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War-Risk Insurance: Speech of Hon. Ira G. Hersey of Maine in the House of Representatives, Monday, September 10, 1917

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WAR-RISK INSURANCE

The result of the passage of this bill in its present form will entail a needless expense of millions upon the taxpayers of the country in this time of greatest need and while on every hand we are being exhorted by the administration to practice in legislation the most rigid economy. The present bill and new bureau will also give shelter and power to a new army of place hunters and officeholders who will fatten at the expense of the people. Unless these objectionable features are eliminated from the bill, I can not consent to wrong the American soldier abroad and betray the rights of the people at home by giving it my support.

SPEECH

OF

HON. IRA G. HERSEY
OF MAINE

IN THE

HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 10, 1917



WASHINGTON
GOVERNMENT PRINTING OFFICE

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SPEECH

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HON. IRA G. HERSEY.

The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

Mr. HERSEY. Mr. Chairman, the pending bill, under its attractive title, "War-risk insurance," attempts to create in this administration a new bureau with a director at a salary of \$6,000 a year, two commissioners at \$10,000 annually, three members as an advisory board at an expense annually of \$21,000, deputies, accountants, assistants, experts, clerks, and other employees. This new bureau is given the authority to rent offices and buildings for the bureau; to provide for equipment, supplies, for traveling expenses; to provide books and printing and binding; to take care of all other expenses connected with the bureau; and make that bureau after the war a permanent bureau, and appropriates to organize to start this bureau the sum of \$156,250,000, and the estimate for the second year of expense is \$493,000,000.

The object and purposes of this new bureau are threefold. First, to keep back and deduct without the consent of the soldier and sailor one-half of his wages, and without his consent to pay the same over to the family or certain dependents of that soldier or sailor. It also provides that the balance of his wages, under regulations of this new bureau, may also be taken and allotted as the bureau may desire. In the second place, it is provided in this bill that no future pension law shall be enacted by Congress and no pension shall be given to the soldier and the sailor of the present war, and denies them that right, and places all future pension matters exclusively in the hands of this new bureau, and in place of future pensions it takes or attempts to take the principle of the workmen's compensation laws of the several States and to adapt those laws, made in times of peace, to the relief of our soldiers and sailors in times of war, and calls it "compensation." Third, it attempts to force this Government into the business of life insurance without any of the rules, regulations, methods, or principles ever adopted by any life insurance company, and then attempts to retain from the wages of the soldier, if he takes out a policy of insurance, the balance of his wages practically and to issue policies in form to be regulated by this bureau to certain beneficiaries and deprive the soldier and the sailor of the right of even naming the beneficiary. If a soldier or sailor does not consent to have his wages so commandeered to pay for this insurance and is killed in the trenches or on the battle field,

he is denied a pension. It is no wonder that the gentleman from Kansas [Mr. CAMPBELL] said this was the most important bill that has been so far before this Congress. [Applause.]

Now, I confess when this bill was first reported from the committee I was prejudiced in its favor. I have always believed that a married man should take care of his family and children, and that the son should take care of his mother, and if he did not do so he should be made to do so. I am a firm believer in the principle of workmen's compensation laws as enacted in many States. I am also a firm believer in life insurance. I believe every man should carry a life insurance policy, although those who ought to carry life insurance do not usually do so. In my study of this bill I have read very carefully the hearings before the committee, the letter and the statement of the Secretary of the Treasury, the statements of insurance experts who testified, also the testimony of Mr. Gompers, head of certain labor organizations, and the statement of the learned judge who drew this bill. I listened to the honored Speaker of the House this morning who answered certain objections made against the bill, which objections I did not consider vital. I have listened to every word that has been said, both in favor and against the bill up to the present time, and after these two or three days' debate I think, with great deference to the judge who drew this bill and with an apology to the gentleman from Pennsylvania who is upon the committee, that it will take a Philadelphia lawyer to explain the bill. [Applause.]

Since this Congress has been in session and since we have declared war they tell us down in the Patent Office that they have received over 10,000 applications for new devices to destroy the U-boats, and not one of those devices has been approved by the Patent Office because they say they will not work.

If this beautiful piece of machinery called "war-risk insurance" can be made to work, in practice, I am in favor of it, but if its passage is to demoralize our Army and if it will necessarily fail to perform what its advocates claim, then I am against it. [Applause.] Now, I want your attention, gentlemen, for a few moments while I take up the subdivisions of this bill. Complicated as it is, if we strip it of all its technicalities, if we take away the lawyer pleading of Judge Mack and look at it in a common-sense way, you will find, in my opinion, that it will not work in actual practice. Now, first as to that division of the bill called "allotments and family allowance." The American Army is now constituted and as being formed and sent to the field is formed under laws recently enacted by this Congress wherein exemptions are given to those having dependents, and, under the late ruling of the President, married men are exempt. So that if anybody goes into the service who has dependents or who are married men they do so because they either enlist or waive the exemptions. I apprehend that a small number of men will be found in the service in this war who will have dependents and will be married men, and I apprehend that I am right in stating, gentlemen, that this war will not change the character of the American soldier and sailor. I apprehend I am right in my statement that the man who supports his mother and his wife and children at home in times of peace will attempt to voluntarily send his wages to his wife and family in times of war.

When you come to this matter of allotment, this compulsory allotment by the Government, you place the true man, the good citizen, the patriotic American soldier and sailor, along with the "slacker," and I will never give my consent to thus disgrace, dishonor, and degrade the American soldier. [Applause.]

What do you claim to do under this new bureau? You reach out your strong hand and take the wages of every man who has a wife and family, regardless of whether they are dependent or not upon him for support. You take from the soldier who is sending his money home one-half of his wages and attempt to allot it between a wife and a divorced wife.

Mr. DECKER. Will the gentleman yield?

Mr. HERSEY. Yes.

Mr. DECKER. Is there not a provision in the bill that gives the wife a right to waive her share of her husband's wages?

Mr. HERSEY. There is a provision of waiver on the part of the beneficiary, but you and I know well enough that there will not be many waivers made in any case.

Mr. DEWALT. Will the gentleman yield for a question?

Mr. HERSEY. If you will extend my time.

Mr. DEWALT. Is the gentleman aware that in section 201 there is also a privilege given to the enlisted man to make application for the waiver?

Mr. HERSEY. Oh, yes. He can do it, but this bureau has the right to take the wages without the consent of the soldier, who is now supporting his family, commandeer them, and deprive him of them. Now, I claim this, gentlemen: That the American soldier and sailor in the Army, in the trenches, and on board our ships feels as you and I do, that if up to the present time he has supported his wife and children out of his wages and earnings given to him by this Government, he wants the right to continue to send his own money to his wife and children himself. He wants control of his own money. He does not want a guardianship on the part of the Government.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes.

The CHAIRMAN. The Chair will state that the time is under the control of the gentleman from Wisconsin [Mr. Esch], and the gentleman gave notice to the Chair that he at this time wished to use the time allotted.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Maine may be allowed to proceed for five minutes without the time being taken out of the time under the control of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman be extended five minutes without interfering with the time in control of the gentleman from Wisconsin [Mr. Esch]. Is there objection? [After a pause.] The Chair hears none, and the gentleman from Maine is recognized for five minutes.

Mr. HERSEY. Thank you.

I can only understand this "allotment" business on the ground that you want thereby to reach the "slacker" in the service, and not the man who is willing to send a part of his wages to his family. You have no right to reach out your hand

and take the wages of the soldier who is willing to send his wages home to his wife and family, you have no right to put him under guardianship. You may have some right to take the wage of the "slacker," the man who willfully refuses to provide for those dependent on him.

Mr. BROWNE. Was not that fact established in the Mexican trouble? Did we not do that same thing, and was there any objection on the part of the men?

Mr. HERSEY. Oh, I do not remember.

Mr. SWITZER. Mr. Chairman—

Mr. HERSEY. Is this going to be taken out of my time?

The CHAIRMAN. If the gentleman yields.

Mr. HERSEY. Then I can not yield. I want to say a word here about the man called the "slacker," that you are trying to reach. There is many a man, I have no doubt, who has gone into the service that has a wife at home, and I know some that have gone into the service to escape that wife at home. I know men who seek the trenches of France rather than return home at night. And while I am happily married I have a good deal of sympathy with that fellow, and I say "For God's sake, give him a chance." [Applause.]

Now, this allotment business can not accomplish a single good thing. There must be an application from home, and the most deserving will not apply. You have got first to obtain certain information, at great cost and expense, and then you are liable to demoralize the Army by seizing the wages of the men who are faithful to home and family.

Second, there is what is called "compensation for death or disability," and, stripped of all its technicalities, it is simply a poor pension law, and that is all there is to it. You can not take the compensation laws of the several States and adapt them in times of war and give proper compensation to men who are injured in the service. This part of the bill is simply an inadequate pension law, and it is nothing else but a poor pension law, and a more liberal pension law can be enacted by this Congress than that provided by this bill.

Mr. STAFFORD. Will the gentleman yield?

Mr. HERSEY. If you will extend my time, or have it extended.

Mr. STAFFORD. I know the committee is very indulgent this afternoon. The persons having control of the time are not in a great hurry to have the bill passed this evening.

When the author of this bill was considering the question of compensation he stated that the compensation provided in this bill was inadequate, and yet it carries the maximum amount to be paid to the widow of an officer at \$200. I would like to ask the gentleman whether he thinks that amount is inadequate in view of the fact that the maximum amount now paid to a widow of an officer of the highest rank in the service, where the officer dies from injuries received in the service, is \$30 a month?

Mr. HERSEY. My answer to that is that this compensation law as set forth in this bill is not so good as a reasonable and proper pension. I am for liberal pensions. I believe that a liberal pension bill enacted by this Congress would be better for our soldiers and sailors than this bill can possibly be. [Ap-

plause.] And I want you to understand, gentlemen, that it will require the same evidence in making compensation under this bill as it will to award a proper pension, and will not take any more time.

We can enact a pension law at once in this Congress that will take care of every injury and every death in the service to come. Much better than can possibly come from this new experiment.

The CHAIRMAN. The time of the gentleman from Maine has again expired.

Mr. HERSEY. Mr. Chairman, may I have a little more time?

Mr. CAMPBELL of Kansas. Mr. Chairman, I ask unanimous consent that the gentleman from Maine may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HERSEY. We have a Pension Bureau that has been established in this country for over 50 years. We have in that office an experienced lot of clerks, employees, experts, and an experienced commissioner. They have had in the Pension Bureau a half century of experience. There are 1,200 employees in the Pension Bureau, and the administration of that bureau, according to the last report of the commissioner, costs \$1,562,855 for 1917. Why should not the Pension Bureau take care of the only thing in this bill that means anything—and that is compensation, which is nothing but pensions?

Some gentlemen has said here that a pension is a charity. It is no more a charity than is compensation. Somebody said here that pensions had not been satisfactory in the past. I say to you that this Government has given its soldiers of the Civil War most liberal pensions. I appeal to the men of the southland to say if that is not true. Here we are a united country, the North and South, in this great war. Why can we not in this Congress pass a liberal pension bill that will take care of every soldier and sailor, North and South in this war?

Now, the third matter in this bill is life insurance.

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Maine yield to the gentleman from Missouri?

Mr. HERSEY. Just for a brief question.

Mr. BORLAND. I understand that the gentleman is very well satisfied with the present pension system?

Mr. HERSEY. No; I am not. I am for a more liberal system. I am not for the present system in this war. I want a new pension law enacted by this Congress that will be very liberal to our soldiers and sailors.

Mr. BORLAND. Does the gentleman realize that we have spent in Civil War pensions since 1866 five and one-half billion dollars, and of that sum four and one-half billion dollars was spent since 1890, or commencing 25 years after the close of the war? Is that the kind of a system that the gentleman wants to put in force instead of this?

Mr. HERSEY. No; I am for a new system, based on our past experience, with a new and better pension law.

Now, in regard to this matter of insurance, it is called "insurance," but that is a misnomer. It has in it none of the prin-

principles of life insurance at all. It has none of the essentials or methods of life insurance. It is not life insurance in any way. It is simply a lottery on the part of the Government and those engaged in it.

What does it mean? It provides that those who apply for insurance must pay out of their wages the premiums; if killed, the insurance may be of some benefit to those who survive them. But will those who need insurance come in? Will the man whose wages have been commandeered one-half use the other half in paying insurance premiums, or will he send it home to wife and child to give them present support? Experience has shown that the man who should have an insurance policy will not apply for insurance, while the man who thinks he can make something out of it in the way of an investment will take it. What will be the result? The men who are killed in the war and leave a widow and children without property will not take out these insurance policies, while those who have no dependents will take policies, and then if killed the needy will not be helped and the Government will be the loser. There will be millions paid out to beneficiaries that are not deserving beneficiaries and would never be recognized under any pension law, and there will be pensions lost to the most deserving, because the soldiers did not make application for a pension.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield for a question?

Mr. HERSEY. Yes.

Mr. McKENZIE. Does the gentleman from Maine seriously contend that in his judgment this is a bill drawn for the purpose of taking advantage of and punishing the boys who are going into the Army and their dependents?

Mr. HERSEY. Oh, no. I want the gentleman to understand that I believe that the committee who reported this bill are sincere and those who stand here on this floor and advocate this bill are sincere, and I believe all who have advocated it have done so with a sincere purpose. I do not believe that this bill was presented for the purpose of giving places to some ex-insurance experts or helping any insurance companies; but I believe that the bill will not work out in practice the way intended by its friends. The more you study this bill, the more you must be convinced that you can get the same thing in a better way under a proper pension bill than under this so-called war-risk insurance law.

The insurance part of this bill is the pet measure of the Secretary of the Treasury. He has a beautiful theory about life insurance, and he has secured the favorable opinion of a few other expert theorists. Yesterday the Sunday papers published a letter from him under great headlines which said, "Secretary William Gibbs McAdoo, genius of finance, writes that soldier's insurance is duty of Nation." His letter ignores the matter of "allotments" and "compensation" and devotes its whole space to a glowing approval of the great benefits this new scheme in life insurance will bring to our armies. He fails to give any reason why we should embark the Nation on this untried experiment in finance, but only says, in substance, that the adoption of his theory would cheer our soldiers with

the prospect of getting great benefits to themselves and their dependents from this new lottery.

In spite of all these finespun theories, these new experiments in legislation, the fact remains that all there is to this bill of interest or benefit to the soldier is the pension section called "compensation," and that part of the bill can be more efficiently administered by the present Pension Bureau. The result of the passage of this bill in its present form will entail a needless expense of millions upon the taxpayers of the country in this time of greatest need and while on every hand we are being exhorted by the administration to practice in legislation the most rigid economy. The present bill and new bureau will also give shelter and power to a new army of place hunters and office-holders who will fatten at the expense of the people. Unless these objectionable features are eliminated from the bill, I can not consent to wrong the American soldier abroad and betray the rights of the people at home by giving it my support. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine has again expired.

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