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Oral Testimony of Sidath Viranga Panangala, Analyst in Social Legislation, Congressional Research Service
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Hearing on Filipino Veterans Legislation
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Introduction

Chairman Akaka, Ranking Member Senator Craig, and members of the Committee, my name is Sidath Panangala from the Congressional Research Service (CRS). I am accompanied by Christine Scott, also from CRS. We are honored to appear before the Committee today. As requested by the Committee, my testimony will first provide a brief overview of the two Rescission Acts of 1946, followed by information from the record that sheds light on the intent of Congress in passing these acts, and, finally, other relevant information from that period, to help place the passage of this 1946 legislation in context. In addition to my oral testimony, I have included the CRS Report RL33876, *Overview of Filipino Veterans' Benefits*, for the record. CRS takes no position on the Rescission Acts or on current legislative proposals to eliminate the distinction between various categories of World War II Filipino veterans.

It appears that the 79th Congress, in passing the Rescission Acts, sought to strike a balance, by providing certain benefits to veterans of the Commonwealth Army of the Philippines, Recognized Guerrilla Forces (that later became a recognized part of the Commonwealth Army of the Philippines), and the New Philippine Scouts, but not the full benefits available to veterans of the U.S. Armed Forces. Those full benefits included education, unemployment compensation, medical care, domiciliary care, and other benefits provided by the laws administered by the then Veterans' Administration (VA). Until the passage of these special provisions in the first and second Rescission Acts, VA officials believed that these Filipino veterans met the definition of active service in the U.S. Armed Forces and were therefore eligible for full VA benefits. For example, on May 5, 1942, the VA Director Frank T. Hines, approved an opinion of the Solicitor of the VA holding that members of the Philippine Commonwealth Army were in "active service" of the land or naval forces of the United States within the meaning of the National Service Life Insurance Act of 1940 (P.L. 76-801).

Rescission Acts of 1946

As the Committee is aware, the United States has had a long relationship with the Philippines Islands since they were acquired by the United States in 1898 as a result of the Spanish-American War. Filipinos have served in, and with, the U.S. Armed Forces during a number of conflicts, including World War II. In 1946, Congress passed the first Supplemental Surplus Appropriation Rescission Act (P.L. 79-301) and the second Supplemental Surplus Appropriation Rescission Act (P.L. 79-391), which came to be collectively and commonly known as the "Rescission Acts of 1946."

The first Supplemental Rescission Act, enacted on February 18, 1946, authorized a \$200 million appropriation to the Commonwealth Army of the Philippines with a provision limiting benefits for these veterans to (1) compensation for service-connected disabilities or death, and (2) National Service Life Insurance contracts already in force. Furthermore, the Act included a provision currently codified at 38 U.S.C. §107(a) stating that (and I quote):

Service before July 1, 1946, in the organized military forces of the government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States pursuant to the military order of the President, dated July 26, 1941 . . . shall not be deemed to have been active military, naval, or air service for the purposes of any law of the United States conferring rights, privileges, or benefits upon any person by reason of the service of such person or the service of any other person in the Armed Forces...

This Act further provided that any benefits paid to Commonwealth Army veterans would be paid at the rate of 1 Philippine peso to each dollar for a veteran who was a member of the U.S. Armed Forces. This was based on the assumption that one peso would obtain for Philippine veterans in the Philippine economy the equivalent of \$1 of goods and services for U.S. veterans in the American economy. Because of differences between economic conditions and living standards in the United States and the Philippines, benefits were later limited to 50 cents on the dollar.

The second Rescission Act, enacted on May 27, 1946, provided that service in the Philippine Scouts under Section 14 of the Armed Forces Voluntary Recruitment Act of 1945 (P.L. 79-190) (often referred to as New Philippine Scouts) shall not be deemed to have been active military or air service for the purpose of any laws administered by the VA.

Legislative Intent and Context

CRS has examined the Congressional Record and certain hearing records from this period (1946). There is little background information on the intent of Congress in passing the first Rescission Act, as it affects veterans of the Commonwealth Army. However, statements made by Senator Carl Hayden during hearings on the second Rescission Act, which affected New Philippine Scouts, provides some indication of the legislative intent in passing both Rescission Acts. Furthermore, other events at the time may be of interest to the Committee, in understanding the context in which the Rescission Acts were considered.

Examining the hearing record leading up to the passage of the second Rescission Act, it seems clear from Senator Hayden's statements that the passage of the first Rescission Act was meant to balance competing financial interests by providing some benefits, such as pensions for service-connected disability or death, and also an appropriation of \$200 million for the Commonwealth Army of the Philippines. However, to reduce the U.S. liability for future benefits, language was included stating that service by members of the Commonwealth Army was not considered active military, naval or air service in the U.S. Armed Forces.

The hearings (on the second Rescission Act) also clearly indicate that most wartime benefits do not apply to New Philippine Scouts. To quote from these hearings:

...Because hostilities have actually ceased, the amendment makes it perfectly clear that these wartime benefits do not apply and the 50,000 men now authorized to be enlisted in the [New]

Philippine Scouts will be entitled only to pensions resulting from service-connected disability or service-connected death.

In addition, the passage of the Rescission Acts may have been influenced by other bills under consideration by Congress at that time. In 1946, Congress passed the Philippine Rehabilitation Act (P.L. 79-370) and the Philippine Trade Act (P.L. 79-371). The terms of the Rehabilitation Act required the United States to pay claims for rehabilitation of the Philippines and war damage claims up to \$620 million. Of this sum, \$220 million was allocated for repair of public property. The remaining \$400 million was allocated for war damage claims of individuals and associations. The Philippine Trade Act provided for free trade between the United States and the Philippines until July 3, 1954. These bills under consideration at the time would have provided economic stability to the newly emerging nation. According to Senator Hayden in the hearing record, (and I quote):

As I see it, the best thing the American government can do is to help the Filipino people to help themselves. Where there was a choice between expenditures for the rehabilitation of the economy of the Philippine Islands and payments in cash to Filipino veterans, I am sure it is better to spend any equal sum of money, for example, on improving the roads and port facilities. What the Filipino veteran needs is steady employment rather than to depend for his living upon a monthly payment sent from the United States.

Therefore, it seems clear that Congress considered the Rescission Acts in the context of providing for the comprehensive economic development of the soon to be sovereign Republic of the Philippines.

In closing, the Rescission Acts of 1946 limited veterans' benefits to certain Filipino veterans, while providing some benefits such as pensions for a service-connected disability or death to veterans of the Commonwealth Army and New Philippine Scouts. At the same time Congress passed other legislation to provide for the economic well being of the newly emerging nation.

This concludes my statement Mr. Chairman. We would be happy to answer any questions you may have.