

A Century of Federal Pensions



The Pension Building



Frank T. Hines

By ELMO SCOTT WATSON

WHAT is the most expensive thing in the world? No, it is not a rare metal, nor a precious stone, nor any of the other things which we commonly think of when the adjectives "expensive" or "costly" are applied to them.

The most expensive thing in the world is war! For war, while it is in progress, not only exacts a fearful toll of lives, careers and money, but long after the last gun has been fired and the battle flags have been furled, a nation engaged in it continues to pay and pay!

The occasion for these reflections upon the costs of war is the fact that March 12 of this year marks the one hundredth anniversary of the establishment of the United States pension bureau and during that institution's career of nearly a century, it was the medium through which there were paid out staggering sums of money in pensions to veterans, their widows and their dependents. And these staggering sums were only a small part of the actual expense of the wars in which Uncle Sam has been engaged. Here are the latest available figures on the amounts of pensions paid out from 1790 to 1932, but as will be seen later in this article even these figures do not tell all the story:

War of revolution	\$ 70,000,000.00
War of 1812	46,203,720.40
Indian wars	53,587,996.58
War with Mexico	60,129,123.29
Civil war	7,500,321,525.24
War with Spain	656,513,659.71
Regular establishment	102,912,871.61
World war	295,265.42
Unclassified	16,513,425.54
Total	\$9,626,487,623.19

It will be noticed that unbelievably small figures are cited for the World War pensioners. Obviously this does not include the vast sums that have been paid out in one form or another to these veterans and the explanation is that there was a different set-up for compensating those who served in this conflict.

Since the close of the World War the government has paid out approximately \$6,318,108,733 on account of relief of World War veterans and their dependents—an average of about \$451,300,000 annually. Some of this money was paid in insurance premiums by the veterans themselves, but the greater portion came from the treasury. Appropriations made by congress for the financing of veterans' relief in the fiscal year 1933 total \$27,840,000.

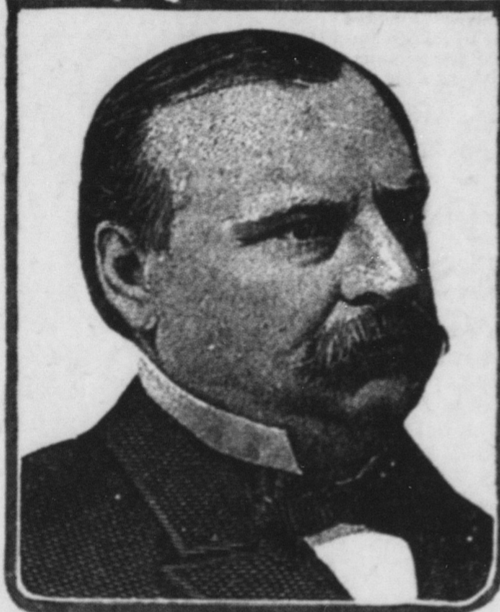
Seven forms of relief have been provided and all are in operation. They are: Adjusted service compensation, medical care and treatment, disability compensation, United States insurance, term insurance paid for permanent and total disability, disability allowances, and emergency officers' retirement pay.

On June 30, 1931, the veterans administration was set up, the old pension bureau was absorbed in it and all veterans' activities and operation of homes for veterans are now concentrated in this federal organization which is headed by Brig. Gen. Frank T. Hines as administrator.

The adjusted compensation law, changed by the act of 1931, made it possible that compensation certificates, maturing in 20 years, should be available to all below the rank of captain who had served in the military service more than 90 days. At maturity these certificates will vary in value from \$150 to \$1,595, depending on the length of the veterans' service, and meantime money may be borrowed on them. Certificates issued up to March 1, 1931, totaled 3,498,376, and had a total maturity value of \$3,523,022,777. Loans made upon them approximated about \$243,000,000 during the same period.

Under the hospitalization plan all veterans are entitled to free treatment of hospital nature either in or out of government hospitals, 51 hospitals being operated in 1931, five more being built and ten more authorized by congress. The cost of operating these institutions and caring for the patients is in excess of \$450,000,000 to January 1, 1931.

The government relief program includes death and disability compensation, disabled emergency officers' retirement pay and disability allowance which have cost \$2,205,215,650 up to July 1, 1932. Another relief activity is the grant of low-cost insurance against death or permanent disability in any multiple of \$500 from \$1,000 to \$10,000 to any healthy veteran who has previously applied for or has been eligible to apply for annually renewable war-time insurance or United States



Grover Cleveland

government life (converted) insurance. The total amount paid on these items is \$1,670,157,400.

Many thousands of claims have been filed under the law providing monthly payment of term insurance and government life insurance for total and permanent disability, and relief was being given in 20,195 cases on June 30, 1932.

The disability allowance plan, which went into effect July 1, 1930, provides monthly payments to veterans permanently disabled to the extent of 25 per cent or more, even though their disability was not incurred in or as a result of their terms of service. Another new relief law provides for the pensioning of emergency officers who are 30 per cent or more disabled or incapacitated as a result of their World War service on the same basis as retired officers of the regular army.

The history of pensions for veterans of American wars goes back to the earliest days of the republic. On June 20, 1776, even before the Declaration of Independence had been adopted, the Continental congress appointed a committee to "consider what provision ought to be made for such as are wounded or disabled in the land or sea service."

This committee made a prompt report, and on August 28, 1776, the first national pension act in America was passed by the Continental congress. That part of the law fixing the amount was as follows: "That every commissioned officer, non-commissioned officer, and private soldier who shall lose a limb in any engagement, or be so disabled in the service of the United States of America as to render him incapable afterwards of getting a livelihood, shall receive, during his life or the continuance of such disability, the one-half of his monthly pay from and after the time that his pay as an officer or soldier ceases."

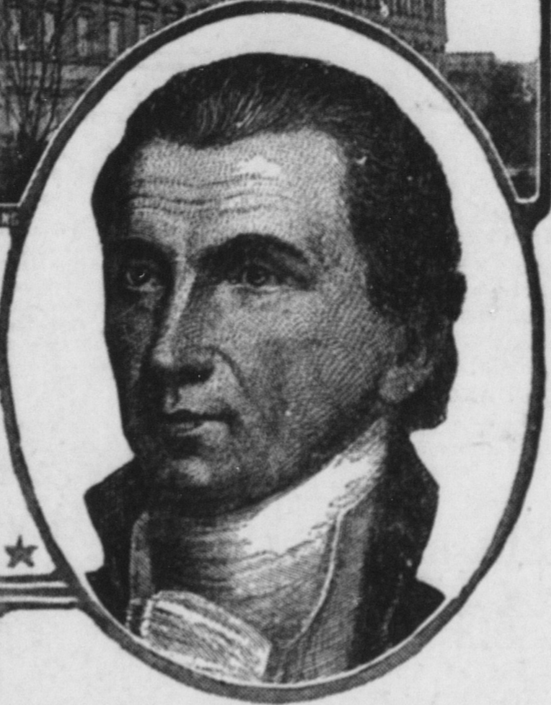
After the Constitution had been adopted and the new government had been organized, it continued for a time the pensions which had been previously granted and assumed their payment. Soon, however, a strong demand arose for a new pension law, and on March 23, 1792, the first pension law passed by the new government went into effect.

Later there grew a demand for a pension law not based upon disability incurred in the service and in his annual message to congress on December 2, 1817, President Monroe recommended such a law. A bill was passed by the house on December 24, as a sort of a Christmas present to the veterans of the Revolution, passed by the senate immediately afterwards and approved by President Monroe on March 18, 1818.

The loose wording of this law, however, made frauds easy and the grant of pensions became a public scandal. A law passed in 1820 required all pensioners already on the rolls and future applicants to file a statement of property as proof of their alleged dependence upon government bounty for a livelihood. As a result, the names of many pensioners were stricken from the rolls.

In the early days of the Republic, pensions were distributed by the secretaries of war and navy. But on March 12, 1833, a commission of pensions was set up under the direction of the secretary of war. In 1840 the pensions disbursed by the secretary of the navy were also placed under the administration of the commission of pensions, which in the same year was transferred to the department of interior and became the pensions bureau. There it remained until 1931 when the United States veterans' administration was established and absorbed the pensions bureau.

In 1836 there began the enactment of a long



James Monroe

series of pension acts in favor of the widows of soldiers of the Revolution, restricted at first to those who had married before the close of the Revolution. These grew more liberal later until pensions were granted to all widows, regardless of the date of marriage. Out of these pensions, and similar ones for widows of veterans of later wars, grew many abuses of the pension system, for it became a practice for young women to marry aged veterans in order to benefit by a government pension after the death of their husbands.

The pension rolls of the Revolution had scarcely grown to their peak when the United States became engaged in another war—the War of 1812—to add to its list of veterans and dependents drawing pensions. And the same thing was repeated later at intervals of two decades with the Mexican war and the Civil war. The first law pensioning soldiers of the Civil war was a disability pension act of July 14, 1862, which provided for the disabled survivors, for the widows, orphan children and dependent members of those who died because of wounds received or disease contracted while in the service of the United States and in line of duty. Rates for total disability ranged from \$8 to \$30 a month, according to rank, and these same rates were applied to the widows of the soldiers. Successive laws, beginning July 4, 1864, and culminating in the recent act which increased the pensions of Civil war widows more than seventy-five years old, have increased the rates, setting fixed rates for various kinds of disability.

The Civil war changed a number of things as regards the pension treatment of war veterans. In the first place, the veterans of that war were numerically of large political importance. They were able to make their influence felt in Washington; consequently the march of pension legislation quickened after the close of the war.

The passage of the arrears act in 1879 added greatly to the burden of debt which Uncle Sam bears because of the wars in which he has engaged. This act provided that all pensions which had been granted or might hereafter be granted should date from the time of disability, provided application were made before January 1, 1880. The effect of that law is shown by the fact that the total sum paid for pensions jumped from \$32,000,000 in 1879 to \$56,000,000 in 1880, the greatest increase in any one year in the history of our pension system.

From time to time during the course of the pension history of the country various Presidents have attempted to stem the tide of pension payments. Outstanding in this effort was President Grover Cleveland. A bill to establish service pensions for persons in dependent circumstances was vetoed by President Cleveland in 1886. A similar bill was passed June 27, 1890, providing that all persons who had served 90 days in the war and who were suffering from any mental or physical disability of a permanent character which incapacitated them from performing manual labor might receive pensions ranging from \$6 to \$12 a month, according to the degree of disability. Widows of soldiers who served 90 days who were dependent upon their daily labor for support could receive \$8 a month.

The most carefully worked out attempt to forestall the expensive and sometimes wasteful results of the pension system was made when we entered the World War. It was the first time that our government had ever tried to find a system at the outbreak of a war to deal with disabled veterans in some manner other than by pensioning them.

After the war, too, efforts were made to prevent the beginning of a pension system by giving the veteran some government assistance in establishing himself. What the result has been—in the long-drawn-out dispute over bonus legislation and other matters connected with veterans' compensation—is too well known from recent events to require further comment in this article.

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READING OF TODAY AND THE LONG AGO

It is curious how long-forgotten things come floating into the mind from nowhere. Once there was a story in a popular magazine written on the installment plan. The same story was given each month, as it might have been told by some well-known writer such as Howells or James, but the name of the author was withheld until after the tenth number when the list of authors was given, and you could compare it with your own guesses. I believe that I was not absolutely sure of many of them except the one by Henry James, whose long, precise and sometimes involved sentences were not to be disguised. As an exercise in the recognition of differing styles among story writers, it was interesting.

Few children of today have ever heard of the "Prudy Parlin" and "Dottie Dimple," series.

But we knew them all by heart and could tell you how they put Prudy in a great hoghead when she was naughty; how she scared them all by climbing to the top of the house on a painter's ladder, in search of heaven; how she followed sister Susie to school, and amused herself by trying to see if her knitting needle would come out the other side if pushed through her seat-mate's ear. There were many stories about these little folk of Portland, Maine, and we read them over and over. I have heard many objections to stories in series, probably because they go beyond the period of childhood and approach courtship and marriage, but the Prudy books committed no such unseemly indiscretion.

One of the enthusiasms of my youth was "The Princess of Thule,"

by William Black, who wrote many other novels, among them "The Strange Adventures of a Phaeton" (some one asked the other day, what was a phaeton). I have lately renewed my acquaintance with his "Judith Shakespeare," which is a good portrayal of the environment of the poet. Akin to the "Princess of Thule" was "Thelma," by Marie Corelli.

"Feg Woffington," by Charles Reade, was the story of an Eighteenth century actress, a friend of David Garrick. I do not recall the story, but might ask a certain relative who makes a point of reading once a year the novels of Charles Reade and Anthony Trollope. I think he regards the Berkshire people as personal friends, especially those of the little house at Allington.

In my youth detective stories were associated in my unsophisticated mind with small boys behind barns gleaning over yellow-backed paper books, my own harmless favorites requiring no such secrecy. At school, we were obliged to read the "Gold Bug" and the "Murders of the Rue Morgue," as being the pioneers of the current detective novels. Not being detectively inclined, I did not like them, though it was heresy to say so, and later I could not see why anyone should want to harrow up her soul, and freeze her young blood by poring over the "Moonstone," by Wilkie Collins. We domestic ones wore out the "Last Days of Pompeii," "Lorna Doone," "John Halifax, Gentleman," "Jane Eyre" and many others, including "Molly Bawn," "Red as a Rose Is She," "St. Elmo," and the like. Frivolous they might have been, but harmless compared to some of the stories read by girls of today.—M. O. W., in the Indianapolis News.

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