 years). At the same time, the Secretary of Labor was required to use existing Federal and State agencies engaged in similar or related activities and to utilize the assistance of volunteers.

The right to reemployment on the part of the veteran who had been absent from his job for service in the Armed Forces upon his return was a new concept. It grew out of the extreme difficulties which veterans experienced in returning to civilian employment following World War I. This experience was still fresh in the minds of many legislators in 1940 when talk of the draft to provide manpower for defense first started. Of course, even as far back as the Civil War veterans had experienced extreme difficulties in reentering the labor force. The feeling was that if it was constitutional to require men to leave their jobs to serve in the Armed Forces, it was reasonable to require the employers of such men to rehire them upon completion of their service.

The field of reemployment rights cuts across the whole area of collective bargaining, industrial, and labor relations. Its administration has been on a compliance basis with a minimum of coercion through the courts. In case a private employer refused to comply with the provisions of the reemployment acts, the power to require compliance was vested in the district courts of the United States for the district in which the business was located. There have been only about 500 reemployment rights cases litigated in the Federal courts. Employers and labor unions have both been eager to bring about the reemployment of returning veterans with as little friction as possible.

Knotty problems were presented by some of the concepts involved in the reemployment provisions. Determination, for example, of what was meant by the statement that if he was able to perform the duties of his position, he was to be restored to his old position or "to a position of like seniority, status, and pay." The determination of seniority, status and pay which the man would have had if he had not been inducted into the Armed Forces, was not easy. Employers, however, have done their best to work out the problems with representatives of the Department of Labor and have usually been successful. Many of the less complicated problems of employers and veterans have been resolved at the community level by volunteer advisers of the Bureau who serve without compensation.

There seems to be no doubt but that the provision of reemployment rights was of great aid to returning veterans in making their readjustment to civilian life easier, smoother, and simpler.

EDUCATIONAL BENEFITS

The first steps toward educational benefits were taken in connection with the rehabilitation of disabled veterans of World War I. The 1917 amendments of the War Risk Act and later the Vocational Rehabili-

tation Act of June 27, 1918, made provision for education and vocational training of those with service-connected disabilities.

During the period of demobilization following the war, the Army undertook a very ambitious schooling program for troops awaiting return from Europe. The final report of General Pershing, to the Secretary of War, stated in part:

> * * * The total attendance in the organized school system of the American Expeditionary Forces was 230,020, of which number 181,475 attended post schools, 27,250 educational centers, 8,528 the American Expeditionary Forces university at Beaune, 367 art training centers, 4,144 mechanical trade schools, 6,300 French, and 1,956 British universities. The attendance upon the institute short courses totaled 690,000 more, and at extension lectures 750,000, giving a grand total of attendance at all educational formations of 1,670,020.

While there had been no general educational program for discharged veterans of World War I, the inclusion of education in the World War II package of benefits seems to have been one provision toward which there was little or no opposition. By far the most important and far reaching part of the Servicemen's Readjustment Act of 1944 (Public Law, 78th Cong., often spoken of as the GI bill of rights) was that providing educational benefits.[1]

Any person was eligible for education and training who served for 90 days or more in the active military or naval service between September 16, 1940, and July 25, 1947, both dates inclusive, and was discharged under conditions other than dishonorable, or who served less than 90 days if discharged for actual service-incurred disability. The period of education was limited to 1 year plus the length of service not to exceed 4 years, less time spent in certain courses of education taken under Army specialized training or Navy college training programs. Education or training courses had to be initiated not later than 4 years after the date of the discharge, or prior to July 26, 1951, whichever was later. No education or training was to be offered after July 26, 1956, except in a few limited cases.

Tuition payments were made by the Government. These could not exceed $500 for an ordinary school year, but courses costing in excess of this amount might be taken and the veteran's eligibility charged with an additional period of 1 day for each $2.10 of cost in excess of $500. Correspondence courses could be pursued, but the total amount available for this type of course for any one veteran was $500.

Full-time institutional students received subsistence at the rate of $50 per month without dependents, $75 per month with one or more dependents. Those taking part-time institutional courses received proportionate rates. These allowances were raised on December 28, 1945 (Public Law 268, 79th Cong.), to $65 and $90 a month. On February 14, 1948 (Public Law 411, 80th Cong.), the subsistence allowance was increased for institutional training. The rate was set at $75 a month for the veteran without dependents, $105 a month for the veteran with one dependent and to $120 a month for the veteran with more than one dependent.

In Public Law 346, no limitation was placed upon the total amount a veteran could receive in the form of subsistence allowance plus compensation for productive labor. It soon appeared that some veterans were drawing large salaries for full-time work and subsistence allow-

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[1] 84th Cong., 1st sess., House Committee Print No. 171, pp. 201–214.

ances for on-the-job training. In 1946, therefore, Public Law 346 was amended (Public Law 679, 79th Cong.) to place a limit of $175 a month for a veteran without dependents and $200 for a veteran with dependents, upon the subsistence allowance plus compensation for productive work. Later, this time in 1948 (Public Law 512, 80th Cong.) the law was amended again to allow a veteran without dependents to receive $210, one with one dependent $270, and a veteran with more than one dependent, $290. Income earned as a result of overtime was excluded from the ceiling.

Institutional training was limited to 4 years. On-the-job training could not be less than 3 months nor more than 2 years except in the case of apprentice training when the period could continue for 4 years.

For the education and training of veterans, the Veterans' Administration used State-approved educational institutions and established business or industrial concerns qualified and equipped to give the training in the individual case. Educational institutions included universities and colleges, professional and technological institutions, technical institutes, trade and business schools both private and public, junior colleges, secondary schools, and correspondence courses given usually in conjunction with other types of training and in hospitals. Training facilities included business establishments, industrial enterprises, and agricultural and business projects. The Veterans' Administration did not set up any educational facilities for the purpose of training under Public Law 346, the policy being to use facilities which were already in existence.

An effort was made to provide educational guidance to all veterans taking training. In pursuance of this aim, guidance centers in addition to those in the Veterans' Administration regional offices were set up in universities and colleges throughout the country to which veterans might go for counsel and advice on educational matters and the choice of an occupation. These centers were continued through the program for the aid and assistance of veterans who might wish to avail themselves of the services offered.

During the early days of the program, certain problems appeared which had to be met as they emerged. First was the training of recently recruited staffs of vocational specialists and advisers; to meet this, training institutes were scheduled throughout the country with emphasis on the guidance features of the program. The second was that of cooperation with educational institutions which was solved through regular meetings of the special committee on vocational rehabilitation, education, and training problems. Third was the problem of securing a sound occupational and economic basis for vocational guidance; this was solved through an occupational survey in the central office of the Veterans' Administration. The fourth problem, and possibly the most difficult one, and one not susceptible of easy solution, was that of the uneven distribution of educational facilities throughout the country; since the Veterans' Administration did not establish training facilities, there was no way of solving this problem. Since most veterans desired to remain in their own communities, the training and vocational choices of many were limited by the adequacy of local facilities. The program depended, then, upon the various levels of efficiency of the cooperating institutions carrying on the training in the various sections of the country, as well as upon the Veterans' Administration and the veterans themselves.

The key point of the education and training program as it developed through its early years seemed to be the vocational advisement and counseling program. The aim of the program so far as Public 346 trainees were concerned was to help them to avoid, insofar as it was possible, the loss of months or even of years in pursuing an ill-chosen course of training. Although it was not the responsibility of the Veterans' Administration to assure employability at the end of this training, every attempt was made to aid the veterans to select their fields wisely in order that they might benefit as much from the training as possible. The failure of veterans to take advantage of the counseling program limited the accomplishment of the program.

Over the years, the problem of maintaining standards for training being provided for veterans became troublesome. Private schools being operated for profit, and organized to take advantage of the veteran training program, sprang up in many parts of the country. Strict regulations had to be established and enforced to prevent this type of institution from preying upon the veterans and the Government. In 1948, recreational or avocational courses were prohibited, but aviation training in connection with some other objective was not so considered. In 1949, a veteran was not permitted to enroll, at Government expense, in any institution which had been in existence less than a year, or for a course in an institution which did not have a customary cost of tuition. This last prohibition could be removed after a fair and reasonable rate of payment for charges had been determined in accordance with VA regulations defining customary cost of tuition.

The development in the education and training program consisted largely in an improvement in the guidance and counseling program, in a tightening of the regulations and restrictions around the type of training that would be acceptable, and in some liberalization of payments of subsistence. Eligibility for most World War II veterans to enter into training terminated on July 25, 1951, although a few entered thereafter. This program is practically completed. Most veterans will terminate their training in 1956, with only a few instances of veterans whose eligibility extends beyond that date.

On June 30, 1954, 10,252,132 applications for education or training under Public 346 had been received. Of these, 7,800,000, or approximately half of the surviving participants in World War II, had taken some education or training. It was a massive operation whose cost reached almost $15 billion. However, it did fulfill its purpose, which was to enable these men to reenter the civilian economy without suffering maladjustment because of their military service.

Korean veterans' education and training

The GI bill applied only to World War II veterans, so some action had to be taken to extend readjustment benefits to veterans of the Korean conflict. Such action was taken on July 16, 1952, in the passage of the Veterans' Readjustment Act of 1952 (Public Law 550, 82d Cong.). This act extended not only educational benefits but other readjustment benefits as well to veterans of the Korean conflict.

Education and training, under the Korean GI bill differed substantially from that provided for World War II veterans. The duration of education or training was limited to one and a half times the period of active service with a limit of 36 months. A short period of service

entitled a man to a short period of training. Payments were made directly to the veteran in the form of subsistence payments of $110, $135, or $160 per month, depending upon dependency status. Out of his subsistence allowance the veteran was required to meet his school expenses, such as books, tuition, and other fees. No payments were made by the VA directly to schools as had been the case under the GI bill.

In general, the same limits were placed upon recreational or avocational courses as had been true in the case of World War II veterans. Provisions of the Veterans' Readjustment Assistance Act of 1952 in general, and those pertaining to education in particular, grew out of experience in connection with the GI bill for World War II.[2]

To June 30, 1954, 788,793 applications had been received for training under Public Law 550. Of these, 542,917 had entered training by that date and 343,728 had completed training. Total disbursements for educational and training allowance under Public Law 550 by the VA to June 30, 1954, amounted to approximately $383 million.

READJUSTMENT ALLOWANCES

Readjustment allowances of two distinct types were provided for veterans under title V of the Servicemen's Readjustment Act of 1944. For unemployed veterans, a weekly unemployment allowance was available if certain basic eligibility requirements were met. The allowance amounted to $20 per week for persons who were totally unemployed, while veterans who were working part time received the difference between this amount and their actual earnings, disregarding the first $3 earned.

A separate "self-employment allowance" was paid on a monthly basis to eligible veterans who were working full time at farming or other businesses which were not yet producing normal income. The benefit was $100 per month, less any net income from the farm or business.

Both of these programs, designed to provide a minimum income during readjustment, were used by large number of veterans, particularly in areas where the postwar expansion of private jobs was slow in getting underway. From the start of the program until its termination, almost 9 million unemployed veterans and over 700,000 self-employed veterans filed claims for benefits. Total expenditures to the termination of the program were just over $4 billion. Out of slightly under 10 million veterans who filed claims, 8.9 million received at least one benefit payment and approximately 1,300,000 exhausted their entitlement to readjustment allowances.

Under the act, readjustment allowances were provided for persons who served 90 days or more in active service between September 16, 1940, and the termination of the war. The veteran was entitled to 8 weeks of allowances for each month of the qualifying 90-day period and 4 weeks of allowances for each additional month of active service, subject to a ceiling of 52 weeks. The time limit for drawing benefits was 2 years after discharge or after termination of the war, whichever was later.

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[2] Ibid., pp. 214–216.

To qualify for readjustment allowances, the veteran was required (1) to be residing in the United States, (2) to register with and report regularly to a public employment office, and (3) to be able to work and available for work, except for temporary illness occurring during a period of unemployment. No allowance was to be paid to persons receiving subsistence allowance for education and training or increased pension for vocational rehabilitation.

A veteran was temporarily disqualified from receiving an allowance if he left work without good cause, was suspended or discharged for misconduct, or failed to apply for or accept suitable work or to attend an available free training course. He was also disqualified when unemployment was due to a labor dispute, unless it was shown that neither he nor the grade or class of laborers to which he belonged was participating in or directly interested in the labor dispute.

Self-employed veterans were required to file a claim only at the end of each month, but had to establish that they had been fully engaged in self-employment for profit and that their income was less than $100 per month.

Operations under the readjustment allowance program began in September 1944 and were carried on through cooperation with the State unemployment compensation agencies, under agreement with the Veterans' Administration. The State agencies assumed the functions of taking and processing claims, determining eligibility, and paying allowances.

Activity under the readjustment allowances program responded very closely to seasonal changes and cyclical changes in employment, and to the movement of a large number of veteran students into or out of the labor force. The number of claims increased during seasonal slack periods, and during the summer months many students who were ineligible during their school terms became eligible and swelled the number of applicants. Evidence indicated that for most veterans, the use of the program was temporary during periods of actual unemployment although, of course, there were some who took unfair advantage.

With the termination of the war and the demobilization of the Armed Forces, the readjustment allowance program undoubtedly performed a service important to the economy of the Nation. Due to its relationship to employment, it probably affected more veterans than any other program adopted to assist them. Short-term unemployment immediately upon discharge, and later unemployment due to reconversion or seasonal layoffs, were hazards that confronted practically every veteran. For those in self-employment, the benefit provided income until returns from their farms or businesses were available. The readjustment allowance program assisted both unemployed and self-employed veterans in their readjustment into the peacetime economy.

A more limited program providing unemployment compensation for veterans, but no benefits for the self-employed, was made available to veterans of the Korean conflict under the Veterans' Readjustment Assistance Act of 1952 (Public Law 500). The weekly benefit rate under this law was $26 and the maximum duration of benefits was 26 weeks. The Department of Labor is responsible for administering the law in cooperation with State employment security agencies.

Eligibility and disqualification provisions of the individual State laws are applied, rather than uniform national standards that were applied under the program for veterans of World War II.

By the end of September 1953, 3 years after the program began, about 1 million had claimed benefits under this program—representing about 25 percent of all Korean conflict veterans in civil life.

Since mustering-out payments were provided under title V of the act, unemployment compensation benefits could not begin for 30, 60, or 90 days after discharge depending on the amount of mustering-out payments received. If the veteran is eligible for benefits of $26 or more under any State or Federal unemployment compensation law, he receives no benefit under Public Law 550 until such other benefits have been used. If his State benefit is less than $26, he receives the difference.

No benefits are payable for any period in which the veteran is receiving a subsistence allowance for education and training. The program terminates on January 31, 1960.

LOANS

The loan guaranty program was one of the major innovations and a most important part of the original Servicemen's Readjustment Act of 1944. The first legal framework was set forth in title III of that act. In a way, the loan guaranty program was advanced as an alternative device to a cash bonus, advocated because it would be vastly less expensive to the Government, and because quite probably it would serve the needs of the veterans equally well. Supporters of the loan guaranty program were spurred by their remembrance of the plight of thousands of veterans in the postwar era of World War I, and they were determined that the veterans of World War II should not suffer the same hardships.[1]

Credit was viewed as one of the cornerstones of the program to aid the veteran in his efforts to readjust himself to civilian life. In the opinion of supporters of the bill, the Government should provide the means whereby the veteran could obtain favorable credit which would permit him to shelter his new family or begin his business or farming venture. This concept arose because of the feeling that veterans, because of their service in the Armed Forces, had missed an opportunity to establish themselves in business or professions, and to establish a credit rating which could be the basis of borrowing to acquire a home or establish a business. The establishment of the loan-guaranty program was an attempt to place the veterans on a par with their nonveteran counterparts.[2]

The system also has provided an investment outlet for large amounts of savings which existed in the economy at the end of World War II. During the years of the war, normal investment outlets were restricted because of the shift from the production of civilian goods to war production. By imposition of price and production controls on many items, the normal flow of consumer durable goods was reduced. Thus, individual savings reached record proportions, and large amounts of money became available for investment purposes. Expectations

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[1] See: Congressional Record, vol. 90, pt. 3, p. 3087.
[2] 84th Cong., 1st sess., House Committee Print No. 171, pp. 266–279.

at the time that there would be a normal postwar depression shortly after termination of the war made it seem important that planning be done to stimulate the redirection of accumulated liquid capital into normal peacetime avenues.

Title III of the act controlled loan-guaranty provisions. The usual service and discharge requirements were included. The Administrator of Veterans' Affairs was authorized to guarantee not to exceed 50 percent of any loan or loans made to eligible veterans by an individual or by a private or public, State or Federal lending agency for the purpose of construction of homes, farms, or business property, including repairs, alterations, and improvements; for payment of delinquent indebtedness, taxes, or special assessments on residential property owned and used as a home, or livestock, equipment, and so forth; for altering or improving buildings or equipment used in farming operations, and for purchasing any business, land, buildings, supplies, equipment, machinery, or tools for use in pursuing a gainful occupation. The total amount guaranteed might not exceed $2,000 in any one case. Interest on principal loans guaranteed by the Administrator might not exceed 4 percent per annum and interest on that part of the loan guaranteed by the Administrator were paid for the first year out of available appropriations. If the principal sum was approved by a Federal agency to be made or guaranteed or insured by it, and a second loan was needed (not in excess of $2,000 or in excess of 20 percent of the cost), the rate of interest on the second loan could not exceed that on the principal loan by more than 1 percent. Any veteran eligible for a loan under this provision was also eligible for the Bankhead-Jones Farm Tenant Act to the same extent as if he were a farm tenant.

The original version of the Loan Guaranty Act, which went into effect in November 1944, contained various shortcomings which became evident during the first year of operation. This was not surprising since the field was a new one for the Veterans' Administration and conditions had changed since planning for the act had taken place. The deficiencies concerned the following items: (*a*) Real-estate prices had risen so the $2,000 maximum was not large enough; (*b*) the requirement that the price of the real estate must be "normal" caused difficulties because to many this indicated prewar prices; (*c*) the limitation of 2 years after the war as the period during which loan guaranties could be obtained was feared to be too short because of the great potential number of borrowers and the possible inflationary potential; (*d*) the 20-year maturity on loans required by the act meant that monthly installments were so high that many veterans were precluded from obtaining loans; and (*e*) the need for speeding up the processing of the loan-guaranty applications appeared necessary to make the program a success.

These points were considered in hearings before the committees of both House of Congress and amendments were enacted to title III in 1945 (Public No. 268, 79th Cong.). The maximum amount of guaranty available to a veteran was increased to $4,000 for real-estate loans, but was left at $2,000 for non-real-estate loans. The maximum maturities for real-estate loans were extended to 25 years, for farm loans to 40 years, for other than real-estate loans to 10 years, and for those not to be amortized to 5 years. The term "normal" was removed from

the requirement of "reasonable normal value," leaving it merely as "reasonable value." To speed up the processing of applications, lenders who were subject to examination and supervision by an agency of the Federal Government or State governments were enabled to make loans to be guaranteed by the Veterans' Administration without obtaining prior approval. These lenders were able to make loans to eligible veterans which were automatically guaranteed. A loan insurance plan was also written into the law as an alternative to loan guaranty. These provisions went into effect on March 1, 1946, and practically meant a fresh start because they changed the law to such an extent.

Various other changes in the law have been made from time to time as the developments of the program seemed to warrant. Federal money was made available to support the market for veterans' loans by providing for repurchase of such mortgages first by the RFC Mortgage Company, and later by the Federal National Mortgage Association. To protect the lender, a clause was added making any evidence of guaranty or insurance issued by the Administrator conclusive evidence of the eligibility of the loan for guaranty or insurance under existing laws. There was agitation for an increase in the 4-percent interest rate specified in the law, but this did not produce a change in the rates until 1953.

The Veterans' Administration became concerned, as the use of veterans' loans shifted from the purchase of existing houses to the construction of new ones, with the quality of the buildings being financed. This led to the establishment of specifications and inspections to insure that the specifications were being followed. It was probably inevitable, with the housing shortage which existed after the war and with the demand for new housing developed by the formation of new families after the war, that some of the buildings constructed were of substandard quality. There were severe shortages of both skilled workers and quality building materials, and among the builders there were plenty of "fast-buck boys" who were willing to throw together anything they could sell to the veterans. Extensive complaints by both veterans and others, as to the quality of construction work, finally produced a provision in the "Korean GI bill" (Public Law No. 550, 82d Cong.) which required the Administrator to establish minimum requirements not only for construction, as in the past, but also for planning and general acceptability. Since the establishment of these requirements, complaints have diminished greatly.

In 1950 another series of major changes were introduced into the loan provisions (Public No. 475, 81st Cong.). This increased the maximum term for home loans to 30 years, and made unremarried widows of World War II veterans who died in service or of service-connected causes eligible for loan guaranties. Veterans whose property, acquired through the use of a GI loan, was taken, lost, or disposed of for compelling reasons, might have the full entitlement made available for future use if the VA's guaranty liability on the earlier loan was terminated. A system of direct loans by the Veterans' Administration was set up for areas where 4-percent money was not available. This last authority was to terminate within 1 year, but it has since been extended and is still in effect.

With the outbreak of hostilities in Korea, Congress was brought to the realization that these veterans were going to have readjustment problems confronting them also. Extensive hearings on the entire readjustment problem brought about a revision of all of the provisions of the Readjustment Act and resulted in the passage of the Korean GI bill. This extended entitlement to loan guaranties to all Korean veterans on the same basis as World War II veterans. The period during which they might exercise their entitlement was similar to that for World War II, extending 10 years after the official termination of the war, or to January 31, 1965. World War II entitlement terminates on July 25, 1957. Provisions in the act also controlled the eligibility of men who had service in both World War II and the Korean conflict.

The loan-guaranty program has had a heavy impact on the functioning of the economy. To June 25, 1954, some 3,630,000 home, farm, and business loans have been guaranteed or insured in an amount of $24 billion. To a large extent, although not totally, this represents lending, and hence building, which would not have been done otherwise. It has contributed to the building boom which has gone on since the war; it has contributed some part to the inflationary pressures which existed over much of the period covered; it quite possibly also contributed something to preventing the postwar depression which everyone expected; and it had an impact upon the psychological attitude of the veterans. It reacted closely with developments in the economy throughout the entire period. The availability of money for GI loans had a close inverse correlation with the level of the interest rate and with return on Government bonds. When the yield on long-term Government bonds went up, the money for GI loans at 4 percent became scarce. Also, the demands for such loans followed quite closely the level of activity in the economy, falling when the level of activity sagged.

There have, of course, been some defaults on which the Veterans' Administration has been forced to make payments in order to fulfill its obligation. The defaults, however, have been very small. Business loans have shown the largest percentage of defaults, farm loans second, and home loans the smallest. By far, the vast majority of the loans, well over 90 percent of the total, have gone for home-loan purposes. Since business loans are more risky, it was to be expected that there would be a larger incidence of failure. To the end of 1954 there had been reported 419,000 defaults on all types of loans. In 83 percent of the defaults reported, however, claims against the Veterans' Administration were averted by arranging for veterans to pay up their delinquencies in some way. By April 30, 1954, the Veterans' Administration had been required to pay claims on 21,685 home loans, or slightly more than one-half of 1 percent of the total home loans.[2]

Under present law, the entitlement of World War II veterans to apply for a guaranteed loan expires in 1957. One aspect of the future of the program depends upon whether the time period is extended beyond that date. Only approximately 25 percent of the eligible World War II veterans have made use of their loan entitlement.

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[2] Veterans' Administration, Annual Report, 1954, p. 98.

There are many who will not want nor need to use it, but some will. There is a feeling that if the time limit is not extended there will be a rush on the part of veterans to come in under the deadline. This could result in some veterans using their entitlement unwisely. A large increase in applications for loans might prove inflationary.

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VETERANS' COMPENSATION RATES FIXED BY LAW FOR SPECIFIC DISABILITIES

DISABILITIES	WAR RISK INSURANCE ACT, AS AMENDED				WORLD WAR VETERANS' ACT, 1924, AS AMENDED										VETERANS REGULATIONS (PROMULGATED UNDER PUBLIC NO. 2, 73RD CONGRESS, MARCH 20, 1933), AS AMENDED(a)						
	PUB. NO. 90 65TH CONG. ACT OF OCT 6. 1917	PUB. NO. 26 66TH CONG. ACT OF AUG. 9. 1919	PUB. NO. 104 66TH CONG. ACT OF DEC. 24. 1919	PUB. NO. 370 67TH CONG. ACT OF DEC. 18. 1922	PUB. NO. 242 68TH. CONG. ACT OF JUNE 7. 1924	PUB. NO. 448 69TH. CONG. ACT OF JULY 2. 1926	PUB. NO. 522 71ST. CONG. ACT OF JULY 3. 1930	PUB. NO. 866 76TH. CONG. ACT OF OCT. 17. 1940	PUB. LAW 312 78TH. CONG. ACT OF MAY 27. 1944 (f)	PUB. LAW 662 79TH. CONG. ACT OF AUG. 8. 1946	PUB. LAW 436 81ST. CONG. ACT OF OCT. 29. 1949	PUB. LAW 356 82ND. CONG. ACT OF MAY 23. 1952	PUB. LAW 427 82ND. CONG. ACT OF JUNE 30. 1952	PUB. LAW 695 83RD. CONG. ACT OF AUG. 28. 1954	PUB. NO. 2. 73RD CONG. ACT OF MAR. 20. 1933	PUB. NO. 198 76TH CONG. ACT OF JULY 19. 1939	PUB. LAW 312 78TH CONG. ACT OF MAY 27. 1944 (e)	PUB. LAW 182 78TH CONG. ACT OF SEPT. 20. 1945 (h)	PUB. LAW 662 79TH CONG. ACT OF AUG. 8. 1946	PUB. LAW 427 82ND CONG. ACT OF JUNE 30. 1952	PUB. LAW 695 83RD CONG. ACT OF AUG. 28. 1954
Loss of both hands.	$100	$	$	$	$100	$	$100 + 25(e)	$100 + 35	$115 + 35	$138 + 42	$150 + 42	$172.50 + 42	$172.50 + 47	$181 + 47	$150	$	$165	$200	$240	$266	$279
Loss of both feet.	100				100		100 + 25(e)	100 + 35	115 + 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 + 47	150		165	200	240	266	279
Loss of sight of both eyes.	100				150				165	198			220	231	175		190	200(i) 235 265	240 282 318	266 313 353	279 329 371
Loss of one hand and one foot.			100		100		100 25(e)	100 + 35	115 + 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 + 47	150		165	200	240	266	279
Loss of a hand or a foot.							25(e)	35		42			47		25(e)	35			42	47	
Regular aid and attendance.															150		165	200	240	266	279
Total deafness.					100				115	138	150	172.50		181	(g)						
Loss of one hand or one foot in addition to a portion of the other hand or foot.							25(e)	35		42			47		25(e)	35			42	47	
Helplessly and permanently bedridden.	100(b)				100				115	138	150	172.50		181	150		165	200	240	266	279
Additional allowance for nurse or attendant (Total Disability)	20				50					60			67	70							
Loss of both hands and both eyes, or loss of both feet and both eyes or loss of both hands and both feet.		100(c) -100			(c)										250		265	300	360	400	420
Double total and permanent disability			200		200		200 25(e)	200 + 35	215 35	258 + 42			286 - 47	300 - 47							
Blind, legless or armless and in constant need of nurse or attendant. (Additional allowance)				100 -50																	
Loss of one foot and the sight of one eye.			100		100		100 25(e)	100 + 35	115 + 35	138 + 42	150 42	172.50 + 42	172.50 + 47	181 + 47	25(e)	35			42	47	
Loss of one hand and the sight of one eye.			100		100		100 25(e)	100 + 35	115 + 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 + 47	25(e)	35			42	47	
Organic loss of speech.						100			115	138	150	172.50		181	(g)						
Arrested tuberculosis.						50(d)				60			67							67	
Loss of use of a creative organ.							25(e)			30			47							47	
Loss of two extremities preventing natural elbow or knee action with prosthesis in place.					100		100 + 25(e)	100 + 35	115 + 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 47	150		165	235	282	313	329
Loss of two extremities so near shoulder or hip as to prevent use of prosthetic appliance.					100		100 + 25(e)	100 + 35	115 + 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 + 47	150		165	265	318	353	371
Loss of both hands and one foot.					100		100 + 25(e)	100 + 35	115 + 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 + 47	175		190	235 270 or 300 (j)	282 324 or 360	313 360 or 400	326 376 or 418
Loss of both feet and one hand.					100		100 + 25(e)	100 + 35	115 35	138 + 42	150 + 42	172.50 + 42	172.50 + 47	181 + 47	175		190	235 270 or 300 (j)	282 324 or 360	313 360 or 400	326 376 or 418
Blind both eyes and loss of one hand or foot.					200		200 + 25(e)	200 35	215 + 35	258 + 42			286 + 47	300 + 47	200		215	235 270 or 300 (j)	282 324 or 360	313 360 or 400	326 376 or 418

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(a) All rates set forth are for wartime cases. Rates of compensation for injury or disease incurred or aggravated in peacetime service currently are fixed at 80 percent of the wartime rates (P.L. 876, 80th Cong., July 2, 1948), except full wartime rates are payable for disability (1) the direct result of armed conflict; (2) due to extrahazardous service including service under conditions simulating war; (3) incurred while United States is engaged in war; (P.L. 868, 80th Cong., July 1, 1948) or (4) due to service on or after June 27, 1950, and before February 1, 1955 (P.L. 28, 82d Cong., May 11, 1951).

(b) No provision for additional allowance for nurse or attendant in addition to the $100 monthly rate under the Act of October 6, 1917.

(c) Case of individual veteran prompted legislation (Public 26, 66th Congress, August 6, 1919). Congressional debate indicates a rate intended for double total permanent disability of $200 per month, but in lieu thereof the act provided $100 per month for nurse or attendant. Later this provision was superseded by a rate of $200 for double total permanent disability (Public 104, 66th Congress, December 24, 1919). Such combination of disabilities also deemed to be double total permanent disability under the World War Veterans' Act, 1924, as amended.

(d) Payment of the statutory award for arrested tuberculosis may not be made in addition to the schedular evaluation rate for the condition.

(e) This allowance is in addition to the statutory rate prescribed (schedular evaluation as to creative organ) under the World War Veterans' Act, or the schedular evaluation for the named disabilities under the Veterans Regulations.

(f) With respect to statutory awards, a 15 percent increase under Public Law 312, 78th Congress, was computed only on that portion of the award as was equivalent to the basic rate for total disability ($100).

(g) No specific separate rate is authorized under the Veterans Regulations, as amended, for total deafness or organic loss of speech. These conditions are rated at 100 percent under the Veterans' Administration Schedule for Rating Disabilities, 1945 Edition. (The current rate for total deafness with total blindness is $420 per month (Public Law 182, 79th Congress, September 20, 1945, as amended)).

(h) Rates for the severe disabilities outlined in subparagraphs (ℓ) through (p), paragraph II of Veterans Regulation 1 (a), part I, may be increased by $35 per month for each additional loss of a limb or eye (as provided in subparagraph (k)) under the Act of September 20, 1945; by $42 per month under the Act of August 8, 1946; and by $47 per month under the Act of June 30, 1952.

(i) Rates are authorized as follows: (1) lower rate for blindness, both eyes, 5/200 visual acuity or less; (2) intermediate rate for blindness both eyes, requiring regular aid and attendance; and (3) highest rate for anatomical loss both eyes.

(j) Dependent upon severity of condition.

Note: Subparagraph (p), paragraph II, Veterans Regulation 1 (a), part I, grants discretionary authority to the Administrator in cases where the disability exceeds requirements for the rates prescribed in Veterans Regulation 1 (a), part I, for specific disabilities, to allow the next higher or, an intermediate rate, but not to exceed a maximum of $420.

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