

Background of the Report



The Advisory Commission on Service Pay was appointed by the Secretary of Defense late in 1947 to investigate the adequacy of compensation received by members of the armed services, and the general soundness of pay structures.

For two months the Commission considered the problem broadly, giving careful study to the report of the Joint Army-Navy Personnel Board, which had completed extensive research on service pay. Then, in February 1948, the Commission received its detailed "terms of reference," outlining precisely the areas to be investigated. The objective was to make "a comprehensive study, with recommendations covering every significant phase of a sound system of compensation for persons at all levels and in all branches of the uniformed services." Its views were requested not only on broad principles and patterns of the pay structure, but also on actual pay scales. It was enjoined to consider all pay factors which affect the attractiveness of a service career.

The Commission conducted scores of exhaustive studies, surveys, and interviews in preparing its final report, which was submitted to the Secretary of Defense in December 1948. Describing it as "a monumental document," the Secretary of Defense declared that he and the Secretaries of the three services were "in general agreement on its major provisions," and stated that proposed legislation would be prepared immediately embodying the principal features of the report.

Members of the Commission shown above are (left to right): Keith S. McHugh of New York, vice president of the American Telephone and Telegraph Company; Charles R. Hook, Chairman of Middletown, Ohio, chairman of the board and chief executive officer of ARMO Steel Corporation; and Lawrence H. Whiting of Chicago, president of Whiting and Company, and of the American Furniture Mart Building Company. The fourth member, The Reverend John J. Cavanaugh, president of Notre Dame University, is not shown.

CAREER COMPENSATION FOR THE SERVICES

A Summary of the Hook Commission Report

The report of the Advisory Commission on Service Pay (the Hook Commission) is described by the Secretary of Defense as "the most comprehensive study that has ever been made of compensation for persons in the services." Its recommendations would provide the first overhaul of service pay schedules and principles since 1908. In those forty years the structures and missions of the Armed Forces have undergone radical changes. A greater need has developed for technicians in a wide range of skills; certain inequities have developed among the services, and among the grades within each service; and the dollar value and cost of living have radically changed. The report recognizes all such factors.

Faced with an archaic and cumbersome system of service pay, the Commission probed every aspect of compensation, completely revising theories and rates wherever needed. The basic objectives were to provide a scale of service pay that would compare favorably with civilian scales, and to make pay commensurate with responsibility, thus providing attractive career opportunities for officers and enlisted personnel. The report was presented as a unit, with all recommendations interrelated and interdependent, in order to provide a balanced program. Its recommendations apply to all the uniformed forces, including uniformed personnel of the Coast Guard, Public Health Service, and the Coast and Geodetic Survey.

Basic Compensation

Basic compensation for active duty should consist of basic pay, including length of service increments, and basic allowances for subsistence and quarters, when authorized.

Prepared by Major Robert R. McBane, Associate Editor, ARMY INFORMATION DIBEST. The complete report may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

(1) *Basic Pay.* An across-the-board percentage increase based on present scales would not correct existing inequities; nor would a cost-of-living adjustment be a proper solution, since it would merely perpetuate the imbalance of the present structure. Any new program should (1) be related to compensation in industry, (2) be based on the principle of pay for responsibility, and (3) provide incentive for advancement.

Present pay scales do not provide sufficient incentive. The pay incentive should be the differential between grades rather than the accumulation of longevity. Any system that rewards longevity equally with promotion would have a deadening effect. Consider, as an example, the case of a lieutenant colonel with 30 years' service. Under the current pay system he has relatively little incentive to promotion, since he draws the same pay as a brigadier general. While the brigadier general may

Scale of Basic Compensation Proposed by

RANK	YEARS OF SERVICE									
	Under 2	Over 2	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	
OFFICERS										
General ^{2/}	\$975.00	\$975.00	\$975.00	\$975.00	\$975.00	\$975.00	\$975.00	\$975.00	\$975.00	
Lieut. General ^{2/}	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	
Major General	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	
Brig. General	810.00	810.00	810.00	810.00	810.00	810.00	810.00	810.00	810.00	
Colonel	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	
Lieut. Colonel	480.00	480.00	480.00	480.00	480.00	480.00	480.00	480.00	480.00	
Major	405.00	405.00	405.00	405.00	405.00	405.00	405.00	405.00	405.00	
Captain	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	
First Lieut.	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	
Second Lieut.	225.00	240.00	255.00	270.00	285.00	300.00	300.00	300.00	300.00	
WARRANT OFFICERS ^{2/}										
One	330.00	330.00	330.00	345.00	360.00	375.20	390.00	405.00	420.00	
Two	300.00	300.00	300.00	307.50	315.00	322.50	330.00	337.50	345.00	
Three	262.50	262.50	262.50	262.50	270.00	277.50	285.00	292.50	300.00	
Four	217.50	217.50	217.50	225.00	232.50	240.00	247.50	255.00	262.50	
ENLISTED PERSONNEL ^{4/}										
One	202.50	202.50	210.00	217.50	225.00	232.50	240.00	247.50	255.00	
Two	172.50	172.50	180.00	187.50	195.00	202.50	210.00	217.50	225.00	
Three	142.50	150.00	157.50	165.00	172.50	180.00	187.50	195.00	202.50	
Four	120.00	127.50	135.00	142.50	150.00	157.50	165.00	172.50	180.00	
Five	97.50	105.00	112.50	120.00	127.50	135.00	142.50	150.00	157.50	
Six	82.50	90.00	97.50	105.00	112.50	120.00	127.50	135.00	142.50	
Seven	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	

command a task force of 4000 to 5000 men, the lieutenant colonel normally commands a battalion of 600 to 1000.

All adjustments in pay since 1908 have continued fundamental inequities, and have failed to match pay and responsibility. The pay of enlisted men, for example, has been tripled, while officer pay has been increased less than half.

While increases for length of service should provide a stimulus to do better work, they should cease when an individual reaches his maximum efficiency in any given job. The distinguishing characteristics of the proposed compensation for length of service, as distinguished from the current "longevity" plan, are: (1) The new length-of-service increases would be known as "in-grade" increases; (2) they would be paid on a flat rate of increase, rather than on a percentage basis; (3) they would be paid at intervals of two years for four years, as

the Advisory Commission on Service Pay

RANK	YEARS OF SERVICE				ALLOWANCES ^{2/}			
	Over 18	Over 22	Over 26	Over 30	WITH DEPENDENTS SUBSISTENCE	QUARTERS	WITHOUT DEPENDENTS SUBSISTENCE	QUARTERS
OFFICERS								
General ^{2/}	\$975.00	\$975.00	\$975.00	\$1,006.00	\$45.00	\$150.00	\$45.00	\$120.00
Lieut. General ^{2/}	975.00	975.00	975.00	1,006.00	45.00	150.00	45.00	120.00
Major General	975.00	975.00	975.00	1,006.00	45.00	150.00	45.00	120.00
Brig. General	810.00	810.00	810.00	870.00	45.00	150.00	45.00	120.00
Colonel	645.00	645.00	645.00	735.00	45.00	120.00	45.00	105.00
Lieut. Colonel	555.00	555.00	555.00	615.00	45.00	120.00	45.00	90.00
Major	510.00	510.00	510.00	510.00	45.00	105.00	45.00	82.50
Lieut. Major	435.00	435.00	435.00	435.00	45.00	90.00	45.00	75.00
Captain	337.50	337.50	337.50	337.50	45.00	82.50	45.00	67.50
First Lieut.	300.00	300.00	300.00	300.00	45.00	75.00	45.00	60.00
WARRANT OFFICERS ^{2/}								
One	435.00	450.00	465.00	480.00	45.00	105.00	45.00	82.50
Two	360.00	375.00	390.00	405.00	45.00	90.00	45.00	75.00
Three	315.00	330.00	345.00	360.00	45.00	82.50	45.00	67.50
Four	277.50	292.50	307.50	322.50	45.00	75.00	45.00	60.00
ENLISTED PERSONNEL ^{4/}								
One	270.00	285.00	300.00	300.00	31.50	67.50	31.50	45.00
Two	240.00	255.00	270.00	270.00	31.50	67.50	31.50	45.00
Three	217.50	232.50	247.50	247.50	31.50	67.50	31.50	45.00
Four	195.00	195.00	195.00	195.00	31.50	67.50	31.50	45.00
Five	150.00	150.00	150.00	150.00	31.50	67.50	31.50	45.00
Six	120.00	120.00	120.00	120.00	31.50	67.50	31.50	45.00
Seven	75.00	75.00	75.00	75.00	31.50	67.50	31.50	45.00

^{2/} Allowance applicable to personnel authorized to ration and live separately, generally intended for married personnel, Grades 1-3 and Grade 4, with at least 7 years' total service.

^{4/} Increased to \$67.50 after 7 years' total service.

explained below): (4) they would cease *in each grade* when it is reasonably expected that the individual should have advanced to a higher grade. Once the individual is promoted, however, his eligibility for additional in-grade increases would continue uninterrupted until he had reached the maximum in that pay grade—and so on, grade by grade. In-grade increases would be made every two years—up to 18 years, when they would be made every four years, if eligibility continues. To simplify administration, basic pays would be made divisible by 30, the number of days in an administrative month.

Laws relating to the promotion of officers should offer the same career opportunities in all the military services. All programs should be reviewed and promotion laws should be enacted providing equal opportunity for all.

Justice requires that all persons within the National Military Establishment be given an equal opportunity for pay and promotion according to their ability. This principle should apply equally to the Regular and Reserve Forces, whose combined strength constitutes the backbone of our national security.

Among the services, considerable difference exists in the concept of the qualifications, status, and duties of warrant officers. The proposed single pay scale for warrant officers should result in similar, if not identical, warrant officer programs within the uniformed forces. The Commission, therefore, recommends that the services join together, to establish a comprehensive warrant officer structure which can be universally applied.

All the services have made great strides in providing career opportunities for enlisted personnel. The Commission recommends increased pay differentials among grades, so as to encourage the seeking of promotion. The starting rate for a first-time enlistment should continue at \$75 a month. Practically all enlisted witnesses appearing before the Commission agreed that this is high enough. It is the equivalent of \$183 in civilian pay, and compares favorably with an average nation-wide industrial starting wage of \$178. Basic pays of the other six enlisted grades should be increased from three to twenty-three per cent.

(2) *Basic Allowances* (Subsistence and Quarters). Eventually, compensation should consist of a single payment, without distinction between pay for work and responsibility and reimbursement for subsistence and quarters—as in private in-

dustry and in Civil Service. Meanwhile allowances should be continued according to the following principles:

Subsistence—Officers and warrant officers should continue to subsidize themselves and should be granted subsistence allowances, at all times. Enlisted personnel should be granted subsistence allowances when (a) rations in kind are not provided, or (b) permission is granted to mess separately.

Only one subsistence allowance should be granted to each officer, warrant officer, or enlisted person, whether or not he has dependents, and the amount should be the same for all grades and all branches. The allowance should reflect current cost changes on the following basis:

Officers and warrant officers—an amount equivalent to the minimum monthly cost of officer messes in the area.

Enlisted personnel—(a) where rations in kind are not furnished, an amount equivalent to the average daily cost of subsistence for one on a civilian basis; (b) where permission is granted to mess separately, an amount equivalent to the average daily cost of the individual ration provided by the Government; (c) where assigned to duty under abnormal conditions, an amount equivalent to the average daily cost of food for the individual in the locality.

On the basis of current costs, the recommended amounts are: Officers and warrant officers, \$45 a month; Enlisted personnel, (a) \$2.25, (b) \$1.05, (c) up to \$3.

The Commission recognizes the danger to the Nation of attaching to the service those men whose prime motivation in life is personal gain rather than public service. There are dangers in developing a favored military class. The rewards of our military leaders in the past have been modest pay, security, and the affection and respect of the people.

Quarters—Officers and warrant officers should be granted allowances for quarters at all times, subject to the withholding of allowances when Government quarters are assigned. Enlisted personnel should be granted separate allowances for quarters when Government quarters are not provided.

Where officers and warrant officers are provided with Government quarters that are substandard or clearly not appropriate, considering rank and responsibility, it should be considered that they are not provided with "suitable quarters" and they should then receive the quarters allowance in full, and

pay rent. This rent should be equivalent to the average monthly rental rates prevailing for similar civilian-owned housing in the area.

All officers, all warrant officers, and all enlisted personnel of the first three pay grades, plus enlisted personnel of grade four with seven years' total service, should be authorized a higher allowance if they have dependents. Enlisted personnel of grade four with less than seven years' total service, and grades five through seven, alike should receive the same allowance, regardless of dependents.

The amount of quarters allowances should reflect current cost changes. The determination for each grade should equal the maximum monthly rental rate at which 75 per cent of the civilians in equivalent income classes may reasonably be expected to find adequate housing.

The Commission recommended a Savings Provision which would protect individuals for a maximum of three years against a loss in total pay as a result of the changes, if enacted.

The present tax exemption now enjoyed by service personnel should be extended only until compensation is equitably adjusted.

PERCENTAGE INCREASES
According to Grade and Length of Service

OFFICERS			WARRANT OFFICERS		
	Typical Years of Service	Basic Pay % Increase		Typical Years of Service	Basic Pay % Increase
Major General	30	31.05	Grade 1	28	16.61
Brigadier General	30	58.18	Grade 2	22	20.17
Colonel	27	32.60	Grade 3	16	14.29
Lieutenant Colonel	22	35.07	Grade 4	12	14.58
Major	16	39.64	Grade 5	10	15.57
Captain	10	47.45	Grade 6	8	15.57
1st Lieutenant	5	39.29	Grade 7	6	15.57
2nd Lieutenant	1	25.00	Grade 8	4	15.57

ENLISTED PERSONNEL		
	Typical Years of Service	Basic Pay % Increase
Grade 1	20	25.87
Grade 2	13	29.63
Grade 3	10	47.15
Grade 4	5	28.57
Grade 5	1 1/2	8.33
Grade 6	1 1/2	3.03
Grade 7	0	3.03

¹Includes basic allowances for dependents for all officers and warrant officers, and for enlisted personnel in Grades 1-3.

Special Compensation

SPECIAL PAYS. Group 1: Hazard-Incentive. Additional pay should be provided for hazardous duty, and should be given for each month that the qualifications are met. Authorized performance should conform to regulations, and should be limited to assignment or duty recommended by the head of each Department and approved by the Congress as involving exceptional or unusual military risk in training or performance.

The President should be authorized to eliminate, in time of war, all hazard pay, or to declare as hazardous other conditions of service or areas of unusual danger, in order to equalize pay treatment for hazardous duty. In the latter case, personnel serving under such conditions or in such areas should be entitled to hazard pay for actual time thus served. No person should be entitled to more than one hazard pay increment for the same period of time.

Rates of hazard-incentive pay should be:

(1) Glider, parachute, submarine rescue, experimental diving, handling of lepers, demolition of explosives, observation requiring flying: \$100 a month for officers and warrant officers; \$50 a month for enlisted personnel.

(2) Deep sea diving: Rates now applicable under law for the Navy.

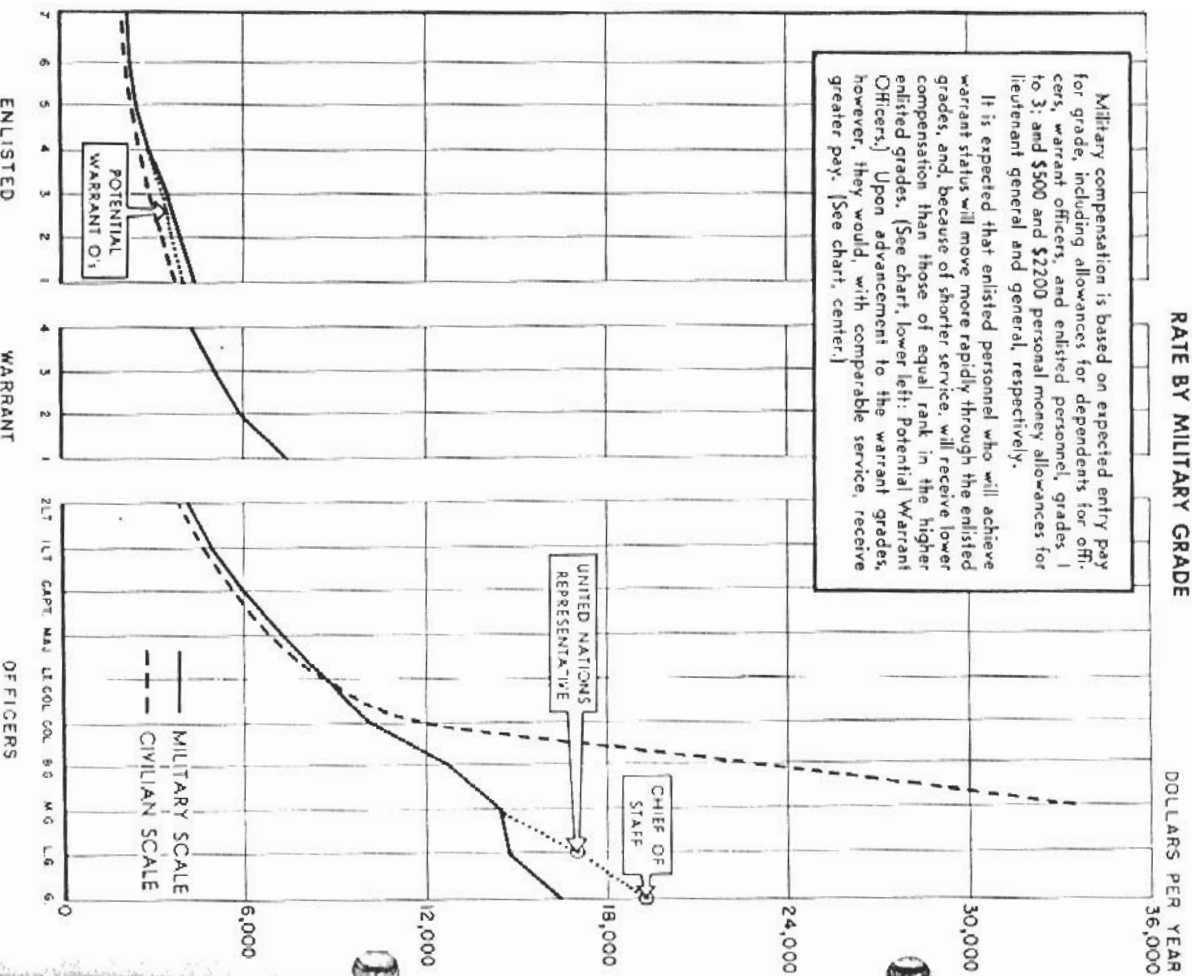
(3) Flying of military aircraft and assignment to submarines as a member of a crew, according to the following scale (dollars a month):

OFFICERS		WARRANT OFFICERS	
	All Grades		All Grades
Major General	100.00	Brigadier General	100.00
Colonel	210.00	Grade 1	75.00
Lieutenant Colonel	180.00	Grade 2	67.50
Major	150.00	Grade 3	60.00
Captain	120.00	Grade 4	52.50
1st Lieutenant	110.00	Grade 5	45.00
2nd Lieutenant	100.00	Grade 6	37.50
		Grade 7	30.00

The reason for lower hazard pay for officers in the higher grades, the Commission pointed out, is that in the higher grades the pay should be commensurate with the administrative responsibility of the position, and that valuable administrative responsibility should be protected from unnecessary risks. Flying pay is therefore reduced to discourage such risks. Aviation Cadets are paid under a separate provision of law and should

COMPARISON OF CIVILIAN AND PROPOSED MILITARY COMPENSATION

RATE BY MILITARY GRADE



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not be entitled to hazard pay in addition to regular compensation.

Group 2: Sea and Foreign Duty. Officers and warrant officers should receive no additional pay for sea and foreign duty; but enlisted personnel should receive \$15 a month in addition to basic compensation, and in addition to any hazard pay for which qualified. Sea and foreign duty should be expected as a normal incident in a chosen military career, especially for officers, who are paid according to relative responsibility, regardless of their location. For enlisted personnel, the pay is recommended as a morale factor and is in keeping with accepted industrial practice.

Group 3: Inducement. The present \$100 a month inducement pay for physicians, surgeons, and dentists should be continued for the time being, but should be eliminated as soon as it is practicable to secure the needed personnel without such pay. This pay should not be given to medical officers while serving as interns, and internship should be for a minimum of one year. Physicians, surgeons, and dentists should be given constructive credit, for pay and promotion purposes, equal to the number of years, not in excess of four, of recognized post-graduate training toward obtaining their professional degrees.

Special pay now authorized for duty as a cook, stenographer-reporter, and mail clerk should be abolished, and appropriate grade or non-monetary advantage should be provided instead.

Reenlistment bonuses should be based on the number of years for which a person is reenlisted; that is, on service promised, rather than on service performed. The following scale is recommended, payment to be made in a lump sum upon reenlistment:

REENLISTMENT PERIOD	FOR EACH YEAR OF REENLISTMENT	TOTAL
Six Years	\$ 60.00	\$360.00
Five Years	50.00	250.00
Four Years	40.00	160.00
Three Years	30.00	90.00
Two Years	20.00	40.00

Payment should be limited to four such bonuses; and the maximum time between separation and reenlistment should be 90 days. The reenlistment bonus should be granted to inducements who enlist, to Regulars who extend their enlistments, and to reservists on active duty who enlist for a stated period in the Regular force—as well as to the orthodox reenlistee. The bonus

payable to members in the Regular Army Reserve when ordered to active duty should be abolished.

Group 4: Reimbursement. Special pay for duty as aide, for special performance with the Marine Band, for serving as a messman, or for caring for a mount should be abolished.

Group 5: Reward and Honor. At present, three such types of pay are authorized for enlisted personnel only: For distinguished service, accompanying medals—\$2 a month; for expert and combat infantry service and for medical service with infantry—\$5 to \$10 a month; and for qualification in arms—\$1 to \$5 a month. These should be abolished; and distinguished service or unusual proficiency should be acknowledged by granting privileges and special opportunities for advanced education, in addition to accelerated promotion, if warranted.

The Government should make all efforts to fulfill its obligation to accommodate members of the uniformed forces, preferably on military installations where experience has shown they are usually happier and more effectively placed for performance of their duties. Poor Government housing and the lack of private housing today stand out as a major threat to recruitment and retention of desirable officers and men.

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Group 6: Convenience of the Service. Special pays now authorized to cover costs involved in the discharge of needy or disciplinary cases among enlisted personnel, to cover personal expenses of men whose pay is withheld, and similar pays should be continued.

Group 7: Separate Scales. Separate scales now existing for members of the Mine Planter Service (Army) and the Marine Band, and separate pay for Acting Chief Petty Officer (Navy) should be abolished. Such personnel should be transferred to the nearest appropriate grade, with no reduction in basic compensation.

SPECIAL ALLOWANCES. *Group 1: Dependents' Allowances.* These should be discontinued by declaring World War II at an end for the purpose of this program; except that allowances should continue for the duration of enlistments in force on the date of discontinuance. Dependents' allowances should not be authorized for the same period during which an allowance for quarters is granted.

Group 2: Clothing. Present clothing allowances for Regt-

lar officers, warrant officers, and enlisted personnel should be retained. With regard to reserve commissioned and enlisted personnel, issues in kind or monetary allowances should be made upon entry into the reserve forces, supplemented when necessary.

Group 3: Travel and Transportation. Travel allowances within the United States should be simplified and made identical for all the uniformed forces. They should cover all reasonably incurred expenses, based on current costs. Separate allowances (aerial survey, escort duty, recruitment furlough travel) should be abolished. Present provisions for station and travel allowances for military personnel outside the United States should be retained.

Group 4: Post and Duty Allowance. This should be authorized where necessary to cover extraordinary expenses incident to assignment to a post of high responsibility or in connection with special duties or missions—such as an establishment of an emergency residence, emergency and unusual travel, special missions, and entertainment functions required in the best interest of the Government.

Group 5: Personal Money Allowance. Generals and lieutenant generals should receive an annual personal money allowance of \$2200 and \$500 respectively, regardless of allocations under post and duty allowance.

Retirement, Severance Pay, and Death Benefits

The services must be kept young, vigorous, and efficient. A sound retirement plan, with a proper compulsory retirement age, will permit youth and brains to rise to the top in time to be effective.

When an emergency arises, the safety and welfare of the United States depend on efficient performance by the military. It is the one institution in our country that can never be allowed to fail. The effectiveness of any organization can be no greater, over an extended period, than the efficiency of its management.

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VOLUNTARY RETIREMENT from active Federal service of officers and warrant officers with 20 or more years of service should be optional at age 60. It should be optional also to request retirement at any age after 30 years' service, subject to approval by the head of the Department concerned. Officers

and warrant officers with 20 or more years' service at the time these recommendations are enacted should have the right, for a period of five years following, to apply for retirement under present law.

Retirement pay for all grades should be computed at the rate of $2\frac{1}{2}$ per cent of the annual basic pay* that the person would receive at the time of retirement if serving in the highest grade satisfactorily held for six months during his entire period of service. This amount should be multiplied by the number of years of active Federal service, but should not exceed 75 per cent of active duty pay.

Youth is essential in the Military Establishment. To provide for a continuing flow of young men in the services, retirement must be provided at an earlier age for many grades than is generally found necessary in civilian pursuits.

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The retirement pay of a warrant officer or enlisted person (status at the time of retirement) who vacated a commissioned grade at his own request, should be based upon the highest warrant or enlisted grade, respectively, that was satisfactorily held for at least six months.

Voluntary retirement for enlisted personnel with 20 or more years of service should be optional at age 50, and should be optional at any age with 30 or more years' service. Enlisted personnel who have at least 20 years' active service at the time these recommendations are enacted, or on the expiration of the enlistment contract then in effect, should have the right to retire with an immediate benefit computed as above.

INVOLUNTARY RETIREMENT for all grades should be as follows: Persons on active service, with the last 10 years or more as continuous active service, who have a total of 25 or more years of active service, may elect retirement pay computed as above, payments to begin immediately. Or they may elect severance pay based on the number of years of active Federal service at the highest Federally recognized grade satisfactorily held for at least six months (computed as shown below). With 20, but less than 25, years of service, they may elect retirement pay computed as above, payments to begin at age 60, (50 for enlisted personnel); or they may elect retirement pay computed

* The term "basic pay," as used in this section on retirement, severance pay, and death benefits, includes in-grade increases.

at the rate of $1\frac{1}{4}$ per cent for each year of service, payments to begin immediately; or they may elect severance pay. Enlisted personnel with less than 20 years of service should receive no retirement pay, but should receive severance pay.

Reservists who are not in active service on the date of separation who have 20 or more, but less than 30 years, of active service, may elect retirement pay computed as above, payments to begin at age 60; or they may elect severance pay, under certain conditions. The same provisions would also apply to reservists in active service who do not have ten years' continuous active service immediately preceding separation.

Reservists who do not qualify for service retirement under any of the above provisions may be eligible for benefits under the retirement provisions of Public Law 810—80th Congress.

DISABILITY RETIREMENT provisions should be the same for all personnel of all the services. The minimum degree of disability to qualify for retirement pay should be 30 per cent. Those separated for disability of less than 30 per cent should receive severance pay computed as below, with a minimum of three months' full pay, or should receive involuntary retirement pay, if eligible (see above). Veterans Administration standards should govern in determining the degree of disability. Periodic physical examinations should be made during the first five years of retirement for disability. If, during this period, the person is found physically qualified, and has not reached age 60, he should be placed in the status from which removed. If found not qualified for active duty at the end of five years, he should be permanently retired for disability; except that officers with 25 years' service and enlisted persons with 20 years' service (including time spent on disability retirement) who reached age 60 or age 50, respectively, during the five year period, should be reclassified to a service retirement status.

Persons eligible for voluntary service retirement, who are separated because of disability, shall have retired pay computed and paid under the service retirement provisions; and such separations shall be considered service retirements.

Where disability results directly from conditions incident to acting under competent orders, on active duty or actually engaged in inactive duty training, no minimum period of service would be required. Pay would be at the rate of $2\frac{1}{2}$ per cent for each year of service, computed as above, with a minimum of 50 per cent base and longevity pay. The phrase "competent

orders" should be limited to the performance of assigned duty, and should not be construed to include activity while on leave or engaged in other activities not strictly a part of the person's service occupation.

Where disability results from circumstances other than above, the following provisions should apply: Persons on active service with at least 15 years' total active service may be compensated as above. Those with less than 15 years' total active service should receive severance pay, computed as below. Persons in the reserve components not on active service should receive no benefits.

The Government, as an employer seeking to recruit men for its Military Establishment, must in peacetime compete with private employers and with the Government's civilian branches. The pay scale not only must be attractive to desirable men and women, but it must be balanced against the personnel needs of other employers and the good of the country as a whole.

SEVERANCE PAY. This should be made to persons separated from the services involuntarily, but not in cases of dishonorable discharge or where the separation is for disciplinary reasons. Persons in the reserve components should be eligible for severance pay only if on extended active service, and only if at least the last five years of their service have been continuous active service. This requirement is waived for disability cases.

Payment for separation because of failure of selection for promotion, and for other qualified cases of involuntary or disability retirement should be: 0-4 years' active service— $\frac{1}{2}$ month's basic pay for each year of active service; 5-9 years' active service— $2\frac{1}{2}$ months' basic pay, plus one month's such pay for each year of active service after five full years; 10 and more years' active service— $7\frac{1}{2}$ months' basic pay, plus $1\frac{1}{2}$ months' such pay for each year of active service after ten full years, with a maximum of two years' basic pay.

Payment for separation because of inefficiency should be one-half the above amounts, with a maximum of one year's basic pay.

DEATH BENEFITS. The present six months' death gratuity should be eliminated; and National Service Life Insurance should be closed to future entrants. Instead, a \$10,000 death benefit should be provided, without cost to the individual, for

all officers, warrant officers, and enlisted men who die while on active duty, or while engaging in inactive duty training, or while in disability retirement. Qualified beneficiaries would include only a widow or widower, children under 18, or parents of the deceased. The benefit should be paid in monthly installments equal to monthly basic pay if the person dies in active service, and to monthly retired pay if he has retired. In cases of urgent financial need, a lump sum not to exceed six months' basic pay could be advanced. Benefit payments would cease upon the remarriage of the widow or widower, upon attainment of age 18 by the children, or upon death of all qualified beneficiaries. (A modified death benefit, based on retired pay, not active duty pay, would cover retired personnel for the first year after retirement.)

Officers and warrant officers involuntarily separated from the service because of failure of selection for promotion, or any person separated for less than 30 per cent disability, should be entitled to full death benefit coverage for one year after separation.

Conclusion

The Commission recommended that a permanent personnel board be established in the Office of the Secretary of Defense to conduct a continuing study of the pay structure and other personnel problems. (The Personnel Policy Board was subsequently appointed, with Thomas R. Reid as Chairman and Brigadier General C. T. Lanham as Director of Staff.)

In summary, the broad principle underlying the proposed system is that the pay structure should offer initial compensation and progressive increases comparing favorably with what a serviceman could expect in other professions and occupations requiring similar abilities. He should have as much opportunity to attain success as the man who chooses to go into private business. At the same time, he must be assured of comparable security. And with this assurance of equal opportunity with his civilian fellow-citizen, he has an equal responsibility to support himself and his dependents and to participate in the cost of government as a taxpayer.

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