Happy Birthday, GI Bill

by Glenn Altschuler

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Sixty-five years ago this week President Franklin D. Roosevelt signed the Servicemen’s Readjustment Act—the GI Bill—which Americans of the past two generations have celebrated as one of the greatest legislative acts in our history. Larger than any of the pump-priming programs of the New Deal, it infused billions of dollars into an economy that many feared would slip back into depression. It might well be called the mother of all stimulus packages.

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In late 1945 and beyond, the government supplied nearly thirteen million World War II veterans with unemployment benefits, tuition payments, student living allowances, and loan guarantees for the purchase of homes, businesses, and farms. For these former GIs, and for the economy as a whole, the help was quite substantial. During the decade following the war the government expended nearly $19 billion on GI Bill programs, and in 1947 GI Bill spending amounted to more than $3.6 billion, nearly 2% of the American GDP for that year. The guaranteed loan program for veterans actually cost the government very little, but by helping to unleash the financing of new home construction it contributed powerfully to post-war economic expansion.

Today we face another economic crisis. This time, alas, America’s war veterans are not major beneficiaries of the stimulus package designed to fight it. In 2008, Congress passed another GI Bill. Authored and promoted primarily by Senator Jim Webb (D-VA), the legislation provides veterans with federal assistance equal to the tuition charged by each matriculating vet’s state university.

In his Memorial Day address, President Obama claimed that the new GI Bill provides veterans with “the same opportunities” that their counterparts enjoyed after World War II. He is quite wrong. The first GI Bill covered veterans’ full tuition, to say nothing of books, supplies, and general living expenses, at every private and public college and university in the land. The post-World War II tuition ceiling of $500 per annum may seem quite small today, but it was more than enough, even at Harvard, in the late 1940s and early 1950s.

The difference in benefit levels originates, we believe, in the fundamental difference between a citizens’ army and navy, fueled mainly through the draft, and today’s professional military, staffed entirely through the recruitment of volunteers. Armed services personnel these days don’t have the same political clout—nor do they occupy the same space in the hearts and minds of Americans—as did “The Greatest Generation.”

But twenty-first century GIs are also the victims of bad timing. Webb’s bill was passed shortly before last fall’s financial meltdown. No one perceived the bill as an opportunity to provide stimulus to the economy. To be sure, the numbers of veterans of Iraq and Afghanistan do not compare with those that fought in World War II; hence, a more generous bill would not have reverberated through the economy in the manner of its predecessor. But had the new GI Bill appeared on the scene a few months later than it did, it might well have been made part of President Obama’s economic stimulus package—a “shovel ready” project, as it were—and the addition of that motive would almost surely have resulted in higher benefits.

Even so, the new bill would not have been as historic as the original. The Servicemen’s Readjustment Act of 1944, which was truly a New Deal for veterans, continues to stand alone, in individual hearts and as a boost to the American economy.

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