

LESSON 7: VETERANS' BENEFITS

Student Handout 1



PROBLEMS

You are a member of Congress in 1944. Millions of soldiers are currently fighting in World War II. People are beginning to wonder what will happen to these men after the war. After previous wars, the government gave help to disabled veterans but not to the able-bodied, so the issue often became contentious. After the Civil War, controversy arose about the amount of aid given to veterans. After World War I, the government promised that veterans would receive bonuses in 1945. After the Depression hit in 1932, veterans marched to Washington and demanded that the government give them their bonuses early. President Herbert Hoover authorized the military to forcibly remove the “Bonus Army” (as they had become known), which many Americans regarded as a cruel way to treat men who had served their country. The government wants to make sure such events aren’t repeated. You also know that in Germany after World War I, thousands of unemployed, discontented veterans ended up contributing greatly to the rise of Nazism.



Encampments of “Bonus Army” veterans in Washington D.C. (note the Capitol dome in the background) burned down by U.S. troops

You worry that if hundreds of thousands of young men return to the U.S. to find no jobs and no benefits, they will become angry and susceptible to similarly militant ideas.

The American Legion has proposed a bill to help veterans by providing four services:

1. Job training
2. Free education
3. Loans for housing
4. Unemployment insurance

Newspaper magnate William Randolph Hearst supports this bill and has placed articles favoring it in his newspapers.

On the other hand, university presidents from Harvard and the University of Chicago oppose the bill, arguing that it will flood campuses with academically underqualified veterans who will lower intellectual standards and ruin the universities. Any widespread

program offering benefits for veterans will cost a great deal of money, and the U.S. is already running a huge debt from the war. Experts estimate that the bill will cost about \$15 billion for all four proposals. In 1943, the government spent a total of \$79 billion and collected just \$25 billion in taxes. You face a dilemma: you worry that the U.S. can't afford the extra expense to help veterans when the war ends, but you also worry that the U.S. can't afford not to help its veterans.

- A. How many of the four proposals will you support? Write yes or no next to each proposal:

Job training: The government will pay for veterans to get job training.

Free education: Veterans who served for 90 days or more will be eligible for one day of free higher education for each day served in the military.

Loans for housing: The government will guarantee housing loans for veterans. This means that if a veteran defaults on his housing loan, the government will pay off the rest of the loan. The bank is guaranteed its money.

Unemployment benefits: Unemployed veterans will get 52 weeks of benefits at \$20 per week. By comparison, the average pay for workers is about \$37 per week and the average cost of living is \$14 per week.

- B. Which parts of the bill do you think will pass? Why? What groups might oppose part(s) or all of it?

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Primary Source: Servicemen's Readjustment Act of 1944 (excerpt)

TITLE II

Chapter IV—Education of Veterans

Any person who served in the active military or naval forces on or after September 16, 1940, and prior to the termination of hostilities in the present war, shall be entitled to vocational rehabilitation...

Any...eligible person shall be entitled to education or training, or a refresher or retraining course, at an approved educational or training institution, for a period of one year (or the equivalent thereof in continuous part-time study), or for such lesser time as may be required for the course of instruction chosen by him. Upon satisfactory completion of such course of education or training...such person shall be entitled to an additional period or periods of education or training, not to exceed the time such person was in the active service on or before September 16, 1940, and before the termination of the war...but in no event shall the total period of education or training exceed four years....

5. The Administrator (of Veteran's Affairs) shall pay to the educational or training institution, for each person enrolled in full time or part time course of education or training, the customary cost of tuition, and such laboratory, library, health, infirmary, and other similar fees as are customarily charged...

6. While enrolled in and pursuing a course under this part, such person, upon application to the Administrator, shall be paid a subsistence allowance of \$50 per month, if without a dependent or dependents, or \$75 a month, if he has a dependent or dependents....

TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY

Chapter V—General Provisions for Loans

Sec. 500 (a)...Any [eligible] veteran may apply within two years after separation from the military or naval forces, or two years after termination of the war, whichever is the later date, but in no event more than five years after the termination of the war, to the Administrator of Veteran's Affairs for the guaranty by the Administrator of not to exceed 50 per centum of a loan or loans for any of the purposes specified in sections 501, 502, and 503; *Provided*, that the aggregate amount guaranteed shall not exceed \$2,000...

...That loans guaranteed by the Administrator shall bear interest at a rate not exceeding 4 per centum per annum and shall be payable in full in not more than twenty years...

Sec 503. Any application made under this title for the guaranty of a loan to be used in purchasing any business, land, buildings, supplies, equipment, machinery, or tools, to be used by the applicant in pursuing a gainful occupation...

QUESTIONS FOR ANALYSIS

1. How would Chapter IV of the act affect the educational institutions the veterans would attend?
2. The act says that the Veterans Administration will guarantee loans for homes (mortgages) in Sec 500(a). Would bankers be interested in giving loans to veterans in light of the guarantees?
3. Would veterans be likely to borrow money to start new businesses? Would bankers be interested in making these business loans to veterans in light of the guarantees?