

The \$12 Billion Misunderstanding: Veterans and the VA

by Paul Starr

To those unfamiliar with the Veterans Administration, the size and range of its programs come as a surprise. The VA is not a cabinet-level department, and it's assumed to be relatively small, although its budget of \$12.1 billion places it third among federal agencies in expenditures, and in number of employees it ranks second only to the Pentagon. Other agencies have specific functional objectives and circumscribed activities, but the VA is unusual because its programs are so diverse. The VA takes an active role in providing education, on-the-job training, vocational rehabilitation, home loan guarantees, disability compensation, income maintenance, health care, aid to widows

and dependents, life insurance, old-age care, even management of estates and burial benefits. Veterans' organizations would deny it, but the fact remains that the VA is the most elaborate form the welfare state has achieved in the United States. It ought to follow that the Veterans Administration is well equipped to cope with the obstacles veterans face when they come home, but on inspection, the VA budget puts spending in this area on a low priority. Instead, it favors nonservice-related needs developed by veterans long after their years in uniform, and this is a priority that seems to defy logic. Evidently, "How should we be spending all this money?" is a question that hasn't been raised for a long time.

A consensus among veterans that much more money should go to the recently discharged military personnel has had no effect on national policy,

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and this is the central paradox of the VA. Back in 1954, a Roper poll surveyed 2,900 veterans, asking them what programs for veterans they favored. Virtually all thought that compensation for service-connected disabilities deserved the highest priority. The poll found that 86 per cent believed medical care for service-connected disabilities was justified, and 66 per cent favored schooling at government expense. But only 22 per cent believed that veterans ought to receive nonservice-connected medical care and just 13 per cent supported nonservice-connected pensions. A Harris poll of Vietnam veterans taken in 1971 indicates that these priorities have hardly changed at all. The majority view was still that aid should be distributed to men just after discharge, when they are getting resettled, and among those veterans who need it the most.

Alas, that is not the way veterans programs operate. Half the VA budget is dispensed under the pressure of a well organized veterans' lobby to nonservice-connected programs that serve men whose lives are remote from military service. The lobby has insisted that benefits must be available equally across the board and there are no special provisions for combat veterans—men who went into service with the least education, who were most exposed to death, who were least likely to acquire skills useful in civilian life, and, finally, men who were most likely to come home with injuries or psychological problems. Such is the achievement of a powerful lobby, a compliant Congress, and a supine executive agency.

The VA budget tells the story. The three largest appropriation items for fiscal year 1974 are disability compensation and nonservice-connected pen-

sions,* \$6.51 billion; medical programs, \$2.76 billion; and readjustment benefits, primarily GI Bill aid for education and vocational training, \$2.53 billion. These three items account for 97 per cent of the VA budget, while general operating expenses and construction funds soak up the rest. How much goes for nonservice-connected benefits? In the area of medical care, 85 per cent of hospital discharges have been for nonservice-connected conditions. Counting that proportion of the medical budget as nonservice-connected (\$2.35 billion) and adding to that the cost of nonservice-connected pensions (\$2.65 billion), one accounts for over 40 per cent of the VA budget. If we add the proportion of general operating expenses, construction funds, and miscellaneous programs also attributable to nonservice-connected claims, the amount would be more nearly 50 per cent of VA appropriations.

We can determine the proportion of the budget that goes to Vietnam veterans by making similarly rough estimates. The last period for which all the necessary breakdowns are available was fiscal year 1972. That year, Vietnam-era vets and their dependents (and survivors) received \$0.56 billion out of a total of \$6.25 billion that was paid out in compensation and pensions. Vietnam-era veterans accounted for 14.8 per cent of VA hospital discharges during 1972, and so the cost of care they received can be put at \$0.35 billion out of a total of \$2.39-billion budget. As for readjustment benefits, total benefits amounted to \$1.89 billion, nearly all of it for education and vocational training benefits under the GI Bill. Since 80 per cent of GI Bill funds were earmarked for Vietnam-era vets, they received about \$1.51 billion in

*In the special terminology of the VA, "compensation" refers to payments made to veterans and their families for disabilities and deaths related to military service. "Pensions," on the other hand, refer to payments for disabilities unrelated to military service. All veterans over 65 are considered "perman-

ently and totally disabled" because of their age and consequently are eligible for pensions subject to income limitations. Also included in the appropriation for compensation and pensions are the costs of several other minor VA programs such as burial benefits.

readjustment benefits. In all, Vietnam-era vets got about \$2.42 billion in readjustment benefits out of \$10.5 billion—23 per cent of major expenditures. Only about half the Vietnam-era vets served in Southeast Asia, and it seems likely that war veterans were actually getting only 12 to 15 per cent of the VA budget.

On the surface, this distinction

erans.

Programs for nonservice-connected needs became lodged in the VA deep in its past, when veterans' organizations began to be dominated by older veterans, who ever since have used the VA as a general social welfare agency. On the basis of past U. S. experience, it has been estimated that veterans' pensions ultimately cost two to three



seems just, because in 1972 Vietnam-era vets were getting a share of the VA budget that was just about proportionate to their numbers (21 per cent of all U. S. vets), but not if the consensus indicated by the Roper poll is any standard of justice. If this, and other sources, are standards, then veterans programs fail to meet the most immediate needs—those of young vet-

times as much as the wars the veterans fought, and, owing to provisions for dependents and survivors, payments tend to continue long after the last veteran has died. The government stopped paying benefits for the Revolutionary War only in 1911, for the War of 1812 in 1946, and for the Mexican War in 1963. It is still paying for the Civil War, the Indian wars,

incidents on the Mexican border, the Boxer Rebellion, the Spanish-American War, the Philippine Insurrection, and the intervention in Russia in the 1920s, an affair which may have left its traces on the VA alone and nowhere else in the American memory. In no case, it seems, have veterans' pensions lasted less than 133 years after a war.

The annual cost of nonservice-connected benefits today is nowhere near what it will be in the future. Pensions have historically been the largest expense in the VA's budget, and benefits reach their peak 40 to 70 years after the war ends. When the millions of World War II veterans begin passing 65 and become eligible for pensions, the budget will skyrocket. Even if the rates of payment remain the same, which is rather unlikely, by 1990 the government will be shelling out somewhere near \$13 billion annually in veterans' pensions alone, more than the VA's entire budget today. This is not to mention military retirement pay, which will easily push the total over \$20 billion a year.

Professor James L. Clayton of the University of Utah estimates that pensions for Vietnam will peak about the year 2020 and that the total cost of Vietnam veterans' pensions will be about \$220 billion (a low estimate, since benefit levels will undoubtedly rise). In view of the increasing life expectancy, we can probably count on paying out veterans' pensions for the Vietnam war well into the 22nd century—if we last that long.

The VA's pension-disbursing and welfare functions serve an important military role. They help promote recruitment for the armed forces, in that potential enlistees are promised not only "adventure" abroad, but also security when they come home. Benefits also help enforce discipline within the army—a less than honorable discharge can mean the loss of veterans' benefits. Perhaps most important, an extensive system of veterans' services fosters a continued identification with the armed forces among a large seg-

ment of the population, thus strengthening the military's domestic political position.

As a system of social welfare programs, veterans' services have two different and complex roles. While in all societies veterans are officially the subject of nothing but panegyrics, they are also regarded with a certain unspoken apprehension. Every society exploits its soldiers in the sense that it imposes risks that can never be compensated. It fears the dread possibility that those who fought abroad will strike back in fury on their return home, feeling cheated and bitter at the depth of their sacrifice, the meagerness of their rewards, and the seeming ingratitude of their countrymen. History is replete with riots and rebellions by returning soldiers. Veterans' benefits, consequently, function not only to provide services to a group thought especially deserving, but also to mollify men regarded as having a great potential for civil disruption. Ultimately, not just a nation's enemies but also its heroes must be pacified. In this respect, the veterans' programs differ very little from social welfare programs, which have historically been a means both of providing assistance and of maintaining order.

A number of other functions should also be noted. As the benefits help veterans readjust to civilian life, they also help the economy to adjust to them. After World War II, educational benefits kept millions of veterans off the labor market and helped avoid mass unemployment. Partly because the Vietnam war was not followed by the kind of sudden demobilization that took place after World War II, there has developed no sense of urgency about the economic impact of the war's termination, and veterans' benefits have not been as handsome.

Veterans' benefits have also channeled federal funds to specific areas of the economy. The GI Bill helped finance the expansion of American universities in the post-World War II

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LIVERIGHT

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era. Similarly, guarantees for home loans encouraged new construction. In 1950 veterans' programs represented 20.4 per cent of the federal budget—considerable fuel for the economy. In 1972, primarily due to growing federal spending in other areas, veterans' programs represented only 4.7 per cent of the budget. Thus, as other programs have burgeoned, the relative importance of veterans' benefits to the private sector has correspondingly diminished. Universities now seek aid for research programs. The housing industry is more concerned about cementing relations with the Department of Housing and Urban Development. So, groups which once lobbied for more substantial readjustment programs for veterans are now off working for other agencies, and, consequently, Vietnam-era veterans have lost some potential special interest allies.

Special interests have not totally abandoned the VA, though. The airlines have made sure that the agency

continues to provide benefits for commercial flight training, since most of their pilots come from the military and receive additional training under the GI Bill. Career and correspondence schools also have a large interest in securing generous education benefits for vets—and loose regulatory controls by the VA—since a large proportion of their clients enroll with GI Bill money.

Welfare Without Tears

Veterans' benefits have social and psychological uses apart from their material ones. This can be seen most clearly where ordinary government welfare programs, unrelated to military service, are nevertheless defined as veterans' benefits. As already noted, the overwhelming majority of patients who receive care in VA hospitals are there for nonservice-connected medical problems. Even more striking is the separate program for income maintenance for veterans, over and

above social security. Receiving such assistance *as veterans* has an enormous impact on the way they are treated and see themselves. Unlike a welfare check, a veteran's pension carries no stigma. There are no demeaning investigations into the recipient's personal life, no sense that he is leeching off the public. After two consecutive years as a pensioner, a veteran over 72 doesn't even have to fill out an income questionnaire. Thus, it is not surprising that veterans vehemently resist attempts to rationalize the nation's social security and welfare system by integrating veterans' pensions with other income maintenance programs. They have an interest not just in the amount of benefits, but in the way the programs are defined.

Returning Vietnam soldiers have sacrificed health and opportunity in many cases and the legitimacy of their immediate claims on our society is unquestionable. Benefits which are not related, however, to sacrifices made in war, but which confer on veterans a separate status for life are another matter entirely. Forty years ago, Franklin Roosevelt went before a convention of the American Legion and declared that "no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens." The principle has too often been forgotten in the intervening years. Not only are permanent benefits dubious as social policy, but there is a real question whether they have not interfered with the programs for returning servicemen that should be the legitimate and preeminent concern of the Veterans Administration.

Veterans' organizations have an even larger stake than individual pensioners in the definition of federal programs. It is a common oversimplification to say that the structure of private interests determines the structure of government programs. The process actually works both ways—the structure of government projects also influences the kinds of private interests that coalesce. If a government

program is designed along certain lines, then private organizations will define themselves along the same lines, simply because that is the most effective way for the clients of that agency to exercise influence. This is nowhere more true than in the area of veterans' programs. On leaving the army, the average soldier does not join a veterans' association. It is primarily when he wants something from the VA and has trouble getting it that he puts on his veteran's hat and turns to a veterans' organization for help. If federal projects were defined along other lines, he would go to some other lobby for assistance. Thus, by providing assistance separately to veterans, the government encourages them to organize as a separate interest group.

This kind of private mimicry of government structure obviously sets enormous obstacles in the path of reform. Any proposal to merge aid to veterans with other federal activities runs up not only against the inertia of government but against the interests of large nongovernmental organizations whose power is premised on the existing structure. Even where separate veterans' programs provide inadequate services and the interests of individual veterans would be better served by wider social programs, the veterans' organizations may be expected to fight to preserve their separate status and administrative structure.

Currently, all but a few veterans' services are located in the Veterans Administration. The major exceptions are benefits for retired officers, which are administered by the Defense Department and now amount to \$5 billion annually, and employment services, which are under the Department of Labor. The veterans' lobby has successfully resisted the proliferation of veterans' programs outside the VA, even at the risk of eliminating some of them entirely. In 1968, for example, the Office of Education initiated a pilot program called Veterans in Public Service (VIPS) that enabled a small

number of Vietnam veterans to supplement their GI Bill education allowance with earnings from part-time work as teachers' aides in public schools. When the project ended in August, 1970, HEW asked Congress to renew and to extend the program into the health fields. The proposal died when the veterans' lobby unanimously objected to VIPs as "diluting the power of the Veterans Administration."

Nobody Knows, Nobody Cares

Despite the size and scope of the VA's programs and the enormous changes in the role of the federal government since their inception, the agency has been the object of remarkably little critical analysis. There have been thousands of individual complaints about its services, of course, but social scientists and policy-makers have rarely given veterans' programs sustained attention. Indeed, the VA has been an administrator's dream: high in budget, low in visibility. It is hard to think of any other unit of government—or any private organization—with an annual budget as large as \$12 billion that is as inconspicuous as the Veterans Administration. Over the years, the VA has operated like a large, silent, gray machine, attended by political appointees who have neither the interest nor the vulnerability to criticism that would induce them to consider whether the agency's role and structure should be overhauled.

This low visibility is largely a product of routinization. Veterans' programs have retained roughly the form they took at the end of World War II. With the Vietnam war, the government merely reactivated the readjustment benefits that had lapsed by the early sixties.

The insulation of all veterans' institutions from outside control is a final, significant factor in the low visibility of the VA. This insulation is established in part by law: No appeals on rulings by the VA, except where

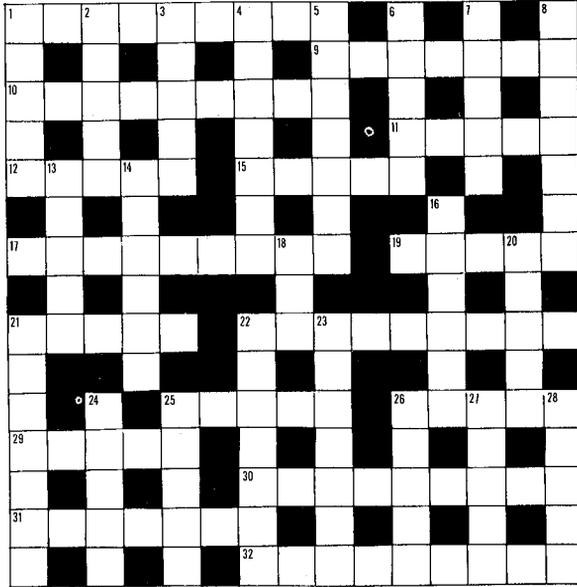
constitutional issues are involved, may be brought into federal courts. All matters are handled within a VA appeals system, the ultimate arbiter being the Administrator of Veterans' Affairs, the head of the VA. This arrangement, which its advocates claim protects the veteran, also conveniently protects the agency from outside intervention. The system is further strengthened by regulations that effectively prevent all but representatives of old-line veterans' organizations from serving as counsel at VA hearings. The regulations limit to \$10 the fee any professional lawyer can receive for a case before the VA, and there are simply not many lawyers willing to work at that rate. The combination of no judicial review, plus no legal counsel at VA hearings, effectively seals off the agency's proceedings.

Veterans' affairs are run largely by an interlocking network made up of the leading veterans' organizations, the Veterans Administration and the House Veterans' Affairs Committee. There is a continual exchange of personnel among these three centers of influence. Donald Johnson, currently the Administrator of the Veterans Administration, was formerly National Commander of the American Legion. Herbert Rainwater, now the director of the Veterans' Employment Service in the Department of Labor, was National Commander of the Veterans of Foreign Wars. Richard Roudebush has managed to make all three stops. He served as a National Commander of the VFW, and when elected to the House, he joined the Committee on Veterans' Affairs. When he left the House in 1971, after losing a race for the Senate, he became a special counselor to Johnson.

This sort of internal cohesiveness no doubt fosters the best of relations among those concerned with setting policy. But it also raises questions about the potential for feedback and adaptation. Perhaps it is time someone outside the family had a look at veterans' benefits. ■

the political puzzle

by John Barclay



ACROSS

1. True scope of Cox's assignment. (9)
9. Street crime by borer. (7)
10. His job as General is to roil stoic Court. (9)
11. Sticker going North. (5)
12. Went off path where deer are. (5)
15. Chain and gashouse. (5)
17. Gets pear asset away from group. (9)
19. Too senior to spend time on perch. (5)
21. Turn pale in crash environment. (5)
22. Too much partying should be pill to CIA. (9)
25. Grand jury looks into new Attorney General. (5)
26. Really has me upset. (5)

29. To err is to trip on step. (5)
30. Reminds others to do things, i.e., ex-TV cue. (9)
31. Ice ruse confuses Navy ship. (7)
32. Accepted objection stuns aide at White House. (9)

DOWN

1. Mob rule poses law and order question. (5)
2. Boat to sail down the Loire? (5)
3. One Spanish hero worth many, i.e., 650 Romans. (2, 3)
4. Get all worried about thug tip. (2-5)
5. Get lots of assistance from darners. (7)
6. Beast is a great help in criminal endeavor. (5)
7. Very bad actor in life-long role. (5)

9. Olga Korbut stang my team badly. (7)
13. Wild leers follow Virginia. (5)
14. The whole lot gets away, save Ed. (6)
16. Clean up questionable popular jokes? (6)
18. Very local pride in San Diego. (3)
20. A ctivity - not, i.e., impasse. (5)
21. Camera eye takes in two continents. (7)
22. Boatmen who kick? (7)
23. Advocates sly ware in Washington. (7)
24. Question about Susan? (5)
25. Is and are come up. (5)
26. Little bear in South America breathes underwater. (5)
27. Eastern native in quasi-ancient society. (5)
28. Change upsets me near South End. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 44.