

## Introduction

For a country with such a celebrated political tradition, it is surprising the extent to which politics is, in the United States, a profane subject. Though some admired leaders occasionally find a way onto a living room wall in portraiture, and some notable speeches are mechanically recited by rote, the laws of the land are forgotten, tolerated, or sometimes even resented.

Yet for the millions who disparage the possibilities of politics, there is at least one sacred text that might induce faith in government: the World War II Servicemen's Readjustment Act of 1944, more popularly known as the GI Bill. One can say that the Bill has achieved a kind of sainthood. In print and spoken word, the GI Bill's impact on the country has been likened to the industrial revolution; it has been claimed as "one of the finest two or three [laws] Congress has passed since our constitution took effect"; and, of course, one cannot forget the oft-repeated declaration that it was the progenitor of the modern American middle class.<sup>1</sup>

The iconic status of the GI Bill is well deserved. In five relatively short titles, it replaced the traditional veterans' bonus – an award of cash or land – with benefits: housing, business, or farm loans guaranteed by the government; tuition and a stipend at the school of a veteran's choice or fees to cover the costs of on-the-job training; unemployment compensation; and no-cost

<sup>1</sup> Attributions, in order: Peter Drucker, "The New Society of Organizations," *Harvard Business Review*, Vol. 70 Iss. 5, (September–October, 1992); James Michener, *Newsweek*, (January 11, 1993); Michael Bennett, *When Dreams Came True: The GI Bill and the Making of Modern America* (Washington, DC: Brassey's, 1996).

health care for veterans who were either injured because of service or were willing to take a pauper's oath. Not only did the Bill change bonus into benefits, it expanded the caretaker role of the federal government from disabled veterans to able-bodied ones as well. In both the nature of the benefits and the pool of beneficiaries, the act was a stunning departure from previous policy.

At the time of the Bill's formulation, the country and its leaders were mindful of the treatment of soldiers after World War I. After that war, able-bodied veterans only received money for train fare home, and many did not even receive this paltry sum. This flagrant and objectionable indifference prompted many veterans to organize and demand a "bonus" – which they eventually received, despite the objections of President Calvin Coolidge and longtime Treasury Secretary Andrew Mellon. When depression struck, veterans set off to Washington to insist upon full payment of a bonus that had originally been devised as installments meted out over years. The debacle that followed shamed the country: footage of veterans being violently cleared from the flats of Anacostia played in newsreels throughout the country, much to the dismay and horror of millions of moviegoers.

More than just the memory of disappointed doughboys filled the congressional chamber when it contemplated the prospect of 16 million soldiers coming home from World War II. The Great Depression still haunted the nation, and many feared a return to a contracted labor market and curtailed production following the war's conclusion. How could the labor market absorb millions of returning soldiers and still remain stable? Perhaps, war planners suggested, diverting some number of these veterans to a school or job training would ease the transition to a peacetime economy. Thus the GI Bill was born from fear – fear of veteran activism, and fear of economic recession – and the creative legislation that resulted from such profound foreboding changed American life and remains as a source of optimism in a largely cynical political culture. This book tells the story of that Bill.

It does so differently than has been done before. Thus far, liberals and conservatives have developed their own retelling of the GI Bill. Though the parables they advance differ in the nature of their instruction, both communities share a rather moralistic view of the Bill and see themselves as the stewards of a lesson that, they suggest, should be more widely heeded. So that we can understand what is new in this account, let us look more closely at these established narratives.

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## THE LIBERAL VERSION

Progressives extol the GI Bill for demonstrating the possibilities of large-scale and innovative government intervention in the lives of its citizens.<sup>2</sup> The liberal magazine *The American Prospect* brings up the 1944 legislation regularly: Theda Skocpol, well-known scholar of social welfare programs, began the trend in 1996 by writing an article on “the resonance of the GI Bill” in the *Prospect*’s pages, and subsequent authors have referred to this gold standard of federal government intervention to help mint the case for their own policy prescription.<sup>3</sup> The foremost historian of the GI Bill, David Ross, suggests that, despite many concessions to conservatives, the Bill should be viewed as the last chapter of the New Deal.<sup>4</sup>

The liberals have a point: the benefits of the GI Bill served as more than a mere symbol of an activist government, as their tremendous cost demonstrates. The combination of new postwar benefits cost \$418 per veteran, compared to the prewar level of \$151 per veteran spent on traditional pension programs.<sup>5</sup> Throughout the post–World War II era, the Veterans Administration – charged to administer the GI Bill – rotated between the second or third slot among the list of highest-spending federal agencies, a position far ahead of comparable agencies providing social services to citizens.<sup>6</sup> In 1950, the peak postwar year of federal expenditures on veterans, the government devoted almost \$8 billion dollars directly to this function, almost a quarter of all federal expenditures for that year.<sup>7</sup> The total spent on the GI Bill’s education title alone surpassed the cost of the Marshall Plan in Europe. This robust commitment on the part of the federal government to better the lives of so many explains the progressive penchant for referencing

<sup>2</sup> See especially Harold Hyman, *American Singularity: The 1787 Northwest Ordinance, the 1862 Homestead–Morrill Acts, and the 1944 G.I. Bill* (Athens: University of Georgia Press, 1987), discussed more below; Edward Humes, *Over Here: How the G.I. Bill Transformed the American Dream* (Orlando: Harcourt, 2006).

<sup>3</sup> Theda Skocpol, “Delivering for Young Families: The Resonance of the GI Bill,” *The American Prospect*, [hereafter: *TAP*] (September 1, 1996). See also Chuck Collins, “Tax Wealth to Broaden Wealth,” *TAP*, (May 1, 2003); Bruce Ackerman and Anne Alstott, “\$80,000 and a Dream,” *TAP*, (July 17, 2000); Paul Starr, “A Believable Politics,” *TAP*, (August 13, 2001). Other articles could easily be added to this note; an on-line search of *TAP*’s archive for the phrase “GI Bill” produces 97 hits.

<sup>4</sup> See David R. B. Ross, *Preparing for Ulysses: Politics and Veterans During World War II* (New York: Columbia University Press, 1969), discussed more below.

<sup>5</sup> Pyne and Norton, “Veterans Benefits and How they Grow,” *Readers Digest*, v.52, (February 1948).

<sup>6</sup> Congressional Quarterly Service, *Congress and the Nation: 1945–1964*, (Washington DC: Congressional Quarterly Service 1975), p. 1335.

<sup>7</sup> *Ibid.*

the GI Bill. Liberals hope that invoking the success of the legislation will authorize other policy interventions – if not on the same scale as the Bill, then at least something more significant than the current political moment seems willing to allow.

This hope has its own historical echo. A cadre of New Deal reformers who served under President Franklin Delano Roosevelt in depression and war lent their support to the World War II GI Bill, believing that it advanced the cause of social welfare in general. Some gave more than a simple blessing. Democratic Senators Robert F. Wagner of New York and Elbert Thomas of Utah lent their own legislative designs – Wagner’s unemployment bill became Title V of the GI Bill, and Thomas’ education bill became the famous Title II. Significantly, Thomas justified the importation of his bill into the omnibus veterans’ bill in the name of a larger political project. “The idea is great,” he enthused in a letter to two friends back home, even as he qualified his support by conceding something that disturbed him: “the soldiers will definitely become a privileged group.” But Thomas defended his decision by noting that “a new philosophy is behind what we are doing, that is, the state is consciously admitting that which it has never done before: that it is doing all this for its own welfare, and this is building up the public economy and the body politic.”<sup>8</sup> Although the GI Bill might serve the purposes of only one rather well-defined group, Thomas felt that the ultimate acceptance of the philosophy – that redistribution could be justified in the name of the common good – was worth it.

Government action designed to advance the general welfare found a ready and powerful supporter in Elbert Thomas. “It seems to me that civilized man has accomplished what he has through institutional growth and development,” the Senator wrote to one political ally. But Thomas did not harbor great ambitions for socialist development; he modestly added in the same letter that “[g]reat things come from little beginnings, and we always make the mistake of trying to make our beginnings big, and when we do, not much comes from them.”<sup>9</sup> This incremental and progressive philosophy had guided Thomas since he came to the Senate in the famous New Deal class elected in 1932. With cosmopolitan experience and as a lifelong student of Asia, Thomas knew well the state’s potential for good, and for ill. “For a ‘rip-snorting’ radical, I am the most conservative experimenter I ever saw,”

<sup>8</sup> Senator Elbert Thomas to Mr. and Mrs. W. Egbert Schenck, December 31, 1943. *Papers of Senator Elbert Thomas* (MSS B-129), Salt Lake City, Utah State Historical Society, Box 62.

<sup>9</sup> Senator Elbert Thomas to George C. Wilson, March 29, 1944. *Papers of Senator Elbert Thomas* (MSS B-129), Salt Lake City, Utah State Historical Society, Box 63.

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he confided to a friend, “I think all of my [academic] training taught me that.”<sup>10</sup> He was as genteel in manners as he was reserved in ambition. Thomas rarely let out an unkind word; he punctuated his graceful letters to friends and to strangers with humor, and affected an air of patience and wisdom in the midst of legislative battles that he felt more closely than his calm demeanor would suggest. Though different in temperament from his spirited ally, Robert Wagner of New York, neither gentleman could be said to be starry-eyed in their devotion to modern liberalism, the idea that the government ought to provide for the basic security of its citizens.

And so it is interesting that, despite his early support of the GI Bill, Thomas came to view it as a monumental mistake. He did not publicly dwell on his regret; in fact, shortly before the House and Senate went to conference on the GI Bill, the Senator’s office issued a press release taking credit for crafting the education portion of the bill. But it distressed him that veterans remained separate in their entitlement – that, rather than his education bill which endowed the Federal Office of Education (ultimately, in 1980, the Department of Education) with administration of the benefit, the GI Bill granted implementation to the Veterans Administration. “Sometimes in our attempts to be helpful we do the opposite,” a remorseful Senator wrote to a friend a little over a year after the GI Bill was passed.<sup>11</sup> His first example of the law of unintended consequences: the GI Bill. Thomas confessed that “when our committee [Senate Education and Labor] attempted to open up to the veteran all of the opportunities afforded by all of the agencies of our country . . . you will remember that the veterans’ section was removed from the general bill and passed as separate legislation.” He particularly noted the fate of his own education title, asserting that, “as everyone knows, [my original] bill would have done much more for the veteran in an educational way than the bill as ultimately passed by Congress.”<sup>12</sup>

In expressing his regret, Thomas belatedly joined his more pugnacious colleague, Senator Wagner of New York. The legislative programs of both men suffered the same fate: in handing programs to the Veterans Administration (VA), they in effect handed them to individual states, for the Veterans Administration was not designed to administer education, housing, or unemployment benefits, only to contract their administration out to

<sup>10</sup> Senator Elbert Thomas to the Honorable Josephus Daniels, August 28, 1945. *Papers of Senator Elbert Thomas* (MSS B-129), Salt Lake City, Utah State Historical Society, Box 80.

<sup>11</sup> Senator Elbert Thomas to Ralph H. Lavers, July 7, 1945. *Papers of Senator Elbert Thomas* (MSS B-129), Salt Lake City, Utah State Historical Society, Box 91.

<sup>12</sup> *Ibid.*

individual state or private entities that did. In his disgust over this evidently decentralized fate of the veterans' program, Senator Wagner spoke against the final version on the floor of the Senate before it was passed, adopting a phrase first and famously used by Justice Benjamin Cardozo when the Supreme Court struck down the ambitious early New Deal: "[This version of the bill] is delegation run riot," Wagner decried. "I do not think we should inaugurate such a precedent [of devolved federal power]," Wagner continued, "in view of the fact that benefits provided in the bill are Federal benefits and not State benefits."<sup>13</sup>

Wagner and Thomas disowned the child they helped to birth; their remorse holds as much instruction for liberals who invoke the legacy of the GI Bill as their original enthusiasm. As current day progressives suggest, the Bill did in fact massively redistribute income for the benefit of many citizens – but *how* it did so is as important as what it did. In historical terms, and in more closely defined terms of the development of U.S. state power, the "how" and the "what" cannot be separated. Indeed, not every design for the operation of veterans' readjustment would be politically viable. The earliest planning for the GI Bill that grouped civilians and veterans together would not succeed. As we shall see, progressives failed in their ambition to subsume the Veterans Administration under one, inclusive social welfare agency, despite the influential British model, which did just that and, more important, despite Franklin Roosevelt's own support for the plan. A later model, strongly advocated by Senators Thomas and Wagner, proposed extending a benefit only to veterans but housing it in a civilian agency – in the Office of Education, for instance, or in the U.S. Employment Service. Both Senators believed the move tenable because the extension of service (and generous service, at that) to able-bodied veterans by the Veterans Administration would be as unprecedented as any of their own plans. Yet generous but exclusive benefits were more palatable than the liberals' more inclusive proposals – or, more accurately, the generosity of veterans' benefits actually depended upon civilian exclusion. The inclusion of able-bodied veterans in the ambit of VA authority, the subsequent separation of veterans from civilians, and the dependence upon the implementation authority and mechanisms of individual states are, taken together, what made the benefits feasible. In the end, the GI Bill had only one acceptable form: veterans benefits, administered in a veterans-only agency.

This particular form had significant consequences, though it is not part of the liberal remembrance of the bill, and for good reason. The decentralized

<sup>13</sup> As found in "Black Books," Robert F. Wagner Papers, *Georgetown University Special Collections*, Box 122.

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fate that Wagner and Thomas lamented had pointedly bad effects; for example, the empowering of segregationists in their communities. It is a fact that black veterans did not experience the same GI Bill as white veterans, and it is also a fact that this result did not stem from any direct discrimination in the Bill itself. It was a feature of its implementation – and an intended one. Racist Congressman John Rankin, Democrat of Mississippi, chaired the World War Veterans Legislation Committee and adamantly resisted any attempt to write into the bill a degree of federal control that would threaten southern, segregationist order. While it was principally through his efforts that the Bill successfully passed Congress, Rankin in fact almost killed the Bill in conference when he did not receive explicit assurances that the Veterans Administration would disallow black veterans from obtaining unemployment insurance, a benefit to which they were, of course, entitled under the provisions of the Bill. In the end, Rankin was slightly outmaneuvered and, even more, appeased by concessions. After the Bill passed, the Congressman kept a careful watch over the number of African-Americans applying for and receiving unemployment insurance in his home state of Mississippi and, as might have been predicted, the dismal numbers assuaged his fears.

### THE CONSERVATIVE VERSION

As a well-credentialed member of the southern conservative coalition in Congress, Rankin would be pleased by the current-day conservative celebration of the bill. This competing narrative highlights the investment and discretionary nature of the bill, the so-called “hand up,” combined with what has been depicted as a limited government presence involved in the Bill’s execution, together creating the image of the ideal social welfare program. Often conservative applause for the Bill is meant to invite comparisons between the GI Bill and the enormous welfare interventions initiated by President Lyndon Johnson under his “Great Society” agenda, criticized by conservatives as handouts administered through wasteful bureaucratic systems. On the fiftieth anniversary of the GI Bill, President Clinton, still smarting from liberal criticism of his welfare reform act of 1994, indulged in conservative rhetoric when he paid homage to the Bill by asserting that it “relied on the American values of work and responsibility. It offered not a hand out, but a hand up.”<sup>14</sup> Obvious and implicit comparisons with the

<sup>14</sup> As quoted in Terence Hunt, “Clinton Marks 50th Anniversary of GI Bill,” Associated Press June 22, 1994.

current welfare crisis the president weathered were, one assumes, intended. One historian of the GI Bill, Michael Bennet, typifies the conservative view of the Bill when he celebrates the influence that conservative Democrats and Republicans had in crafting it, shaping the Bill in such a way so as to insure that its recipients would not become “clients of big government, minions of big unions, or wage slaves of big business.”<sup>15</sup>

The conservative emphasis on the independence and worthiness of the recipients of the GI Bill also has its own historical echo. Congressman John Rankin put it succinctly on the radio in 1943: “These veterans faced the firing line. They must be looked upon differently from persons whose destitute conditions are due to their own incapacities or to their own indolence.”<sup>16</sup> Rankin’s willingness to draw distinctions remains impressive, but nothing or no one wielded the sword of veterans’ exceptionalism as effectively as the lobby that claimed to best represent the veterans’ political interests, the American Legion. Long after the Legion had decisively defeated the Roosevelt era attempts to join civilians and veterans together in social welfare programs, a Legion official explained the extensive lobbying activities of the organization by repeating the well-known opposition to the “intermingling of civilians and veterans,” with the interesting elaboration that the group also felt “it was within [their] authority to oppose the granting of any greater benefits to civilians than those granted to veterans.”<sup>17</sup> Thus, for the Legion, it did not suffice that the generous GI Bill applied exclusively to veterans; no commensurate generosity could be exercised elsewhere without alienating the powerful lobby.

By dint of their service, then, the worthiness of GI Bill recipients was preordained and remains in descriptions of the Bill to this day. In presenting this historical parallel, I note what conservatives (and others) do not: the GI Bill was a scandal-ridden program. Even the vaunted Title II, the education portion of the Bill, entertained a healthy share of fraud. One-third of the \$14.5 billion that the government spent on Title II went to fictional schools, real schools overcharging the government, or on-the-job training hoaxes. The General Accounting Office (GAO) made this calculation during an investigation into the GI Bill under the special House Select Committee to Investigate Educational Programs Under the GI Bill, convened to avoid a

<sup>15</sup> See Michael J. Bennet, *When Dreams Came True: The GI Bill and the Making of Modern America*, p. 3.

<sup>16</sup> Transcript of Rankin interview found in HR 78A- F39.2. Committee on World War Veterans Legislation correspondence. Dated October 20, 1943, p. 5–6.

<sup>17</sup> Unidentified document in Legislative Committee Files, 1944–1946, *American Legion Archives*, p. 2.



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similar disaster with the Korean War GI Bill administration.<sup>18</sup> President Clinton was more right than he knew: the success of the GI Bill did rely on traditional American values, but history demands that we add to the enumerated virtues of hard work and responsibility the less celebrated but still vibrant tradition of getting while the getting is good.

Those looking for mention of misuse of the Bill in either the liberal or conservative narratives of legislation will not be rewarded for their effort, though scandal is easy enough to find if one examines the historical record. Even so, it is especially the conservative narrative of the bill that denies it, an effect of their even more important denial that a powerful state lay behind the Bill. Venal use of the Bill might, after all, impugn the adequacy of, and therefore draw attention to, the substantial state mechanisms in place to administer the Bill. Instead, the conservative parable begins by focusing on the different groups that came together to craft the GI Bill, highlighting this coalition's restrained view of federal power. Once the Bill passes, the conservative story abruptly shifts to anecdotal stories of veterans who fared well using its provisions. Again emblematic here is Michael Bennet, who explains his decision to relate the Bill's implementation through personal histories by offering his view that "[r]eality is conveyed better in individual terms."<sup>19</sup> Elevating these anecdotes without providing any context constitutes its own form of generalization; it is, in effect, a methodological move that suggests that one or two or twenty stories somehow illustrate the entire administration of the Bill. The GI Bill passed and a veteran went to college; end of story. This idyllic vision of the Bill renders the state administering the GI Bill invisible, as if the massive engine that churned to produce the GI Bill – and pay for it – somehow quietly folded its tents and stole away in the night.

This book is an attempt to rectify the vague depiction of the role of the state in the GI Bill, restoring the overlooked legacy of the "how" the Bill was administered to the level of the much hyped "what," and telling both stories together, since it is only in the joining of these two that we can appreciate the success of the legislation in its time and understand the legitimacy that it continues to enjoy today. The impetus to do so extends beyond providing a historical predicate that will make boastful claims about the Bill more plausible. We must view the legislation in its context, not just compared to veterans' programs or other pieces of social welfare, but in light of the political choices that surrounded and shaped it. The GI Bill was social welfare in the superpower state, a program of redistribution designed under

<sup>18</sup> See *Congressional Quarterly Almanac*, 82nd Congress, p. 206.

<sup>19</sup> Bennet, p. 195.

and made possible by the most powerful federal government the United States had yet known. While the Great Depression and Franklin Roosevelt's improvised response of a New Deal usually receives the credit (or blame) for empowering federal government, the magnitude of institutional capacity and wealth at the federal level that came with World War II and persisted in peace deserves to be appreciated on its own, separate terms. After all, the myriad of programs to combat the Depression ambitiously spent, at its peak, 10.5 percent of the Gross National Product (GNP).<sup>20</sup> In the postwar era, federal government spending *averaged* 17.3 percent of the GNP – almost double the activity that felt so invasive to some, and daring to others, during the New Deal.<sup>21</sup> In five momentous war years, from 1941 to 1946, the federal government spent more than it had from 1789 (the nation's founding) to 1941 combined.

Here was a tremendous reordering of political power. A new and intimate connection between citizen and state, the federal income tax, underwrote this momentous expansion of federal government. Shortly before the war the tax produced 16 percent of all government revenue – federal, state, and local – whereas by 1950 the tax accounted for 51 percent of the same. The unleashing of this tax once confined to the wealthy onto the general public meant, as W. Elliot Brownlee has pointed out, that workers across the economic spectrum pointedly felt the presence of federal power each time they scanned their paycheck.<sup>22</sup> How would this power be harnessed and justified, especially in a political culture that had long cultivated a gross antipathy to a powerful central state? The GI Bill remains a particularly good point to locate just this question since it was redistributive spending, or taking money from the general revenue tax stream and redirecting it to a specifically designated group. In the modern era, this is the most unpopular kind of spending in U.S. politics. Goaded by politicians, taxpayers wonder why their own money should be sent to only a fraction of people, and some use this indignation to cast an especially scrupulous gaze on redistributive programs. Yet the GI Bill has avoided this scrutiny. In this light, the popularity of the Bill becomes anachronistic, an historical puzzle, and an invitation to look more closely at its history.

Upon inspection, the legislation might certainly be one of the best laws Congress has passed since the founding. Yet the GI Bill might just as easily

<sup>20</sup> Robert M. Collins, *More: The Politics of Economic Growth in Postwar America* (New York: Oxford University Press, 2000), p. 42.

<sup>21</sup> *Ibid.*

<sup>22</sup> W. Elliot Brownlee, "Tax Regimes, National Crisis, and State-building," in *Funding the Modern American State, 1941–1995: The Rise and Fall of the Era of Easy Finance*, (Cambridge: Cambridge University Press: 1996). p. 37–106