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Recruit, Retain, Separate, and Reward:

Military Pension Policy and the American Experience

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by

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Professional Report

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For my father, Bob J. Archuleta, whose military experience, community leadership, and tireless work as Los Angeles County Commission for Military and Veterans Affairs has inspired me to a lifetime of public service.

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Abstract

Recruit, Retain, Separate, and Reward: Military Pension Policy and the American Experience

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This report is part of a larger dissertation project and examines the American political development of the veterans' pension policy subsystem and its transformation into the military personnel policy subsystem. Despite extensive academic literature on the history of veterans' pensions, no scholar has pursued this research agenda through the lens of the dynamic policy subsystem. This report argues that from the nation's founding through World War II, military pension policy developed by way of an evolving policy subsystem with the help (and hindrance) of elite policy entrepreneurs, interest group lifecycles, bureaucratic consolidation, and legislative reorganization. Further, subsystem actors and institutions leveraged military pensions at various points in American history to recruit, retain, separate, and reward service members. Drawing from the historical record, original archival research, and previous scholarly works, this report makes four significant findings. First, a dynamic policy subsystem emerged in the wake of the Civil War and persisted well into the twentieth century. Second, powerful veterans' interest groups come about in the wake of war, thrive in the policymaking process for a period of time, and slowly fade away making room for new veterans' groups to influence policy. Third, bureaucratic consolidation of disparate governmental agencies handling veterans issues in the post-World War era facilitated bureaucratic innovation and autonomy, ushering in a professional workforce with streamlined processes to ensure veterans services were delivered in a more timely and effective manner. Finally, legislative reorganization in the wake of World War II effectively split veterans' pension policy and military personnel policy into two separate policy subsystems, minimizing the scope of

conflict with regard to military personnel policy. This work reveals historical insights for contemporary defense and military policymaking in the post-Iraq/Afghan war era and opens the path for future research agendas exploring the military personnel policy subsystem.

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CHAPTER 1: INTRODUCTION

When Gertrude Janeway died in 2003, she was still getting a monthly cheque (sic) for \$70 from the Veterans Administration—for a military pension earned by her late husband, John, on the Union side of the American civil war that ended in 1865. The pair had married in 1927, when he was 81 and she was 18. The amount may have been modest but the entitlement spanned three centuries, illustrating just how long pension commitments can last.¹

The Economist

The excerpt above highlights the importance and neglect of military pension policies. Who would have thought the US government still paid Civil War pensions? In fact, in 2012, the Veterans' Administration acknowledged that it still paid two pensions to elderly relatives of Civil War veterans.² This leads to a natural question – do military pensions still work like this? The short answer is *no*. To better understand current military pension policies, one must understand the role veterans' pensions have played in American political development.

After more than a decade at war in Iraq and Afghanistan, returning soldiers, sailors, airmen, marines, and coast guardsmen have earned the collective thanks of a grateful nation. Despite this sincere appreciation, however, recent defense budget cuts raise questions about the future of the All-Volunteer Force. Among them is the impact of potential changes in military retirement policy on recruitment and retention. While these questions are cause for concern, the American military has been in this position before. This is exactly why understanding the policy's history is so important – to draw

¹ "Falling Short," *The Economist*, 07 April 2011. Available from <http://www.economist.com/node/18502013>; Internet.

² Mike Baker, "Costs of US Wars Linger for over 100 Year," *Associated Press*, 19 March 2013. Available from <http://bigstory.ap.org/article/ap-costs-us-wars-linger-over-100-years>; Internet

informative and timely lessons for current policy debates. As such, this master's report seeks to examine the political development of veterans' pension policy in the wake of three American wars: the Civil War, World War I, and World War II. An historical examination of this sort will highlight recurring political themes leading to the development of current military pension policy and inform subsequent research.

Revolution and the Origins of Military Pensions Policy

Military pensions have a long and, at times, controversial history in American political development. This controversy draws from the distinction between disability and service based pensions. Soon after the outbreak of the American Revolution, the Continental Congress acknowledged the need to explore a disability or "invalid-pension system" for those wounded in the service of the new republic. In a letter dated 2 June 1776, General Nathaniel Greene wrote to John Adams "urging that provision be made for disabled officers and soldiers."³ On 20 June 1776, the Continental Congress appointed a five member committee⁴ to explore the matter and by 26 August, the members adopted pension legislation stipulating half-pay for life for the severely wounded and disabled.⁵

Service pensions were another matter. General George Washington expressed serious misgivings about a service pension when soldiers first raised the question. His

³ Henry Glasson, *Federal Military Pensions in the United States*, (New York: Carnegie Endowment for International Peace, 1918), 19.

⁴ Worthington Chauncey Ford, *Journals of the Continental Congress*, vol. v, 1776, ed. Library of Congress, (Washington: Government Printing Office, 1907), 469.

⁵ *Ibid*, 702-705.

fear revolved around creating a heavy debt burden for the colonies and his belief that the public would loathe the idea.⁶ In November 1777, Washington writes:

The allowance of Land to the disabled Officers may be proper enough, but will not half pay be attended with enormous expence? (sic) and would not this, and allowing half pay to the Officers of reduced regiments at the end of the War, add such weight to a debt already, and probably will be, of such magnitude, as to sink the Colonies under the load of it, and give great disgust to the people at large?⁷

Beyond Washington's misgivings, public concerns regarding military service pensions were twofold. First, colonists were reluctant to form a standing, professional army. Second, most Americans believed that monetary incentives were contrary to the citizen-soldier ideal.⁸

By December 1777, a mere month later, Washington reconsidered service pensions as the harsh winter at Valley Forge took its toll and his fledgling Continental army began to fall apart at the seams. Washington realized the "necessity of some better provision for binding the Officers by the tye (sic) of Interest to the Service (as No day, nor scarce hour passes without the offer of a resigned Commission) otherwise I much doubt the practicability of holding the army together much longer."⁹ From December 1777 through January 1779, General Washington pressed Congress to enact a "half-pay for life" pension measure that would incentivize continued military service and tie

⁶ Laura Jensen, *Patriots Settlers, and the Origins of American Social Policy*, (Cambridge: Cambridge University Press, 2003), 50.

⁷ "Remarks on Plan of Field Officers for Remodeling the Army," in *The Writings of George Washington*, vol. 10, ed. John C. Fitzpatrick (Washington, DC: Government Printing Office, 1931), 125-126.

⁸ Jensen, 50.

⁹ Fitzpatrick, 197.

Continental officers to the cause of freedom.¹⁰ By 1780, after much bitter negotiation, Congress adopted a half-pay for life pension plan that would provide for veterans and widows alike.¹¹

Three years later, however, the Continental Congress had yet to fulfill its financial obligation to serving soldiers and veterans as plans to disband the Continental army developed. Infuriated by Congress' empty promises, a few hundred soldiers from billets in Lancaster, Pennsylvania and the Philadelphia city barracks demonstrated outside Independence Hall. Though the protest was largely peaceful, Congress fled Philadelphia for Princeton, New Jersey in fear of its own army. In Princeton, the Congress continued its business, leading some to argue that were it not for the "Philadelphia Mutiny of 1783," the nation's capital might be Philadelphia rather than Washington, DC.¹² While this was the first time soldiers and veterans marched against the federal government, it would not be the last.

Congress revisited disability pensions several times over the next fifteen years. In 1778, "all who had fought for the common defense...were embraced within the scope of the invalid-pension system." In 1782, "all soldiers sick or wounded [and] unfit for duty," preferring discharge to continued service, were eligible for \$5 per month in lieu of

¹⁰ Glasson, 25-27

¹¹ Jensen, 56-59.

¹² Kenneth R. Bowling, "New Light on the Philadelphia Mutiny of 1783: Federal-State Confrontation at the Close of the War for Independence," *The Pennsylvania Magazine of History and Biography* 101, no. 4 (1977), 419-420. Bowling draws on primary sources from the period to highlight the widely held disgust and anger continental soldiers held toward the Congress under the new Articles of Confederation. Additionally, he alludes to the mistrust and animosity congressmen felt for John Dickinson, President of Pennsylvania, for not intervening to protect the federal government.

regular pay. In 1785, Congress recommended a uniform plan to administer the pension program across the states. Finally, legislation in 1788 limited the timeline for petition and required veterans to furnish proof of service or service-related-disability.¹³ As a result of these and other pension bills, the United States spent \$120,000 a year on military pensions by 1816, worth approximately \$1.67 million in 2014.¹⁴

Although support for revolutionary war pensions would ebb and flow for the next several decades through emotionally charged national debate and congressional deliberation, George Washington proved to be the first elite policy entrepreneur to vigorously lobby Congress for a pension measure. Seeing the central role service pensions played in keeping his fledgling army intact, Washington realized pensions could be effectively used to recruit and retain a wartime army. Scholar Henry Glasson writes, “In a long bloody war, Washington thought patriotism might accomplish much but that it would not endure unassisted by interest.”¹⁵

In 1817, with congressional precedent set during the Revolution, former Continental officer, revolutionary veteran, and President of the United States James Monroe also advocated for a revolutionary pension. In his first annual message to Congress, Monroe states:

¹³ See Glasson, 21-23.

¹⁴ Ibid, 64. Conversion formula drawn from the Federal Reserve Bank of Minneapolis. $1816 \text{ Price} \times (2014 \text{ CPI} / 1816 \text{ CPI}) = \$120,000 \times (708.7 / 51) = \$1,667,529.41$. Available from http://www.minneapolisfed.org/community_education/teacher/calc/hist1800.cfm; Internet.

¹⁵ Ibid, 28.

In contemplating the happy situation of the United States, our attention is drawn with peculiar interest to the surviving officers and soldiers of our Revolutionary army, who so eminently contributed by their services to lay its foundation. Most of those very meritorious citizens have paid the debt of nature and gone to repose. It is believed that among the survivors there are some not provided for by existing laws, who are reduced to indigence and even to real distress. These men have a claim on the gratitude of their country, and it will do honor to their country to provide for them. The lapse of a few years more and the opportunity will be forever lost; indeed, so long already has been the interval that the number to be benefitted by any provision which may be made will not be great.¹⁶

On Christmas Eve 1817, the House of Representatives passed such a measure, per the President's eloquent plea, for those veterans suffering from "indigence" and incapable of labor. The Senate followed suit soon thereafter in 1818. This iteration of pension legislation provided \$20 per month for every officer and \$8 per month for every soldier who fought in the Revolution and met the indigence and disability provisions.¹⁷

Washington's initial efforts to frame military pensions as necessary to recruit and retain an army and Monroe's later efforts to frame pensions as a matter of national gratitude and reward for service is telling. This precedent, as subsequent wars and other scholars have demonstrated, reveals a pattern in which wartime pensions pass the Congress to recruit and retain citizen-soldiers and old age pensions, years later, serve to relieve poverty among the same veterans' community.

I contend that this pattern comes about by way of a dynamic policy subsystem that emerges in the wake of the Civil War, evolves through World War I, and finally transforms into the subsystems policymakers know today following World War II. First,

¹⁶ James Monroe, "First Annual Message," December 12th 1817, *The American Presidency Project, UCSB*; Available from <http://www.presidency.ucsb.edu/ws/?pid=29459>; Internet.

¹⁷ See Jensen. 70-71. See also Glasson, 67.

policymakers rely on military pensions to recruit and retain service members in the midst of a wartime emergency. Next, in the wake of war, prominent veterans' service organizations form to foster camaraderie and provide policy advocacy within that veterans' community, including more generous pension benefits for their service and sacrifice. As time passes, one generation of veterans gives way to a new generation of veterans. Similarly, language framing pensions a tool to recruit and retain gives way to language framing pensions as rewards for service. The pattern repeats.

Theoretical Underpinnings

While scholars like Henry Glasson, Richard Bense, Theda Skocpol, Laura Jensen, and Stephen Ortiz have written extensively about veterans pensions in the context of American social policy, no scholar has viewed this topic through the lens of the dynamic policy subsystem. This report draws on the historical record, original archival research, and prior scholarship to illustrate the evolution of the veterans' pension policy subsystem and document its transformation into the military personnel policy subsystem.

Policy Subsystems

According to political scientist Daniel McCool, a policy subsystem is closely related to an iron triangle, sub-government, or policy monopoly. The most common and often misapplied of these is the iron-triangle. McCool draws on James Thurber, defining an iron triangle as a "relatively closed policy arena emphasizing stable relations among a

limited number of participants (i.e. Congress, bureaucracies, and interest groups).”¹⁸ While the iron triangle is quite narrow in scope, a policy subsystem is broader and much more inclusive. McCool defines a policy subsystem as “a coalition of policy-influencing and policy-making entities that work together via one or more identifiable strategies in response to conflict or potential conflict over policy.”¹⁹ Imagine a dynamic network of various institutional and individual experts pushing and pulling policies towards preferred ends, using any all means necessary. As a result, subsystems aim to maintain stability by retaining control of the issues in question, thereby limiting access and potential threats. This subsystem stability comes about through institutional structure and issue definition.²⁰ More clearly, institutional arrangements among familiar actors and agencies perpetuate a particular policy definition that enables the subsystem to maintain its control over said definition.

The policy subsystem is comprised of services actors and institutions. Generally, these actors and institutions include bureaucrats and bureaucracies with jurisdiction over the policy area, the Congressional committees and subcommittees that wield legislative and oversight power over the policy area, interested parties (including especially advocacy groups, industry, and business), media, academic experts, and the policy’s target population.

¹⁸ Daniel McCool, “The Subsystem Family of Concepts: A Critique and a Proposal,” *Political Research Quarterly* 51, no. 2, (1998), 551.

¹⁹ *Ibid*, 558.

²⁰ See Frank R. Baumgartner and Bryan D. Jones, *Agendas and Instability in American Politics*, (Chicago: University of Chicago Press, [1993] 2009).

Policy scholars have gone to great lengths to develop subsystem typologies elucidating the subsystem's role in policy development.²¹ McCool contributes to this literature with his two-by-two conception of autonomous, dominant/dissident, pluralized, and conflictual subsystems.²² The military personnel policy subsystem, especially with regard to current retirement policies, most definitely meets McCool's description of an autonomous subsystem. He writes:

In this strategic context, the subsystem on one side of an issue virtually controls policy, due to overwhelming political power in the face of weak opposition. They have a great deal of autonomy from other political forces, and use their strategic overhead to maintain their competitive advantage. Because of their political dominance, subsystems operating in this context can request desired outcome benefits in a zero-sum environment because the losers are not sufficiently powerful to make their losses a political issue...Perhaps the best example of this today is veterans' policy, which has continued to receive considerable government largess even in times of budgetary stringency.

McCool identifies "veterans' policy" as having "continued to receive considerable government largess even in times of budgetary stringency." While McCool highlights veterans' policy to illustrate his point, he actually misses the long historical view of veterans' pension policy and its chaotic political development over the course of American history. In fact, veterans' policy, especially with regard to disability and service pensions, has evolved into an autonomous subsystem over the past century and a half. Using McCool's own typology, veterans' policy in the post-Civil War era and beyond might better be thought of in terms of a dominant/dissident policy subsystem. He defines this subsystem as follows:

²¹ See Jeffrey Worsham, *Other People's Money: Policy Change, Congress, and Bank Regulation*, (Boulder: Westview Press, 1997).

²² McCool, 562.

In this strategic context, subsystem(s) on one side of the issue dominate, but their opponents have sufficient political strength to have at least some influence on policy. The dominant subsystem exercises considerable control over the allocation of outcome costs and benefits, but often has to resort to cooptation through allocation in an effort to mollify the dissident subsystem...The dissident subsystem is quite effective at pointing out the large outcome costs incurred by the policies of the dominant subsystem, and can occasionally extract largess from the domain of the more powerful subsystem...In the dominant subsystem, strategic overhead is split between maintaining close ties within the coalition, and finding ways of coopting opponents without surrendering control of policymaking.²³

Finally, subsystems also have territorial, functional, and substantive dimensions.²⁴

For instance, policy scholars Paul Sabatier and Christopher Weible offer state water policy as an example of this and assert that such a specific policy area will have researchers, advocacy groups, and journalists dedicated to the issue with some level of expertise. McCool agrees, acknowledging that policy subsystems often include lobbyists, intellectuals, “policy wonks,” and other wealthy elites with a stake in controlling government.²⁵ This certainly is true of military (territorial) pension (functional/substantive) policy.

With these subsystem typologies as a framework for understanding military pension policy, when new subsystems, agencies, or policy entrepreneurs enter the fray and encroach on the existing institutional arrangement, policies can be manipulated and redefined, leading to subsystem breakdown and policy change. Therefore, the

²³ Ibid, 563.

²⁴ Paul Sabatier and Christopher Weible, “The Advocacy Coalition Framework: Innovations and Clarification,” in *Theories of the Policy Process*, ed. Paul Sabatier, (Boulder: Westview Press, 1997), 192. See also Matthew Zafonte and Paul Sabatier, “Shared Beliefs and Imposed Interdependencies as Determinants of Ally Networks in Overlapping Subsystems,” *Journal of Theoretical Politics* 10, no. 4, (1998): 473-505.

²⁵ McCool, 553.

subsystem's best interest is to keep a tight grip on institutional structure and issue definition to maintain its primacy over the policy process.

In this case, the veterans' pension policy subsystem and later the military personnel policy subsystem share four primary goals: to recruit, retain, separate and reward service members and veterans. First, subsystem actors must develop the pension and personnel policies necessary and sufficient to recruit and retain a wartime military. Second, subsystem actors must leverage those same pension and personnel policies to separate service members from the military once the government has determined that their service is complete. Finally, subsystem actors aim to do right by the target population – soldiers and veterans – and often wish to reward their service when financially feasible.

Policymakers used veterans' pension policies for all four of these purposes at different points in American history. Initially, General Washington and the Continental Congress used service pensions to retain soldiers in the fledgling Continental Army, including especially the officer corps. Next, President Lincoln and Union lawmakers relied on disability pensions to recruit an army at the outset of the Civil War. Following World War I, Congress passed legislation – over presidential veto – to reward service members with adjusted compensation, or “bonuses,” to compensate for low overseas combat pay. Finally, General Eisenhower lobbied Congress for an “up or out” promotion system coupled with a 20 year retirement policy to separate senior personnel from the

ranks. These four brief examples highlight instances of the subsystem pursuing its various policy goals and will serve as recurring themes throughout this report.

Policy Entrepreneurs

The veterans' pension policy subsystem, while powerful, did not operate alone. Rather, detailing the political development of military pension policy also requires an appreciation for the role of the policy entrepreneur from the American Revolution through World War II. Drawing from the political scientist Nikolaos Zahariadis, I define a policy entrepreneur as an advocate and powerbroker who manipulates the problem, politics, and policy streams of an issue during a specified window of opportunity to advance a particular policy agenda.²⁶ The most successful policy entrepreneurs must have access, resources, and a strategy. While policy entrepreneurs are only one aspect of the pension story, I pay particular attention on the role of elite policy entrepreneurs – American presidents, popular members of Congress, and prominent military officers, among others – who enjoyed the requisite access, resources, and strategies necessary to champion military pension policy. For instance, Presidents Washington, Monroe, Coolidge, and Harding, along with Congressman Sam Rayburn and General Dwight D. Eisenhower, all played prominent roles in the evolution of military pension policy. These policy entrepreneurs leveraged social constructions of the military, veterans, and national security as a means to advance their policy preferences.

²⁶ Nikolaos Zahariadis, "The Multiple Streams Framework: Structure, Limitations, Prospects" in *Theories of the Policy Process*, ed. Paul Sabatier, (Boulder: Westview Press, 2007), 74.

Bureaucratic Consolidation

The bureaucracy literature is rich with works on the historical development of America's most powerful and interesting agencies. Political Scientist Daniel P. Carpenter is among the most prolific bureaucracy scholars in the field. His 2001 book, *The Forging of Bureaucratic Autonomy*, is theoretically rich, empirically sound, and relevant to my work. Carpenter asserts that bureaucratic autonomy prevails when agencies can establish political legitimacy, including a reputation for expertise, efficiency, moral protection, and a uniquely diverse and complex set of ties to organized interests and the media. A strong bureaucratic reputation and network induces politicians to defer to the wishes of agency officials, giving the bureaucracy wide latitude to operate and innovate, hence "autonomy."²⁷

Drawing from Carpenter's argument, I contend that bureaucratic consolidation of multiple disparate agencies into one organization can facilitate political legitimacy with regard to expertise and efficiency. Additionally, institutions designed to deliver veterans' services and pensions benefit from moral protection, further solidifying that legitimacy. Finally, bureaucratic consolidation allows organization leaders to combine their diverse and multiple network ties to media and interest groups. While there are instances of bureaucratic consolidation doing more harm than good,²⁸ when executives take care to

²⁷ See Daniel P. Carpenter, *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928*, (Princeton: Princeton University Press, 2001).

²⁸ See Peter J. May, Samuel Workman, and Bryan D. Jones, "Organizing Attention: Responses of the Bureaucracy to Agenda Disruption," *Journal of Public Administration Research and Theory* 18, (2008),

restructure and reorganize while the core mission remains the same, bureaucratic consolidation can, in fact, facilitate bureaucratic autonomy.

Plan for the Report

I argue that from the nation's founding through the second World War, veterans' pension policy developed by way of an evolving policy subsystem with the help (and hindrance) of elite policy entrepreneurs, bureaucratic consolidation, interest group lifecycles, and legislative reorganization along the way. Far from autonomous, this dominant subsystem faced several challenges from dissident actors and institutions. Consequently, veterans' pension policy has not always been controlled by an insular policy subsystem. On the contrary, veterans' pension policy was once an issue that pervaded American life, as this report will demonstrate. In fact, this issue was so much a part of public psyche from the Civil War through World War II, that no subsystem could possibly have controlled it with complete autonomy. As such, this report aims to illustrate the political development of veterans' pension policy, explain its transformation, and document the rise of the military personnel policy subsystem that policymakers know today.

I begin this exploration with one primary and three secondary research questions. First and foremost, how did the veterans' pension policy subsystem develop over the course of American history and lead to the formation of the military personnel policy

517-541. May, Workman, and Jones argue that reorganization of the Department of Homeland Security led to an attention and policy coherence oriented towards terrorism at the expense of disaster relief.

subsystem? Second, how did policy entrepreneurs and focusing events bring new attention to veterans' pension policy following the Civil War, World War I, and World War II? Third, how did lawmakers frame veterans' pension policies as strategic incentives to recruit, retain, separate, and reward service members and veterans? Finally, how did budgetary considerations of surplus or deficit spending influence the policy debates after each war?

Preview of the Argument

In short, I argue that from the Civil War through World War II, veterans' pension policy developed by way of an evolving policy subsystem with the help (and hindrance) of elite policy entrepreneurs, bureaucratic consolidation, interest group lifecycles, and legislative reorganization. This paper illustrates the political development of veterans' pension policy and explains the rise of the military personnel policy subsystem by testing four hypotheses: subsystem formation, bureaucratic consolidation, interest group lifecycle, and subsystem split.

1. *Subsystem formation hypothesis*: A robust veterans' pension policy subsystem emerged in the wake of the Civil War. (Chapter 2).
2. *Interest group lifecycle hypothesis*: Veterans' interest groups emerge in the wake of conflict, thrive in the policymaking process for a period of time, and fade away as a generation of veterans passes away and a new generation emerges. (Chapter 3).
3. *Bureaucratic consolidation hypothesis*: Bureaucratic consolidation during the interwar period raised the visibility of veterans' policy within government and professionalized and streamlined the delivery of veterans' services. (Chapter 3).

4. *Subsystem split hypothesis*: Veterans' pension policy and military personnel policy effectively split into two separate subsystems in the wake of World War II, significantly reducing the number of institutions and actors interested in military personnel policy. (Chapter 4).

The plan for this report breaks down into four subsequent chapters. First, chapter two documents the rise of the dynamic veterans' pension policy subsystem in the wake of the Civil War. Second, chapter three explores the subsystem's evolution through World War I and beyond, including sections on veterans' advocacy groups, bureaucratic consolidation, the World War Adjusted Compensation Act of 1924, and the Bonus Expeditionary Forces' march on Washington. Next, chapter four examines the veterans' pension policy subsystem's transformation into the military pension policy subsystem, documenting four major pieces of legislation: the Servicemen's Readjustment Act of 1944, Legislative Reorganization Act of 1946, National Security Act of 1947, and Officer Personnel Act of 1947. Finally, chapter five offers a preview of my larger dissertation project with an introduction to an expanded theory of autonomous policy subsystems and closing remarks on future research agendas.

CHAPTER 2: CIVIL WAR AND SUBSYSTEM FORMATION

Following a brief history of Civil War pensions from 1861 to 1879, this chapter examines the rise of the veterans' pension policy subsystem and tests *subsystem formation hypothesis*. In short, I argue that a robust veterans' pension policy subsystem emerged in the wake of the Civil War. As such, the historical record and previous scholarship on Civil War pensions should point to a dynamic and fluid interaction among five institutions: congressional committees of jurisdiction, bureaucracies dedicated to veterans' services and pensions, powerful veterans' lobbies and influential private interests, an attentive media, and policy entrepreneurs attempting to break into the subsystem.

Civil War Pensions, 1861-1879

With an historical precedent set during the Revolution and affirmed following the War of 1812,²⁹ Union lawmakers considered military pension policy once again as the nation found itself torn asunder by gruesome civil war. On 22 July 1861, Congress authorized President Lincoln to raise 500,000 soldiers for the Union cause against the Confederacy. Buried in section six of "An Act to authorize the Employment of Volunteers to aid in enforcing the Laws and protecting Public Property," was a provision of \$100 to any volunteer (their widow or living relative) who would be wounded or disabled in the service of his country, in addition to overdue pay, allowances, and

²⁹ See Glasson, 108-113 for a thorough treatment of military pensions for veterans of the War of 1812. Congress enacted disability pensions in 1816 and service pensions for living survivors and widows in 1871, contingent upon loyalty to the Union during the Civil War.

disability benefits.³⁰ Rather than simply rely on patriotism to recruit an army, as General Washington originally had, Union lawmakers looked to pensions as an effective policy instrument for wartime recruitment and retention.³¹ No doubt, reluctant patriots were comforted by the fact that should the unthinkable happen, their families would be financially cared for.

The following year, Congress went even further with the General Law Pension Act of 1862. This was the most generous disability pension law to date as it expanded eligibility beyond benefits for veterans, widows, and orphans and extended them to mothers and sisters as well.³² Even more notable, the pension act signed into law on 14 July 1862 created an open ended clause for which any service member wounded in the service of his nation since 4 March 1861 would be entitled to disability benefits. Additionally, the statute did not specify “volunteer,” thus leaving an opening for conscripts to claim their benefits as well. Most important, Union loyalty was required of any beneficiary.³³ By 1890, that stipulation would become a point of serious contention.

Though military pension scholar, Henry Glasson, describes passage of the Pension Act of 1862 as “rather uneventful” in Congress as public attention focused on

³⁰ US Statutes at Large, 37th Congress, Session 2, Chapter 166, 270. Available from <http://memory.loc.gov/ammem/amlaw/lwslink.html>; Internet.

³¹ This is what political scientist, Peter May dubbed “Instrumental Policy Learning” in his 1992 article, “Policy Learning and Failure.” By the time of the Civil War, lawmakers had become accustomed to the notion that disability and service pensions were necessary in times of war.

³² Jensen, 211.

³³ US Statutes at Large, 566-569. This paragraph draws heavily from the Pension Act of 1862 as enacted into law.

more pressing matters,³⁴ there is evidence of members advocating passage despite reservations with the bill's specifics. While much of the floor debate in the House of Representatives on 13 May 1862 focused on bureaucratic implementation of the proposed pension policy, a second term Congressman from Indiana, William Holman, raised serious objections to the bill's details rather than its premise. With regard to the *rank based* pension scale, Representative Holman stated,

The object in making the [monthly salary] discrimination is to induce the best material which the country can afford to join the Army...The Government engaged to pay higher salaries to officers and less salaries to soldiers, while in the service; the engagement must be carried out. But this bill proposed to pay a [pension] bounty on the part of Government in consideration of hardships endured, the perils incurred, the sufferings borne, by those soldiers who may be disabled in the service of the country, an expression of gratitude and a provision against want...I know of no reason why the soldier who shoulders a musket and loses a leg or an arm in battle, or his wife and children, if he is slain, should receive less sympathy or aid from the Government than the colonel, the brigadier general, or the major general who may have suffered a similar loss.³⁵

Although Congressman Holman's efforts failed to win the support of his colleagues, his inclination towards pension equity – a recurring theme in future pension debates – is quite clear. Interestingly, Mr. Holman largely agrees that rank based salaries were necessary to recruit and retain talented soldiers for the Union cause, and even frames it that way. However, he sees similarly structured pension policies as discriminatory because they ought to be “an expression of gratitude and a provision against want.” Even before the bloodiest battles of the Civil War, politicians openly discussed and framed salaries and pensions as instruments to recruit, retain, and reward.

³⁴ Glasson, 128.

³⁵ Representative William Holman, “Remarks on the House Floor,” 13 May 1862. *Congressional Globe*, 37th Congress, 2nd Session, 1861-1862, Part 3, 2102.

Despite little controversy in Congress, the Pension Act of 1862 raised concerns about burdening the public purse. The Pension Bureau received some 4,411 applications from wounded veterans by 15 November 1862.³⁶ Pension Commissioner Joseph Barrett predicted that an annual appropriation of \$7 million would be sufficient to cover Civil War pensions in any given year.³⁷ However, by 1865, annual payments exceeded \$8.5 million.³⁸ Despite Commissioner Barrett's prediction, early "apprehensions in some quarters of an extravagant, if not unsupportable, annual burden resulting from the law" proved to be warranted.³⁹

Social policy scholar, Laura Jensen contends, "Not surprisingly, the outbreak of the war had led immediately to Congressional consideration of military disability benefits." This reveals a telling pattern. Since the Revolution, Congress authorized disability pensions at the outset or soon after the end of conflict, growing more generous over time; whereas, generous service pensions tended to come years, even decades, after the end of war.⁴⁰ This was true of the Pension Act of 1818 for veterans of the Revolution, the Pension Act of 1871 for veterans of the War of 1812, and the Dependent Pension Act of 1890 for *Union* veterans of the Civil War. With the exception of half-pay service

³⁶ "The Pension Bureau; Abstract of the Annual Report of Hon. Joseph H. Barrett, Commission of Pensions." *The New York Times*, 13 December 1862. Available from <http://www.nytimes.com/1862/12/03/news/pension-bureau-abstract-annual-report-hon-joseph-h-barrett-commissioner-pensions.html>; Internet.

³⁷ Glasson, 129.

³⁸ "Pension Bureau, Report of Commissioner Barrett." *The New York Times*, 09 December 1865. Available from <http://www.nytimes.com/1865/12/09/news/the-pension-bureau-report-of-commissioner-barrett.html?pagewanted=2>; Internet.

³⁹ Glasson, 128.

⁴⁰ This paragraph draws heavily from Jensen, 207-210.

pensions during the Revolution (which clearly had mixed outcomes, i.e. the Philadelphia Mutiny of 1783), Congress established disability benefits well before ever granting service pensions to survivors in their old age.

Rise of the Policy Subsystem

The fight to pass the Arrears Act of 1879 not only exacerbated pension disparities and raised regional tensions it more importantly marked the rise of the veterans' pension policy subsystem. This legislation held that those Civil War veterans or their survivors who never filed for a service or disability pension were still entitled to do so, with a retroactive start date at the time of the soldier's discharge.⁴¹ In some instances, new applicants would be entitled to a lump sum upwards of \$1000 for back pay in addition to monthly benefits.⁴² Pension costs to the federal government actually started a slow and steady decline from 1873 to 1878. But after years of strong support from organizations like the Grand Army of the Republic, business interests like private claim agents and pension attorneys, and of course, the target population of veterans' themselves, passage of the Arrears Act seemed inevitable.

Glasson speculates that mounting political pressure within State Legislatures before Senate reelections might have pushed some Senators to ultimately support the bill.⁴³ He writes, "Senator Ingalls [Chairman of the Senate Pension Committee] brought

⁴¹ US Statutes at Large, 45th Congress, Session 3, Chapter 23, Page 265, 25 January 1879. Available from http://constitution.org/uslaw/sal/020_statutes_at_large.pdf; Internet.

⁴² Glasson, 151.

⁴³ Ibid, 161. Glasson notes that Senator Ingalls was politically "attacked" by strong pension interests in his state with circular letters opposing his reelection.

the bill before the Senate and championed its passage on 16 January 1879, not long before balloting began in the Kansas Legislature.” The Senate went on to pass the House version of the bill, 44 to 4, with 28 absent. President Hays signed the bill into law on 25 January 1879.⁴⁴ Although a triumph for pension interests and veterans, *The New York Times* would later call the Arrears Act a “raid on the treasury.”⁴⁵

With passage of the Arrears Act, evidence of an independent and fluid veterans’ pension policy subsystem emerged in the 1880s as prominent policy entrepreneurs continued to advocate for the cause. Pension Bureau bureaucrats processed pension claims with an eye toward earning the Republican Party political favor. Private interests like veterans’ service organizations and pension claim agents frequently lobbied for revisions to existing pension legislation and enactment of new pension bills to maintain political relevance and draw members and clients to the issue. Politicians happily sponsored, revised, and enacted said pension legislation into law hoping to curry constituent votes. Interested national and local media covered the process as it unfolded. During this time, the only opposition to the emerging pension policy subsystem came by way of democrats, President Grover Cleveland especially, who opposed using pensions to curry political favor and redistribute wealth.

⁴⁴ Ibid, 162-163.

⁴⁵ “Military Pensions,” *The New York Times*, 21 July 1921. Available from <http://query.nytimes.com/mem/archive-free/pdf?res=FA0815FD3C551A738DDDAE0994DF405B818EF1D3>; Internet.

*Pension Committees*⁴⁶

The House of Representatives experienced several transitions in its pension committee evolution. For instance, one of the first standing committees in the House was the Committee on Claims, chartered in 1794. Its jurisdiction covered “all petitions and matters or things touching claims and demands on the United States.”⁴⁷ Overwhelmed with Revolutionary War pensions, however, the House created a Committee on Pensions and Revolutionary War Claims (1813-1825), a Committee on Revolutionary Pensions (1825), a Committee on Military Pensions (1825-1831), and finally settling on the Committee on Invalid Pensions (1831-1946).⁴⁸

The House Committee on Invalid Pensions was charged with reviewing individual Civil War pension claims and drafting general and special pension legislation.⁴⁹ Accordingly, the Committee on Invalid Pensions wielded a great deal of jurisdictional oversight of the US Pension Bureau, its executives, and was a key component to the policy subsystem that would arise in the wake of the Civil War. One other House committee of note is the Committee on Pensions (1880-1946). Created in 1880, the

⁴⁶ The entire section draws heavily from the National Archives’ Congressional Records, specifically House (Record Group 233) and Senate (Record Group 46) records of the various congressional pension and claims committees.

⁴⁷ *Committee on Claims (1794-1946)*, Guide to the Records of the US House of Representatives (Record Group 233), Chap. 6, Para. 15. Available from <http://www.archives.gov/legislative/guide/house/chapter-06-claims.html>; Internet.

⁴⁸ See <http://www.archives.gov/legislative/guide/house/chapter-06.html>; Internet.

⁴⁹ *Committee on Invalid Pensions (1831-1946)*, Guide to the Records of the US House of Representatives (Record Group 233), Chap. 6, Para. 46-47. Available from <http://www.archives.gov/legislative/guide/house/chapter-06-invalid-pensions.html>; Internet.

Committee on Pensions' jurisdiction included all other war related pension matters, leaving the Civil War to the Committee on Invalid Pensions.

The Senate Committee on Pensions (1816-1946) enjoyed primary jurisdiction and oversight on war related pension matters throughout its existence. While the Senate Committee on Military Affairs and Finance would occasionally take up pension issues, the Senate Committee on Pensions remained the most important for veterans' pension issues in the upper chamber.⁵⁰

Throughout their existence, the House and Senate pension committees worked diligently to process individual pension claims and offer pension legislation to aid America's ailing and indignant veterans. In fact, as Pension Bureau correspondence to the Congress increased in the 1880s, the pension committees institutionalized a review claims process through Friday evening "pension nights."⁵¹ However, this diligent work was hardly altruistic as members of Congress often treated veterans' pension policy as a partisan issue and paid little attention to details before voting to approve applications. Henry Glasson notes, "On 'pension day' there is commonly no quorum present"... as the

⁵⁰ *Committee on Claims (1816-1946)*, Guide to the Records of the US Senate (Record Group 46), Chap. 6, Para. 4. Available from <http://www.archives.gov/legislative/guide/senate/chapter-06.html#claims>; Internet. Note that while the National Archives Record Group refers to the Senate Committee on "Claims," most other government documentation, even records of the Committees own hearings refer to it as the Committee on "Pensions."

⁵¹ Theda Skocpol, *Protecting Soldiers and Mothers*, (Cambridge: Harvard University Press, 1992), 122.

few members present pass bills reported by the committee “in a perfunctory manner and with remarkable speed.”⁵²

Congress disbanded all of the aforementioned committees in 1946 as a result of the Legislative Reorganization Act of the same year. While I address Congressional Reorganization in great detail in chapter 4, the two Congressional committees at the center of the veterans’ pension policy subsystem were the House Committee on Invalid Pensions and the Senate Committee on Pensions.

Partisanship in the Pension Bureau

In 1881, some sixteen years after the war between north and south had ended, President James Garfield appointed W.W. Dudley, a former Union colonel, to head the Pension Bureau. When he assumed office, Commissioner Dudley later testified that the Pension Bureau had between “seven hundred and eight hundred” employees. When he left office in 1884, the Pension Bureau had grown to “between sixteen hundred and seventeen hundred” employees. In fact, as of 30 June 1884, there were 1,552 pension employees with another 150 special examiners to be added to the rolls. This explosion in pension bureaucrats might simply be attributed to the growth in pension claims requiring adjudication and the need for special examiners to investigate such claims in the field. However, there is a far more political reason for such immense growth in the Pension Bureau – Republican Party politics.

⁵² Glasson, 277.

After assuming office, Dudley issued a pamphlet titled, “General Instructions to Special Examiners,” outlining duties for those Pension Bureau employees charged with investigating pension claims. The pamphlet, an 85 paragraph guide for pension agents in the field, covered material on claims processing, witnesses interviews, fraud, widows, minors, and “colored claimants, among other topics.”

Following an introductory letter by Commissioner Dudley, the pamphlet begins with its purpose. It states:

These instructions are intended to allow Special Examiners a greater discretion than has formerly been permitted in the examination of claims before this Office, and their duties call for the most vigorous efforts and soundest judgment..It is the duty of the Government to ascertain who are [sic] entitled to receive pensions as provided by existing law, and Examiners are expected and required to obtain whatever facts are necessary to prevent the payment of improper pensions, and to assist in bringing to punishment those who are knowingly guilty of violating the provisions of the pension law.⁵³

While this excerpt signals a bureaucratic intention towards fairness and equity, Commissioner Dudley’s implementation of his own guidance was wanting. In fact, Dudley used his position as commissioner to dole out and expedite pension claims to veterans in battleground states like Indiana to garner electoral favor for the Republican Party. An 1886 Democratic Party campaign book illustrates a wide ranging Republican Party agenda in the Pension Bureau highlighting internal documents as evidence. For instance, in a letter dated 9 September 1880 from Fort Wayne, IN, Colonel Richard Burke requests that the Commissioner of Pensions place three names on the “special list

⁵³ US Pension Bureau, “General Instructions to Special Examiners of the United States Pension Office,” (Washington: Government Printing Office), 16 August 1881, 7.

[to] receive the most prompt attention of his office.”⁵⁴ In a similar letter, dated 11 September 1880, S.W. Dorsey writes the Chair of the Republican National Committee, Marshall Jewell, referencing Burke’s letter to the Pension Commissioner. Dorsey notes Burke’s letter and asks Jewell to “induce, if possible, the Commissioner of Pensions to report to each one of these men that their cases are made special [as] it will help us [win] hundreds of votes in Ft. Wayne.”⁵⁵ As the Democratic National Committee notes in its own analysis, “us,” in this case refers to the Republican Party and its effort to garner votes through bureaucratic favors.

Commissioner Dudley teamed the Pension Bureau with the Grand Army of the Republic, a prominent veterans’ service organization, and pension claim agents to politicize pensions for the Republican cause.⁵⁶ Sure enough, politicizing the pension system left an enduring partisan legacy by mobilizing veterans into the Republican Party’s fold. To illustrate the effects of this powerful partnership, Heywood T. Sanders writes, “[T]he Republican Party had established, in the case of ex-soldiers, a national political machine – a formal organization which provided specific material inducements to a mass of voters.”⁵⁷ Similarly, Morton Keller notes, “The Bureau of Pensions was the

⁵⁴ Democratic National Committee, *Republican Abuses in the Pension Bureau*, (1886), 8.

⁵⁵ *Ibid.*

⁵⁶ This paragraph draws heavily from Skocpol, 122-124.

⁵⁷ Heywood T. Sanders, “Paying for the Bloody Shirt: The Politics of Civil War Pensions” in *Political Benefits, Empirical Studies of American Public Programs*, ed. Barry S. Rundquist (Lexington: Lexington Books, 1980), 138.

most uncompromisingly political branch of the late nineteenth century federal bureaucracy.”⁵⁸

Despite the realities of the Pension Bureau’s partisanship, Commissioner Dudley maintained a public position of objectivity. In a 6 March 1884 letter to Special Examiners in the field, Dudley states:

As the time approaches when politics become the universal and often the sole topic of conversation, special examiners will find it more difficult than ever to obey the injunctions laid upon them when going out, that they should in no way participate while on duty...in political discussions or work, by word or act...It is hoped that each examiner will heed this timely warning, and to such effect that no just criticism can be laid against him on this ground.⁵⁹

Although he publicly reminded special examiners to remain apolitical during the 1884 election season, Dudley again did not heed his own guidance. On 20 September 1884, Dudley tendered his resignation as Commissioner of Pensions – effective 10 November 1884 – to lead the Republican campaign effort in Ohio.⁶⁰ From the Garfield Administration’s perspective, a large Pension Bureau responsive to the needs of veterans who vote their pocket books was a huge political asset leading up to the 1884 campaign. As such, Dudley’s charade of apolitical bureaucratic administration did not fool anyone, especially not members of Congress.

Following his campaign stint in Ohio, Dudley returned to Washington from his home in Indiana throughout 1885 and testified before the Committee on Payment of

⁵⁸ Morton Keller, *Affairs of State*, (Cambridge: Harvard University Press: 1977), 311.

⁵⁹ *Ibid*, 21.

⁶⁰ *Ibid*, 77.

Pensions, Bounty, and Back Pay on multiple occasions. In one such hearing on 25 February 1885, the *New York Times* reported:

[The] Witness's attention was called to the allegation that claims from Ohio and Indiana had been pushed ahead of those of other states for political reasons. In reply, [Commissioner Dudley]...declared that no class or section had been unduly favored by his order or with his knowledge, and that had any favoritism been shown by any subordinate the man would have lost his place.⁶¹

Later that year on 26 November 1885, the Committee Chairman, AJ Warner of Marietta, Ohio, further pressed Commissioner Dudley on his political influence in the Pension Bureau.

CHAIRMAN WARNER: [Y]ou would doubtless admit (I know you would) that if a man has a right to a pension, it is because of disabilities incurred in the service and not because of politics?

COMMISSIONER DUDLEY: I shall agree with you fully on that proposition.

CHAIRMAN WARNER: And that politics ought not to enter into the question of a settlement of claims?

COMMISSIONER DUDLEY: They certainly ought not.

CHAIRMAN WARNER: Would you not think it quite as objectionable and as grave an offense for a man holding a judicial position [such as yourself] to allow politics to affect cases, as for a judge on the bench to let it be known, or have it understood, that the political opinions of a man would affect his rights in court?

COMMISSIONER DUDLEY: Yes, and if anything more so.

CHAIRMAN WARNER: You have spoken about an order which you issued forbidding special examiners to engage in politics.

COMMISSINER DUDLEY: Yes, sir.

CHAIRMAN WARNER: When you left the office as Commissioner of Pensions, where did you leave it to go?

⁶¹ "Mr. Dudley and Pension Office Abuses," *The New York Times*, 26 February 1885.

COMMISSIONER DUDLEY: To go on leave of absence.

CHAIRMAN WARNER: Where?

COMMISSIONER DUDLEY: I went to Ohio.

CHAIRMAN WARNER: What to do?

COMMISSIONER DUDLEY: I went there for the purpose of assisting my party.

CHAIRMAN WARNER: You went there to conduct a political campaign?

COMMISSIONER DUDLEY: I do not assume that I conducted it. I went to render such assistance as I could.

CHAIRMAN WARNER: Did you not virtually take charge of the campaign under the direction of the Republican central committee of the State?

COMMISSIONER DUDLEY: That is a matter personal to myself. I do not regard it as a proper subject of inquiry for this committee. I regard it as a matter personal to myself, and not a matter subject to be inquired into by the committee; and I decline to answer the question. I state, very frankly, that I went there and did what I could to help my party.⁶²

This contentious exchange between the committee chairman and witness highlights an emerging policy subsystem at work. The members of Congress, clearly prepared with information beforehand, knew the answers to their questions ahead of time and pushed Commissioner Dudley for the truth about his undue political influence on the claims process. By doing so, Congress asserted its legislative oversight functions of an executive agency by holding its leaders accountable, on occasion even earning public attention from the most prominent newspaper in the country on matters of veterans' pension policy. Preparation, information, oversight, and accountability proved to be key facets of the committee hearing venue by the mid-1880s.

⁶² Testimony Taken by the Committee on Payment of Pensions, Bounty, and Back Pay Relating to the Administration of the Pension Office, (Washington: Government Printing Office, 1885), 259.

Pension Attorneys, Claim Agents, and the Grand Army of the Republic

Pension attorneys and professional claim agents used pension legislation, especially the new Arrears Act of 1879, to grow their businesses and build wealth by advertising their services in newspapers, journals, and magazines to raise awareness and attract eligible clients throughout the 1880s.⁶³ This proliferation of private business interest in military pension policy, in part, facilitated the enormous growth of applications to the Pension Bureau and cost to the taxpayers.

One such private interest pamphlet was titled, *A Manual of Instructions for the Preparation of Government Claims for Bounty and Back Pay, Pensions, Prize Money, Navy Pay, and for Horses Lost in Battle*. In it, claims attorneys Gardner and Burgess publish a guide for pension claim agents and veterans, describing applicable laws on the books as of 1864. The manual outlines order and eligibility for pension entitlement (soldier, widow, children, mother, and sister) and rules for presenting evidence of disability, dependence, and or loss of property during military service (including horses under an 1849 law). Finally, the pamphlet even includes pre-filled application forms and example statements of dependence to help applicants as much as possible. The bottom of one form even states:

Please remit or deliver the Certificate or Warrant payable on and under my Claim for value... herewith attached, to my duly authorized Attorneys, **Gardner & Burgess**, of **Washington City, D.C.**, (sic) who are fully authorized by me to receive and conduct all correspondence in the claim and to receive and receipt the Certificate when issued.⁶⁴

⁶³ Ibid, 149-150.

⁶⁴ Gardner and Burgess, *A Manual of Instructions for the Preparation of Government Claims for Bounty and Back Pay, Pensions, Prize Money, Navy Pay, and for Horses Lost in Battle*, (Washington: Gibson

With just a simple form, veterans and dependents could easily apply for a pension claim while simultaneously becoming clients of Gardner & Burgess, without so much as ever meeting these attorneys at law. These simple pamphlets helped veterans understand the application process and allowed them to send and receive information regarding their pension claims to the Pension Bureau, through their attorneys or claim agents. The information processing role that these private interests played was vital in helping veterans navigate a cumbersome and often politically motivated bureaucracy.

For veterans, employing a pension attorney or claim agent did not come without the risk of exploitation. According to disability scholars Blanck and Song, “Never before in American History had advocates been involved in activities of such grand and social and political scale, in efforts to help veterans pursue monetary gain, public acceptance and recognition.”⁶⁵ Veterans’ pension policy clearly holds the key to understanding the beginnings of the sophisticated policy subsystem. As such, there is evidence that unscrupulous claim agents and pension attorneys looked for ways to profit from the pension system at the expense of their veteran clients. Historian Herbert Agar writes, “As a result [of generous Union pensions], claim agents traveled the country looking for ex-

Brothers Printers, 1864), 27. This paragraph draws from the 32 page pamphlet to highlight its simplicity and easy use for veterans and their dependents. The authors write in the introduction, “It was our intention to publish...to enable correspondents to fill out applications for claims.”

⁶⁵ Peter Blanck and Chen Song, “Civil War Pension Attorneys and Disability Politics,” *University of Michigan Journal of Law Reform* 35, no. 1&2, (2001-2002), 5.

soldiers who had something the matter with them and persuading them to blame it on the war.”⁶⁶

As authorized under the Pension Act of 1862, pension attorneys and claim agents earned a fixed \$5 fee for every application filed on a veteran’s behalf with an extra \$1.50 for any necessary sworn statements testifying to the veteran’s disabilities.⁶⁷ “As a result,” Blanck and Song assert, “the more soldiers who applied for pensions, the greater the attorneys’ profits, since it was a volume business. For obvious reasons, pension attorneys tried to enlarge their claimant pool...and lobbied aggressively in Washington for the expansion of the pension system.”⁶⁸ Blanck and Song further conclude, “For the first time in American history, the Civil War pension system also created an ongoing relationship among the federal government, individual veterans, and their advocates and lobbying organizations that represented their interests.”⁶⁹

Beyond the private interests of claim agents and pension attorneys, powerful soldier advocacy groups like the Grand Army of the Republic (GAR) actively lobbied the Congress on behalf of the veterans’ community. On 8 March 1884, the Senate Committee on Pensions heard testimony from representatives of the GAR who claimed to represent some 220,000 veteran soldiers and sailors of the Civil War.⁷⁰ In fact, the GAR formed its

⁶⁶ Herbert Agar, *The Price of Union*, (Boston: Houghton Mifflin Company, 1950), 582.

⁶⁷ Pension Act of 1862, sec. 6.

⁶⁸ Blanck and Song, 12.

⁶⁹ *Ibid*, 11.

⁷⁰ Hearings on 08 March 1884, Before the Committee on Pensions of the Senate of the United States of the Committee on Pensions of the Grand Army of the Republic, (statement of General George S. Merrill).

own Committee on Pensions to mirror the committee in the US Senate. GAR representative, General Louis Wagner said, "...Grand Army has continued its pension committee as a breakwater between Congress and those [veterans] who demanded pensions."⁷¹ This organizational innovation gave Senators direct counterparts, effectively raising the political clout of the GAR and signaling that in order for the Congress to revise or consider new pension policies, the Senate Committee on Pensions could only proceed with the concurrence of its GAR counterpart.

Senators and GAR representatives used this 1884 committee hearing and its question and answer period as an opportunity to exchange information, signal policy preferences, raise concerns, and clarify positions. General George S. Merrill, representing the GAR, followed the Chairman with a prepared opening statement and a litany of GAR policy positions. It reads:

We desire to give whatever weight we may have as a body or as individuals in favor of such measures as we deem just, which may now or hereafter be before you. We likewise desire to protest against and condemn certain propositions, which are now on your files, ostensibly in the interest of the old soldier or sailor, but which seem to us to be inconsiderate, impolitic, and calculated to bring into disrepute the general standing of the saviors of the nation.⁷²

Senators and witnesses discussed everything from rank based pension eligibility to fraudulent claims. Without robust congressional staffs to assist members with preparation, committee hearings served as a most powerful venue for effective and

⁷¹ Hearings on 08 March 1884, Before the Committee on Pensions of the Senate of the United States of the Committee on Pensions of the Grand Army of the Republic, (statement of General Louis Wagner).

⁷² Statement of General George S. Merrill.

efficient information processing and exchange. Aside from brief prepared statements from the committee chairman and GAR representatives, the most substantive information exchanges occurred during the candid question and answer period.

During this unscripted series of back and forth exchanges, GAR laid the groundwork for what would become most extensive expansion of military pension policy in American history – the Dependent Pension Act of 1890. Arguing in favor of pensions for widows, General Merrill states:

In regard to the continuance of a soldier's pension to his widow...if a soldier having a pension today for a cause, is killed in a railroad accident, or dies from any cause not directly traceable to the disability which gives him the pension, then his pension is wiped out, and the widow gets no pension. That seems to us to be very unjust.⁷³

The question of pension expansion to poor widows soon led to the following exchange between General Merrill and Senator Henry Blair of New Hampshire.

MR. BLAIR: If a man who rendered service in any war, and there is no war later than that of the rebellion, is actually disabled, or pecuniarily dependent [sic] –

GENERAL MERRILL: I would leave out the dependent part in all bills. I do not like the idea of making paupers of our soldiers.

MR. BLAIR: But you do make paupers of the mothers. I do not like the idea that poverty is dishonorable, whether it is on the pension list or elsewhere.

GENERAL MERRILL: [A] mother who at the time of the death of her son was in comfortable circumstances, and therefore not entitled to a pension, may be the reverses of business or fortune have become a candidate for the almshouse. Yet she cannot get today a pension because she was not dependent upon the son at the time of the son's death. We

⁷³ Ibid.

think that is wrong, and that if she became dependent since, that at the time and during the continuance of the dependence a pension should be granted.⁷⁴

GAR used the committee hearing venue to explicitly recommend particular policies, including dependent pensions, for the Senate Committee to consider. GAR clearly signaled its policy preferences and made no qualms about continued pension expansion. In a dynamic policy subsystem, ideas and information that permeate and flow from one institution to another provide the necessary frame of reference for future legislation. Whether GAR believed the political mood in Washington was ready for pension expansion in 1884 is unclear. However, what is clear is that GAR representatives believed in their mission to represent veterans and would use information and anecdotes to frame their arguments for new pension policies.

The GAR's Committee on Pensions pursued pension expansion again two years later. On 19 January 1886, the Senate Committee on Pensions held another hearing for GAR to present its position. In his opening statement before the committee, General Merrill asserts, "We come to you today with precisely the same recommendations without change, except in the form in which they are here given, as we presented to your committee two years ago."⁷⁵ He further claims GAR membership had grown to some 300,000 veterans and that the organization's Committee on Pensions was the designated

⁷⁴ Statements of General George S. Merrill and Senator Henry W. Blair. The author condensed the exchange for brevity and relevance.

⁷⁵ *Pension Act of 1886*, Hearings on 19 January 1886, Before the Committee on Pensions of the Senate of the United States of the Committee on Pensions of the Grand Army of the Republic, (statement of General George S. Merrill).

“mouth-piece” for its members “in all matters of pension legislation.”⁷⁶ In a circular presented to the Senate committee, GAR once again laid out its policy preferences in terms of pension expansion to widows, minor children, and mothers under various circumstances of a veteran’s death. Additionally, GAR recommended specific dollar amounts for pensions to disabled veterans. For instance, GAR recommended \$100 a month “for men who lost both eyes, or arms, or legs, or an arm and a leg, or disability equivalent thereto.”⁷⁷ By recommending specific pension awards for varying degrees of disability, the GAR Committee on Pensions signaled its close study and intimate understanding of the challenges facing disabled veterans as they attempted to make a living and support their families.

General Merrill also asserted GAR’s universalism as “the only great organization that represents everybody, that has no possible connections with political questions, and takes in all parties and all organizations.”⁷⁸ As such, GAR again advocated pension expansion to widows whose husbands died from disease or causes unrelated to wartime disabilities and the parents of veterans who became impoverished since their son’s death. What is more, General Merrill highlights GARs rather liberal perspective on pension eligibility and lackluster fraud prevention stating, “If 100 men are standing in line and 5 of them are not really entitled, I would say give it to the 5 rather than denying the 95 who

⁷⁶ Ibid.

⁷⁷ Ibid, (circular presented to Senate Committee on Pensions during hearing testimony).

⁷⁸ Ibid, (statement of General George S. Merrill).

are deserving.”⁷⁹ This statement, as bold as it was, elicited no response from the Senate committee, signaling to GAR its countenance of such a liberal practice.

Presidents, Politics, and Pensions

In 1881, former union general and rising republican star, Benjamin Harrison, was elected to the US Senate by the Indiana State Legislature. As a colonel in General Sherman’s army, Harrison commanded a brigade during the Atlanta campaign. He garnered significant praise from his superiors for displaying valor at the battle of Peachtree Creek in 1864.⁸⁰ And in 1865, just months before leaving the service for Indiana, Harrison earned his final promotion to brigadier general, solidifying his reputation as a warrior, patriot, and leader. Not surprisingly, Senator Harrison was a champion of Civil War service pensions. Senator Harrison’s position and consistent advocacy for generous pension benefits was in stark contrast to the democrat occupying the Oval Office from 1885 to 1889 – President Grover Cleveland.

In his first term, President Cleveland was ever suspicious of growing pension rolls and frustrated with the Congress that happily contributed to the pension bloat. Speaking to this point, historian Herbert Agar writes, “By 1885, 325,000 pensioners were on the roll. The pension authorities were lax and the list was growing rapidly; but the authorities were not lax enough to satisfy the more sentimental or the more vote-hungry

⁷⁹ Ibid.

⁸⁰ Charles W. Calhoun, *Benjamin Harrison*, (New York: Times Books, 2005), 24.

Congressmen.”⁸¹ Recall that in 1884 and in 1886, respectively, as outlined in the previous section, the Senate Committee on Pensions heard testimony from the GAR favoring a broad expansion of pension benefits to relatives of Union veterans. As an old soldier himself and ally of the GAR,⁸² Senator Henry Blair of New Hampshire pushed the “Blair bill” through Congress. House Bill 10457, as it was officially known, was titled, “An act for the relief of dependent parents and honorably discharged soldiers and sailors who are now disabled and dependent upon their own labor for support.” The bill called for anyone (including surviving parents) with three months of honorable service to the Union during the war – whether engaged in combat or not – to be awarded a pension for “any form of disability, no matter how or when acquired, including the disability of old age.”⁸³ Needless to say, President Cleveland opposed the legislation.

On 11 February 1887, President Cleveland vetoed the Blair bill, contributing to his long list of first term vetoes numbering in the hundreds. In his 4,193 word veto message to Congress, Cleveland cites growing pension statistics, the nation’s prior experience with military pensions, and points to historical trends which grant old age pensions to veterans nearly four decades after war, not a mere 22 years as the Blair bill would do. Moreover, President Cleveland also frames his veto in terms of a public tax burden and federal revenue. He writes:

⁸¹ Agar, 582.

⁸² Agar notes that Blair was a “Republican Senator with a gallant war record [who] claimed that every union soldier should be pensioned, [because] every soldier came out of the war weaker than he went into it.”

⁸³ Ibid, 582-583.

Under [Civil War pension] statutes 561,571 pensions have been granted from the year 1861 to June 30, 1886, and more than 2,600 pensioners have been added to the rolls by private acts passed to meet cases, many of them of questionable merit, which the general laws did not cover...If this bill should become a law, with its tremendous addition to our pension obligation, I am thoroughly convinced that further efforts to reduce the Federal revenue and restore some part of it to our people will, and perhaps should, be seriously questioned...I am not willing to approve a measure presenting the objections to which this bill is subject, and which, moreover, will have the effect of disappointing the expectation of the people and their desire and hope for relief from war taxation in time of peace.⁸⁴

Aside from the tax burden, the reality of party politics throughout this period suggests Cleveland had little to gain, politically, by backing pension legislation. Cleveland only won the election of 1884 by carrying his home state of New York by 1,149 votes.⁸⁵ Ardently opposed to party patronage, Cleveland ran for the White House on an anti-corruption platform and at the time, the Pension Bureau and pension system were bastions of political corruption and patronage. As president, Cleveland vetoed some three hundred individual pension bills and earned himself the ire of Civil War veterans, most especially the Grand Army of the Republic.⁸⁶ This undoubtedly contributed to his election downfall in 1888.

With several pension vetoes contributing to the political context, most especially Cleveland's 1887 veto, Benjamin Harrison found himself seeking the Republican Party's nomination for President just seven years after his election to the US Senate. The following excerpt from the 1888 Republican Party platform summarizes the argument in

⁸⁴ Grover Cleveland, "Veto Message," 11 February 1887, *The American Presidency Project, UCSB*; Available from <http://www.presidency.ucsb.edu/ws/index.php?pid=71488&st=Veto&st1=>; Internet.

⁸⁵ Roland Huggins, *Grover Cleveland: A Study in Political Courage*, (Washington, DC: The Anchor-Lee Publishing Company, 1922), 28.

⁸⁶ *Ibid*, 29-30.

favor of veterans' pensions, framed within the context of a budget surplus, giving the Republicans, ever wishing to be the favorite for veterans, a clear advantage over the Democrats and President Cleveland.

The gratitude of the Nation to the defenders of the Union cannot be measured by laws. The legislation of Congress should conform to the pledges made by a loyal people and be so enlarged and extended as to provide against the possibility that any man who honorably wore the Federal uniform shall become the inmate of an almshouse, or dependent upon private charity. In the presence of an overflowing treasury it would be a public scandal to do less for those whose valorous service preserved the government. We denounce the hostile spirit shown by President Cleveland in his numerous vetoes of measures for pension relief, and the action of the Democratic House of Representatives in refusing even a consideration of general pension legislation.⁸⁷

In September 1888, Harrison accepted the Republican nomination for the presidency. In his letter to the committee, he responded most favorably to the party's position, framing veterans' pensions as an expression of gratitude for their faithful and unselfish service. He writes:

It can hardly be necessary for me to say that I am heartily in sympathy with the declaration of the convention upon the subject of pensions to our soldiers and sailors. What they gave and what they suffered I had some opportunity to observe, and, in a small measure, to experience. They gave ungrudgingly; it was not a trade, but an offering. The measure was heaped up, running over. What they achieved only a distant generation can adequately tell. Without attempting to discuss particular propositions, I may add that measures in behalf of the surviving veterans of the war and of the families of their dead comrades should be conceived and executed in a spirit of justice and of the most grateful liberality...⁸⁸

⁸⁷ "Republican Party Platform of 1888," 19 June 1888, *The American Presidency Project, UCSB*; Available from <http://www.presidency.ucsb.edu/ws/index.php?pid=29627>; Internet.

⁸⁸ Benjamin Harrison, "Letter Accepting the Presidential Nomination," 11 September 1888, *The American Presidency Project, UCSB*; Available from <http://www.presidency.ucsb.edu/ws/?pid=76068>; Internet.

As he signals above, Harrison's presidency would bring about continued spending measures favorable to the veterans' cause, thereby exacerbating sectionalism and ushering in the era of the "Billion Dollar Congress" in 1890.

Sectionalism and the Tariff

Tariff receipts of the 1880s created a significant budget surplus, as implied by the Republican Party platform reference to the "outflowing treasury." Accordingly, Morton Keller notes that the "most pressing fiscal problem of the 1880s was the large revenue surplus generated by rising tariff receipts."⁸⁹ As Democrats saw it, tariffs placed an undue tax burden on the south and west. Republicans, on the other hand, viewed tariffs, and the redistributive social policies that they facilitated, as the glue that held the party's electoral coalitions together. As such, the Pension Bureau "reopened old cases, rerated existing pensions upward, and generally rewarded political allies and supporters" during the Harrison presidency to meet political ends.⁹⁰ Political scientist Richard Benseel argues:

Because pension recipients allied themselves with the core industrial elite and thus formed a coalition large enough to successfully defend a high tariff as a part of the national political economy, the redistribution of this tariff revenue through the Civil War pension system became a major element in the political strategy of development.⁹¹

Moreover, the *Union only* policy that persisted well beyond the close of the Civil War left few current southern residents eligible for pension benefits. Regional tensions

⁸⁹ Keller, 381. See also Skocpol, 125.

⁹⁰ Richard Benseel, *Sectionalism and American Political Development*, (Madison: University of Wisconsin Press, 1984), 66. Benseel cites Henry Ford Jones, *The Cleveland Era*, (New Haven: Yale University Press, 1919).

⁹¹ Benseel, 60.

grew from the reality that the south was still being largely punished for waging war against the north. Historian Walter Prescott Webb estimated that some seven billion dollars in pension benefits went to residents in the north while only one billion went to residents in the south and west.⁹² This lopsided redistribution of wealth and the remaining budget surplus led Democrats to favor cutting tariffs by lowering foreign trade barriers while Republicans preferred to maintain tariffs and simply increase federal spending.⁹³ Northern Republicans and southern Democrats alike knew that any expansion of Civil War pensions would largely favor the northeast and mid-west, excluding the democratic south and leaving it farther and farther behind. As a democrat, this no doubt contributed to President Cleveland's 1887 Blair bill veto.⁹⁴

Watchdog Media and Growing Public Concern

After winning the 1888 presidential election largely by linking tariffs to veterans, the “soldier-president” Benjamin Harrison moved to consolidate his victory by placing service-pensions at the top of his political agenda. The importance of the policy subsystem is also apparent in President Harrison's second Pension Commissioner, former Illinois Congressman and IRS commissioner, Green B. Raum. Following the short and disastrous tenure of his first pension commissioner, *The Nation* magazine declared that the “nominal executive,” President Harrison, “does not dare appoint any man...before he

⁹² Ibid, 453. See also Agar, 583.

⁹³ Peter Trubowitz, *Defining the National Interest: Conflict and Change in American Foreign Policy*, (Chicago: University of Chicago Press, 1998), 50.

⁹⁴ Skocpol, 124-226. Skocpol writes that Cleveland claimed the pension legislation was vaguely worded and therefore vetoed it. However, this interpretation misses the larger point that, in Cleveland's view, the pension rolls had become burdensome and would only exacerbate future budgets if the Blair bill passed.

has procured the endorsement of Gen. R.A. Alger, Commander-in-Chief of the Grand Army of the Republic...The situation is without precedent.”⁹⁵ Media involvement in policy matters is a staple of the policy subsystem. Following Raum’s appointment (with GAR support), both republican and democratic print journals praised the new commissioner for his executive leadership, Civil War service, and objectivity.⁹⁶ Despite the initial accolades, Raum proved to be as liberal in his favorable interpretation of pension laws for applicants as his predecessor.⁹⁷

In addition to media attention, veterans’ pension policy pervaded the public debate during this period. On 1 June 1890, Edward H. Hall preached a sermon at the First Parish Church in Cambridge, MA, titled, “An Indignity to Our Citizen Soldiers.” Hall, with a passionate and informed rhetoric, recounts the history of Civil War pension policy for his parishioners, detailing the initial enthusiasm to care for the new generation of veterans, the number of pension claims filed since 1861, and the dollar amount dispersed from the treasury as a result. He also discusses the growth of private interest surrounding veterans’ pensions and its corrupting effect. He states:

But, unfortunately, it was not the soldiers along who thought themselves concerned in the matter. The making out of so many thousand claims and the expenditure of so many millions of dollars proved so lucrative a business, and the possibility of extending these claims in various directions proved so strong a temptation, that a great and thriving trade sprang up, based upon the soldier’s needs. Plenty of honest men there were, no doubt, among these pension agents, but outside this lesser circle was formed a far larger ring, whose sole thought was to awaken discontent among the recipients of pensions and bring

⁹⁵ “The Week,” *The Nation*, no. 1266, 3 October 1889, 262. Available from <http://www.unz.org/Pub/Nation-1889oct03-00261?View=PDFPages>; Internet.

⁹⁶ William Barlow, “US Pension Commissioner Green B. Raum of Illinois,” *Journal of the Illinois State Historical Society* 60, no. 3 (1967), 299.

⁹⁷ *Ibid*, 300.

to bear upon Congress a pressure, apparently for the people themselves, for an increase of the nation's liberal gratuities. The country was flooded with circulars and appeals, military societies were led on step by step to countenance these friendly efforts in their behalf, public sentiment was quietly and successfully played upon to sympathize with the soldier's sufferings and to forget that anything had yet been done to relieve him, politicians were reminded of the rich party capital to be secured by coming forward as the soldier's friends, – until an entirely new era of pension legislation, unknown to the period of war itself, began.⁹⁸

Hall describes the private advocacy campaign to garner Congressional interest in raising pension benefits for Civil War veterans with disdain, especially when describing how “public sentiment was quietly and successfully played upon” with “circulars and appeals” like the one published by attorneys Burgess and Gardner in 1864.

In his sermon, Hall also mentions a “new era of pension legislation,” referencing the Arrears Act of 1879. In his effort to inform the public, Hall continues by describing the Dependent Pension Act of 1890 being debated in the Congress that spring. Hall argues:

[W]e find ourselves in the extraordinary and even grotesque position to-day of paying, in pensions to our former soldiers, more than any European nation pays for its standing army, and yet at this moment, two bills are passing back and forth between the United States Senate and House, which, if adopted, will add 200,000 or 380,000 new names to the pension roll, and increase the annual expenditure by \$40,000,000 to \$80,000,000, or if certain pending amendments are adopted, by \$470,000,000.⁹⁹

The \$40-\$80 million range of annual estimates Hall first mentions were in line with the \$50,000,000 initial estimate for arrears legislation furnished by Dudley's

⁹⁸ Edward H. Hall, *An Indignity to Our Citizen Soldiers: A Sermon*, (Cambridge: John Wilson and Son University Press, 1890), 5-6.

⁹⁹ Hall, 7.

predecessor at the Pension Bureau, J.A. Bentley.¹⁰⁰ Passage of new legislation in 1890 undoubtedly inspired a sense of excess spending among Americans, as Hall alludes to a \$470 million bill “if certain pending amendments are adopted.” Defying initial estimates, spending on arrears pensions alone had ballooned to \$118 million in 1891 and to nearly \$140 million by the end of the decade.¹⁰¹

Fulfilling his campaign promises and ensuring that his administration was “liberal with the boys,”¹⁰² veterans’ pensions exploded under the Harrison presidency and the “Billion-Dollar Congress” of 1889-1891, just as Hall predicted. This is mostly due to loose interpretation of laws already on the books and enactment of the Dependent Pension Act of 1890, which passed the senate with 31 Republicans and three Democrats in favor over 18 Democrats in opposition.¹⁰³ This new legislation relaxed eligibility restrictions more than any pension policy had before. It reads:

That all persons who served ninety days or more in the military or naval service of the United States during the late war of Rebellion and who have been honorably discharged therefrom, and who are now or who may hereafter be suffering from a mental or physical disability of a permanent character, not the result of their own vicious habits, which incapacitates them from the performance of manual labor.¹⁰⁴

Despite efforts like Hall’s to inform the public of the tremendous private sector corruption and likely costs to be incurred by enacting new pension legislation, the

¹⁰⁰ Glasson, 163.

¹⁰¹ Glasson, 203.

¹⁰² Barlow, 297.

¹⁰³ US Senate, “Vote 192,” 23 June 1890. Available from <http://www.govtrack.us/congress/votes/51-1/s192>; Internet. 26 senators did not vote at all and no republican senator voted against it.

¹⁰⁴ US Statutes at Large, 51st Congress, Session 1, Chapter 634, Page 182, 27 June 1890. Available from http://constitution.org/uslaw/sal/026_statutes_at_large.pdf; Internet.

Dependent Pension Act of 1890 passed the Congress. In his second State of the Union address on 1 December 1890, President Harrison acknowledged enactment of the new legislation earlier that year. He stated, “There is no economy to the Government in delay, while there is much hardship and injustice to the soldier. The anticipated expenditure, while very large, will not, it is believed, be in excess of the estimates made before the enactment of the law.”¹⁰⁵ In his reference to “hardship and injustice,” Harrison leveraged images of these veterans as deserving better than that, for they had already borne a lifetime of hardship and injustice in many cases. The soldier-president stood by the expanded pension benefits, as he promised, framing the policy in a moral-ethical light to protect the old soldiers from becoming paupers. Harrison, long the Republican champion of veterans’ pensions, was wrong about their low costs, however. He lost his re-election bid in 1892 to his predecessor in the White House, democrat Grover Cleveland. Never before and never since has an incumbent president lost re-election to his predecessor.

After the act of 1890 was codified into law, pension liabilities ballooned between 1891 and 1900, budget surpluses fell, and by 1893 an astounding 41.5 percent of federal income went to veterans’ benefits.¹⁰⁶ Spending 41.5 percent of federal income on pension spending is absurd, especially considering as Bernard Rostker notes, “The Civil War Pension was...one that not all Americans shared equally.”¹⁰⁷ Rostker is pointing to the

¹⁰⁵ Benjamin Harrison, “Second Annual Message,” 1 December 1890, *The American Presidency Project, UCSB*; Available from <http://www.presidency.ucsb.edu/ws/index.php?pid=29531>; Internet.

¹⁰⁶ Bernard Rostker, *Providing for the Casualties of War: The American Experience Through World War II*, (Santa Monica: RAND Corporation, 2013), 261.

¹⁰⁷ Ibid.

reality that veterans of the confederacy were cut out of this government largess and as a result, so too was the entire south. As such, southern states were left to their own devices.

Confederate Pensions

Federal Civil War pensions were for *Union* veterans only. The 1862 Pension Act clearly outlined this provision allocating benefits to veterans “disabled by reason of wounds received or disease contracted while in the service of the *United States* (emphasis added), and in the line of duty...”¹⁰⁸ The same law further outlined that “No moneys shall be paid to [those] who have in anyway been engaged or who have aided or abetted the existing rebellion in the United States.”¹⁰⁹

Without Union consideration for Confederate veterans in the aftermath of the war, southern states were left to enact and implement pension policies on their own. The notion of policy diffusion from the federal government to state governments has theoretical grounding in recent scholarly research. Political scientist Graeme Boushey argues:

[V]ariation in the speed of innovation diffusion should be understood as resulting from the disproportionate allocation of political attention in the United States. In the majority of cases, diffusion occurs through the gradual formulation and adjustment of policy across state legislatures. At other times, state policymakers are faced with growing public demands to pass an emerging “fad” policy implemented in neighboring states. Often, new policy problems are revealed by exogenous shocks or new policy solutions are demanded by the federal government. These distinct pressures systematically lead to very different temporal patterns of diffusion.¹¹⁰

¹⁰⁸ Pension Act of 1862, chap. CLXVI.

¹⁰⁹ *Ibid*, sec. 4.

¹¹⁰ Graeme Boushey, “Punctuated Equilibrium Theory and the Diffusion of Innovations,” *The Policy Studies Journal* 40, no. 1 (2012), 128.

No doubt that political attention in the United States was disproportionality allocated to the Union in the midst of and following the Civil War. Furthermore, state legislatures across the Confederacy, as Theda Skocpol has documented, took up various pension measures during and after the war.¹¹¹ Finally, the “War Between the States” led to a flood of disabled Confederate veterans returning home without the means to support themselves or their families. Few would argue that such a scenario was not an “exogenous shock” to the local, state, and regional economies, leaving southern policymakers to rely on disability and service pensions as the only viable options to address the problem.

Virginia, home of the Confederate capitol, offers a window through which to view state pension policies in the Confederacy as the commonwealth has a well-documented history of its veterans’ pension policies. The first such pension policy, administered through the county court system, came in 1863, titled, “An Act for Relief of Indignant Soldiers and Sailors.” According to Mark E. Rodgers, a social work scholar, “The act offered benefits (money and in-kind services) to Virginia servicemen who had been disabled in the military or who had died in military service, as well as to the indigent families of those who were currently in military service.” Amended in 1864 to include those families driven from their homes because of the war, “localities could raise funds to aid needy servicemen and their loved ones.”¹¹² Without a federal backbone to subsidize

¹¹¹ Skocpol, 139-143.

¹¹² Mark E. Rodgers, *Tracing the Civil War Veteran Pension System in the State of Virginia: Entitlement or Privilege*, (Lewiston: The Edwin Mellon Press, 1999), 2-3. This paragraph draws heavily from Rodger’s

the cost of these pensions and pay the human toll of war, states like Virginia were left to rely upon counties, municipalities, and generous citizens to provide for Confederate veterans and their families. Rodgers cites an 1885 pamphlet from the Confederate Relief Bazaar Association which states, “[Confederate soldiers’ and sailors’] only protection from the almshouse is such assistance as the large hearted and openhanded people...will extend to them.”¹¹³

Moving forward to the late 1880s, more than 20 years after the end of the war, organizations realized philanthropy like that encouraged by the Confederate Relief Bazaar Association was not enough as “the need among veterans was too great for different voluntary societies to handle.”¹¹⁴ As Virginia beefed up its statutory support for disabled confederate veterans, an 1887 law established eligibility guidelines for pension claimants. These requirements included: (1) Virginia residency at the time of application, (2) Virginia residency during the war, (3) military service in the Confederacy, (4) dependence on physical labor for livelihood, (5) disability resulting from loss of limb, eyesight, or surgery, and (6) no receipt of an artificial limb, eye, or related payment

opening chapter on “Policy Forerunners,” eventually leading to more extensive and generous state pension benefits following the Civil War. Rodgers also notes the ongoing reconstruction debate in the south between those who favored economic restoration at the expense of the social obligation due disabled Confederate veterans. Finally, Rodgers briefly discusses additional acts and amendments to the original 1863 law. These policies laid out eligibility guidelines and funding for artificial limbs, payments in lieu, and required documentation.

¹¹³ Ibid, 10. See also “Confederate Relief Bazaar Association,” (pamphlet), 1885, 1.

¹¹⁴ Ibid.

within the previous five years.¹¹⁵ Just like the Union, southern states looked to protect themselves from fraudulent claims and undeserving recipients.

As President Cleveland vetoed the Blair bill in 1887, Virginia considered its own generous pension act further providing for disabled service members and confederate widows. In March 1888, Virginia passed the Confederate Pension Act. Rodgers notes that this new law was more of an incremental policy change rather than a comprehensive one.¹¹⁶ Most notable, however, was the provision for confederate widows, codifying support for indignant families into Virginia law. While Rodgers' book on Virginia pensions is the most comprehensive work on the commonwealth's system to date, he gives no indication as to whether Virginia lawmakers were looking north to Washington, DC for federal pension policy ideas. However, one might infer that as the late 1880s witnessed a pervasive national debate about Union pensions during the Cleveland and Harrison administrations, Virginia lawmakers were undoubtedly aware of all the benefits their constituents were ineligible for and enacted their own legislation to compensate.

In addition to Virginia, more recent work on Civil War pensions in the confederate south illustrates programs in Texas and Georgia. Mary Wilson asserts that state legislators in Texas, already burdened by veterans of its own war for independence,

¹¹⁵ Ibid, 7.

¹¹⁶ Ibid, 16-17. Rodgers notes that seemingly all the same tiered eligibility requirements remained in place and the county court system maintained its charter in administering the system. Rodgers does note, however, that in addition to provisions for confederate widows, the 1888 Pension Act streamlined the review process with uniform applications and created a means testing barrier for eligibility. For instance, government employees making \$300 or more were ineligible for a pension, as were families with property valued at more than \$1000.

were reluctant to award pensions to veterans of the Confederacy. Moreover, a provision in Texas's 1876 constitution implicitly "forbade granting of public monies to any individual except in cases of public calamity." Consequently, legislators turned to public land grants and a controversial home building program to compensate. Years of public pleas to assist veterans led to an eventual shift in popular opinion. In 1898, Texas voters approved a constitutional amendment reversing the public monies restriction. In 1899, the state legislature passed a pension measure that would last over sixty years.¹¹⁷

Unlike Texas, Georgia suffered widespread devastation from the war. Yet, state legislators were compelled to provide for their veterans. Early postwar measures provided foodstuffs for families and prostheses for veterans missing limbs. In 1885, the legislature and voters alike passed a constitutional amendment to clear the way for further pension measures. During the legislative session of 1886-1887, lawmakers passed a stipend for disabled confederate veterans. In 1890, Georgia enacted a pension law providing for Confederate widows living in Georgia. In 1894, a measure to provide pensions to indigent veterans passed the legislature. This spirit of Georgian generosity continued into the twentieth century.¹¹⁸

The Confederate experience with Civil War pensions highlights the disparities across the south in providing aid to disabled and indigent veterans and their families. Clearly, local efforts to impact the plight of veterans proved inadequate. Moreover, each

¹¹⁷ Mary Wilson, "The Confederate Pension Systems in Texas, Georgia, and Virginia: The Programs and the People," (Ph.D. diss., University of North Texas, 2004), 45-54.

¹¹⁸ *Ibid*, 81-90.

state differed in its approach to the pension question. When comparing the Union pension experience to the Confederate pension experience, one is left with the sense that federal involvement in the matter made all the difference. While this could be a simple matter of resource availability, there is something to be said for the success and efficacy of a unified approach across government for the disabled and indigent.

Summary

The long list of scholars who have explored Civil War pensions in previous works all highlighted some important aspect of pension policy and political development. However, no scholar has attempted to examine veterans' pension policy through the lens of a policy subsystem. This chapter does just that. Clearly, the historical record and existing scholarship indicate that a dynamic veterans' pension policy subsystem emerged in the wake of the Civil War. As such, I must accept *subsystem formation hypothesis*.

First, congressional committees of jurisdiction on Civil War pensions evolved over the years and effectively wielded power over this policy domain. Second, the Pension Bureau dedicated itself to delivering veterans' pensions in the name of political patronage and partisan politics. Third, private interests of dubious scruple, such as pension attorneys and claim agents, actively lobbied Congress for new pension legislation and solicited veterans for their business. Fourth, powerful veterans' service organizations like the Grand Army of the Republic rallied veterans and families in the name of sacrifice and became a force for Congress to reckon with. Next, unflattering and consistent media

coverage of the pension system contributed to a national conversation on the merits of veterans' pension policy. Finally, several US Presidents – the most elite policy entrepreneurs – weighed into pension politics at various points in the late nineteenth century attempting to break into subsystem policymaking.

When taken together and viewed through the lens of a dynamic policy subsystem, the confluence of these factors clearly indicates the existence of a dynamic veterans' pension policy subsystem. Despite the best efforts of elite policy entrepreneurs like Grover Cleveland and Benjamin Harrison, a powerful subsystem undoubtedly controlled nineteenth century veterans' pension policy well into the twentieth century. This subsystem control would leave a lasting mark on future veterans' pension policy debates through the Great War and beyond.

CHAPTER 3: WORLD WAR I AND SUBSYSTEM EVOLUTION

The post-Civil War period saw the emergence and subsequent growth of the veterans' pension policy subsystem. No doubt, a powerful subsystem persisted well beyond the end of the nineteenth century and maintained a coherent policy focus on veterans' benefits.¹¹⁹ This coherent focus does not necessarily imply rigidity or intractability. On the contrary, political scientist Jeffrey Worsham contends that policy subsystems are capable of both maintaining policy coherence and withstanding punctuations in the policymaking environment – focusing events, new information, and additional actors or institutions.¹²⁰ Resilient subsystems are able to adapt and transform over time, proving to be the most difficult for political adversaries to breakdown and overcome.

The purpose of this chapter is to highlight the policy subsystem's resilience, adaptability, and transformation through World War I and beyond. In short, I argue that interest group lifecycles and bureaucratic consolidation transformed the landscape of the chaotic veterans' subsystem and pushed it one step closer toward subsystem efficiency. I operationalize this argument by testing *interest group lifecycle hypothesis* and *bureaucratic consolidation hypothesis*: first, veterans' interest groups emerge in the wake

¹¹⁹ See Peter May, Joshua Sapotichne, and Samuel Workman, "Policy Coherence and Policy Domains," *The Policy Studies Journal* 34, no. 3 (2006). The authors argue that policy coherence implies that a set of policies belong together because they share common ideas, beliefs, and values. Healthy subsystems with strong congressional committees and capable federal agencies contribute to this policy coherence.

¹²⁰ See Jeffrey Worsham, "Up in Smoke: Mapping Subsystem Dynamics in Tobacco Policy," *The Policy Studies Journal* 34, no. 3 (2006). Worsham documents the resilience of the tobacco policy subsystem and its ability to withstand major policy punctuations from 1945 to 2005.

of conflict, thrive in the policymaking process for a period of time, and fade away as a generation of veterans passes on and a new generation emerges; second, bureaucratic consolidation during the interwar period raised the visibility of veterans' policy within government and professionalized and streamlined the delivery of veterans' services.

The chapter breaks down into six sections. First, I provide brief historical context for War Risk Insurance leading into World War I. Second, I explore the emergence of powerful new veterans' organizations like the American Legion and Veterans of Foreign Wars (VFW). Third, I discuss the executive-legislative bonus battles that characterized the fight for veterans' benefits post-World War I. Fourth, I discuss bureaucratic consolidation and the transformation that paved the way for the efficient policy subsystem. I also touch on the World War Adjusted Compensation Act of 1924 and the (already well documented) political mobilization of the Bonus Expeditionary Force in this section. Next, I explore the Veterans' Bureau's transition to the Veterans' Administration. Finally, I conclude the chapter with the National Defense Efficiency Act of 1935 that foreshadows the split between the veterans' policy and military personnel policy subsystems.

The Doughboys Sign-up for War Risk Insurance

The United States officially entered World War I on 6 April 1917 with a formal declaration of war. Six months later, Congress passed the War Risk Insurance Act (WRIA) on 6 October 1917 and set in motion a series of events that would define veterans' pension policy for the progressive era. The legacy of corruption, partisanship,

and financial largess that characterized the various Civil War pension acts and the existing veterans' pension system was politically unpalatable to many Washington lawmakers. While the pension committees in Congress aimed to retain control of their policy monopoly by placing new beneficiaries under the purview of the existing system administered by the Pension Bureau, the chairmen of the House Commerce and Senate Finance Committees sought to redefine the issue by altering committee jurisdictions.¹²¹ Reformers "wanted to exclude the Pension Bureau because they viewed it as irredeemably linked to the excessive, corrupt, and irrational Civil War system."¹²²

The calls for reform in Congress created a window of opportunity for policy entrepreneurs in the Wilson Administration to exploit. On 31 July 1917, Treasury Secretary William G. McAdoo sent a letter to President Wilson sharing plans for comprehensive benefits legislation, the WRIA. In his letter, McAdoo presents a hypothetical scenario in which a quadruple amputee would receive a flat \$100 per month under the existing pension system regardless of family size or necessary medical care. Under the proposed plan, however, that same soldier could receive up to \$105 per month should he meet certain family and medical conditions.¹²³ McAdoo contends:

¹²¹ See Jeffrey C. Talbert, Bryan D. Jones, and Frank R. Baumgartner, "Non-legislative Hearings and Policy Change in Congress," *American Journal of Political Science* 39, no. 2 (1995): 383-405. The authors find that entrepreneurial committee and subcommittee chairman in Congress use non-legislative hearings (e.g. investigative hearings) to expand policy conflict, redefine issues, and encroach into other committee jurisdictions to lay claim to the policy area in the future.

¹²² Nicholas Parrillo, *Against the Profit Motive: The Salary Revolution in American Government, 1780-1940*, (New Haven: Yale University Press, 2013), 157.

¹²³ Given the battlefield medical care of the day, a quadruple amputee surviving his wounds to receive a pension benefit seems highly unlikely. While McAdoo frames the argument around this sort of veteran

Everyman should know that the moment he in enlisted in the military service of the Government, these definite guarantees and assurances are given to him, not as charity, but as part of his deserved compensation for the extrahazardous (sic) occupation into which his Government has forced him. It may be suggested that the cost of this system is too great. Personally I have no patience with such a suggestion; I confess that I have only compassion for it. If, under this measure, the annual cost of doing justice to our fighting men and their dependents should amount to five, six, or seven hundred million dollars per annum, at the crest of the load, it is an insignificant sum as compared with what these men do for their country and for the world.¹²⁴

While McAdoo frames his plan as generous and morally just, his analysis actually reveals the proposal would be less expensive than the existing system. McAdoo writes, “Furthermore, it must be borne in mind that the Government will not escape these expenditures if this plan of compensation and insurance should be rejected, because the [existing] pension system would then be resorted to, and the cost would likely exceed that of the proposed plan.”¹²⁵

By coupling the problem, politics, and policy streams during an appropriate policy window, McAdoo’s entrepreneurial proposal earned wide support among members of Congress, including that of a young democrat from Texas – Sam Rayburn, who sponsored the bill in the House. Speaking on the House floor, Rayburn states:

I do not believe that the men who fight for us...should be placed in the attitude of having straight- out gratuities from the Government, or that those things should be passed around on political favor like we have in the past. I know...that unless we do something now, after this war is over that another saturnalia of pension frauds and pension claims will be

receiving more money under WRIA, McAdoo surely saw this extraordinary scenario as the exception and not the rule.

¹²⁴ William G. McAdoo to President Woodrow Wilson, 10 August 1917, *Relief of Officers and Enlisted Men: Correspondence Between President Wilson and Secretary McAdoo Relating to the Bill Providing for Family Allowances, Indemnification, Reeducation, and Insurance in Behalf of Officers and Enlisted Men of the Army and Navy of the United States*, (Washington, DC: Government Printing Office, 1917), 9.

¹²⁵ Ibid.

put up to this Congress. I want to do what I can here to do Justice...during this war and have an end to it.¹²⁶

Acknowledging Rayburn's sentiment, the House Commerce Committee felt similarly.

According to legal scholar Nicholas Parrillo,

The House Commerce Committee reasoned that, if Congress started the war effort with a reasonable and measured promise of benefits, carefully confined to disabilities that were service-connected and substantial, it would gain public acceptance and thereby hopefully 'erect a certain moral barrier' to the future expansion of the system.¹²⁷

With strong support from the administration, the House and Senate unanimously approved the WRIA.¹²⁸ Scholar Henry Glasson depicts the new law as "a radical departure from the existing pension system... [However] Existing pension laws are not disturbed in their application to previous wars."¹²⁹ In addition to creating a new Bureau of War Risk Insurance in the Treasury Department, the WRIA provided for families and dependents through compulsory allotments from soldier salaries, various compensations in case of disability or death, and insurance at an \$8 premium for every \$1000 of coverage.¹³⁰

¹²⁶ Robert G. Bodenger, "Soldier Bonuses: A History of Veterans' Benefits in the United States, 1776-1967," (Ph.D. diss., The Pennsylvania State University, 1971), 133. Bodenger draws this Rayburn quote from the U.S. Congressional Record, 65th Congress, Session 1, LV, Part 7, 6756. See also William Pencak, *For God and Country: The American Legion, 1919-1941*, (Boston: Northeastern University Press, 1989), 177.

¹²⁷ Parrillo, 158.

¹²⁸ Glasson, 283.

¹²⁹ *Ibid.*

¹³⁰ *Ibid.*, 284-295.

From 1917 to 1918, some 320,000 Americans died or were wounded overseas.¹³¹ The “war to end all wars” concluded with an armistice on 11 November 1918. Over the next two years, veterans’ organizations, members of Congress, and presidential candidates debated the various veterans’ compensation proposals saturating Washington. Acknowledging the low overseas pay and ensuing financial problems facing many of the returning doughboys in 1919, Congress “passed a stopgap measure in which the government granted an extra \$60 – two months’ base pay – to any serviceman mustering out, regardless of grade.”¹³² Overseas newspapers like *Stars and Stripes* ran headlines announcing the soldier “bonus,” embedding the term and notion of additional pay in the minds of soldiers and veterans.¹³³

As more costly proposals flooded the Congress throughout 1920, politicians attempted to use the bonus as a wedge issue in an election year. During testimony before the House Ways and Means Committee on a more generous bonus bill, President Wilson’s third Treasury Secretary, David Houston, argued that “to float bonds in the amount of \$2,000,000,000 or to meet such an additional expenditure out of taxes would present grave problems and might result in disaster.”¹³⁴ Just as advocates for and against Civil War pensions had done decades before, Houston framed his argument within the context of mounting federal debts and financial crisis. Once again, veterans’ pensions

¹³¹ Anne Leland and Mari-Jana Oboroceanu, “American War and Military Operations Casualties: Lists and Statistics,” *Congressional Research Service*, 26 February 2010, 2. Available from <http://www.fas.org/sgp/crs/natsec/RL32492.pdf>; Internet. CRS estimates the United States sustained 116,516 deaths and 204,002 wounded from 1917 to 1918.

¹³² Paul Dickson & Thomas B. Allen, *The Bonus Army*, (New York: Walter & Company, 2004), 21.

¹³³ *Ibid.*

¹³⁴ David E. Houston, 11 March 1920, as quoted in Dickson & Allen, 22.

proved to be a partisan issue with Democrats opposing and Republicans favoring more generous benefits. The 1920 bonus bill ultimately failed in the Senate as the two billion dollar price tag proved unacceptable.

Influential Veterans' Organizations

This section tests *interest group life cycle hypothesis*. Specifically, I posit that veterans' interest groups emerge in the wake of conflict, thrive in the policymaking process for a period of time, and fade away as a generation of veterans passes on and a new generation emerges. Like veterans of the Civil and Spanish American Wars before them, World War veterans also looked to veterans organizations for personal camaraderie and political advocacy.

The Grand Army of the Republic Fades Away

At the height of its membership in 1890, the GAR numbered some 409,500 Union veterans.¹³⁵ While chapter 3 covers GAR's prestige and influence in great detail, it should come as no surprise that GAR's massive membership rolls coincide with the 1890 "Billion Dollar Congress" and passage of the most extensive and generous veterans' legislation of the post-Civil War era. But like all member organizations with roots in a specific period, conflict, or war, the GAR's influence would eventually dissipate and give way to a new generation of more timeless organizations.

¹³⁵ "The Grand Army of the Republic (GAR) Commanders-In-Chief and Membership," *Sons of Union Veterans of the Civil War*, Available from <http://suvvw.org/garcinc.htm>; Internet.

While I specifically cover bureaucratic consolidation later in this chapter, briefly examining GAR membership in 1921 and 1931, at the inception of the Veterans' Bureau and Veterans' Administration, is instructive. By 1921, the same year President Harding established the Veterans' Bureau, GAR membership had dropped some 77 percent to only 93,000 Union veterans.¹³⁶ Similarly, by 1931, as the new Veterans' Administration began its work, GAR was a shadow of its former self at a mere 16,500 members.¹³⁷ GAR held its final encampment in 1949, with only sixteen members in attendance. In 1956, the GAR's last surviving member – Albert Woolsey – passed away.

Veterans of Foreign Wars Organize

Seeing the power and influence of the GAR in securing veterans' benefits, veterans of the Spanish American War (1898) and Philippine Insurrection (1899-1902) organized into local groups around the country at the end of the nineteenth century. By 1914, two of the more prominent organizations – the National Association of the Army of the Philippines and American Veterans of Foreign Service – merged to form the Veterans of Foreign Wars (VFW). According to veterans' policy scholar, Stephen R. Ortiz, "VFW offered membership to servicemen and veterans who had served 'on foreign shores or in hostile waters in any war, campaign or expedition recognized by Congress with a

¹³⁶ Ibid.

¹³⁷ Ibid.

campaign badge or service clasp.”¹³⁸ With the American declaration of War in 1917, VFW added a new generation of veterans to its humble ranks.

Upon their return from the European front, doughboys were slow to join the VFW, seeing the organization’s leadership ranks filled by veterans of *other* foreign wars, not the *Great War*. The modest socioeconomic means and sparse political connections of VFW leaders differed from that of other, more powerful veterans’ organizations, namely the American Legion. As such, VFW leaders more accurately reflected the lower-middle class, small businessmen, skilled and unskilled workers, and clerks that “[made] up the majority of the VFW membership.”¹³⁹ But that reflection did not translate to membership numbers. VFW’s membership stood at some 20,000 veterans in 1920, “not appreciably larger than it had been in 1917.”¹⁴⁰

Short on numbers and political clout, VFW used its underdog status to advocate more radical policy positions than its politically entrenched rival, the American Legion, including “persistent and vehement demand for the immediate cash payment of the soldier’s bonus...[offering] veterans an alternative to the more conservative Legion.”¹⁴¹ During the Great Depression, “veterans found in the VFW a newly energetic and increasingly powerful organization to champion their causes.”¹⁴² With this new energy

¹³⁸ Stephen R. Ortiz, *Beyond the Bonus March and GI Bill: How Veterans Politics Shaped the New Deal Era*, (New York: NYU Press, 2010), 7 and 18.

¹³⁹ *Ibid*, 20.

¹⁴⁰ *Ibid*, 18.

¹⁴¹ *Ibid*, 7.

¹⁴² *Ibid*.

came larger membership rolls. Fifteen years after its founding, the VFW had finally become a powerful player in veterans' policy. Unlike GAR, however, the VFW did not use its new national status for "partisan politics," though many VFW leaders unsuccessfully argued in favor of "direct political involvement" during the New Deal bonus battles of 1933 and 1934.¹⁴³

The American Legion Forms in Paris, 1919

Like the GAR and VFW before it, the American Legion aimed to organize veterans and advocate on their behalf. The Legion has its roots in a 1919 dinner party, hosted by Lieutenant Colonel Theodore Roosevelt, Jr., at the Allied Officers Club in Paris. Following a daylong meeting to address low morale among the troops, Roosevelt invited a group of officers to dinner as he "had a most important matter to discuss personally and unofficially with the gentlemen in detail" – a veterans' society.¹⁴⁴ Among the group of officers were Eric Fisher Wood, George A. White, and William "Wild Bill" Donovan, who would later lead the Office of Strategic Services during World War II.¹⁴⁵ With its first national convention held in Minneapolis in November, 1919 and 843,013 dues paying members by 1920, the American Legion immediately dwarfed both GAR at its height and the fledgling VFW. Unlike GAR, however, the Legion steered clear of

¹⁴³ Ibid, 108-112. Ortiz offers a snapshot of the "highly charged political atmosphere" among delegates at the 1934 VFW encampment arguing for and against "direct political involvement."

¹⁴⁴ Marquis James, *A History of the American Legion* (New York: William Green, 1923), 17.

¹⁴⁵ William Pencak, *For God and Country: The American Legion, 1919-1941*, (Boston: Northeastern University Press, 1989), 52.

political patronage and partisanship in its dealings with government.¹⁴⁶ Rather, the prominent leaders of the American Legion advocated “Americanism,” including a disdain for “Reds” and “Slackers,” a desire to work with local, state, and federal government officials, and friendly ties to the business community.¹⁴⁷ What is more, membership in the American Legion was open to any service member of the Great War, including those whose service did not send them overseas, unlike the VFW.

From December 1919 to April 1921, American Legion leaders met frequently with government officials to address growing concerns regarding insufficient veterans’ compensation and hospitalization policies. For example, due in part to the Legion’s intense lobbying effort, the Harding administration dismantled the Bureau of War Risk Insurance and formed the Veterans’ Bureau in its stead, combining three agencies into one.¹⁴⁸ But the Legion’s presence on Capitol Hill did not stop there.

The Legion’s nationwide education campaign on the soldiers’ bonus proved central to passage of the 1924 Adjusted Compensation Act. The American Legion circulated literature to its state delegations to “aid Legion Bonus speakers in debates,” framing the bonus in “more dignified” terms – adjusted compensation.¹⁴⁹ Unlike the VFW, the Legion actually took a conservative and rather indecisive approach to the bonus matter. William Pencak writes, “[The Legion] hesitated, changed its mind several

¹⁴⁶ Ibid, 107-143. Pencak dedicates an entire chapter on “The Legion in Politics.”

¹⁴⁷ Ibid, 52.

¹⁴⁸ Ibid, 178.

¹⁴⁹ Ibid, 199.

times, and ultimately supported a successful measure quite different from the immediate cash payment suggested in the twenties or an inflationary scheme...endorsed by the Veterans of Foreign Wars in the thirties.”¹⁵⁰ Appealing to their patriotism, President Herbert Hoover spoke to Legionnaires at their 1930 national convention to address growing demands for immediate cash payment of the bonus. Hoover’s speech – the first presidential address at an American Legion convention – worked. The Legion overwhelmingly voted down a resolution calling for immediate cash payments.¹⁵¹ Despite acquiescing to President Hoover’s request, the American Legion had proven itself a formidable foe and powerful ally, capable of mobilizing national campaigns to its vast membership and swaying public opinion on veterans’ benefits.

The Harding Administration Battles Congress

Promising a “return to normalcy,” Ohio Senator Warren G. Harding was elected president in 1920. By 1921, more bonus measures hit the political agenda. And once again, the Treasury Secretary, this time Andrew W. Mellon, argued against them. The front page headline of *The New York Times* on 6 July 1921 reads, “Bonus Bill Will Ruin All Economy Plans, Declares Mellon.”¹⁵² The article makes multiple references to a letter Mellon sent to Senator Frelinghuysen of New Jersey, responding to his inquiries on the matter. According to *The New York Times*, Mellon replied:

¹⁵⁰ Ibid, 197.

¹⁵¹ Ibid, 201.

¹⁵² “Bonus Bill Will Ruin All Economy Plans,” *The New York Times*, 6 July 1921. Available from <http://query.nytimes.com/mem/archive-free/pdf?res=F10710F63D5A1B7A93C5A9178CD85F458285F9;> Internet.

[This bill] would swell the cost of government and virtually defeat the Administration's program of economy and retrenchment...no such sum could be taken out of the Treasury without throwing a corresponding load upon the whole people in the form of increased interest charges, increased taxes, and increased cost of living.¹⁵³

This is clearly a strongly rooted economic argument for Democrats, especially the question of redistributing national wealth, just as it had been for their predecessors following the Civil War. With interest in the bill's passage still apparent in the Senate, President Harding took the unprecedented step to personally address his former colleagues and weigh in. Author Roger Daniels writes this of the episode:

The bonus fight shows [Harding] at his most influential. To stop the bill he did what no President before or since has even attempted; he appeared in person before the upper chamber and asked its members to recommit a bill that had already been reported out of committee and was nearing a vote that was all but certain to be favorable.¹⁵⁴

In his statement, President Harding echoed his Treasury Secretary by asserting "the enactment of the compensation bill in the midst of the struggle for readjustment and restoration would hinder every effort and greatly, imperil the financial stability of our country."¹⁵⁵ Additionally, he framed such compensation as a matter of national gratitude, rather than a debt or obligation to soldiers. Despite bitter partisan rancor for his unprecedented tactics, President Harding's efforts were successful and the bill failed. Here is an excellent example of the *most* elite policy entrepreneur coupling the problem, politics, and policy streams of an issue to manipulate the political agenda and maintain

¹⁵³ Ibid.

¹⁵⁴ Roger Daniels, *The Bonus March: An Episode of the Great Depression*, (Westport: Greenwood Publishing, 1971), 29.

¹⁵⁵ Warren G. Harding, "Address to the Senate," 12 July 1921. Available from [http://wb.westernstandard.com/nxt/gateway.dll/law/lawagp/lawagpusp/lawagpuspmpp/0030%20warren%20g.%20harding/0033%20mpwgh-9003.1.0033.xml?fn=document-frame.htm\\$f=templates\\$3.0](http://wb.westernstandard.com/nxt/gateway.dll/law/lawagp/lawagpusp/lawagpuspmpp/0030%20warren%20g.%20harding/0033%20mpwgh-9003.1.0033.xml?fn=document-frame.htm$f=templates$3.0); Internet.

his policy preference – the status quo. Something to note is the importance of the macro politics involved. Once the President of the United States takes up a matter like this in such bold fashion, the elite and dynamic policy subsystem between Congress, bureaucrats, special interests, and the media breaks down and no longer retains jurisdictional sovereignty of the policy venue.¹⁵⁶

With three years of brewing animosity propelling another bonus measure forward, Congress considered the bill again in the spring of 1922. The legislation passed the House and Senate with overwhelming bipartisan support.¹⁵⁷ On 19 September 1922, however, President Harding vetoed the bill, citing budgetary concerns. Congress fell short of the required two-thirds vote to override the veto.¹⁵⁸ Within a year, Harding would be dead and the question of veterans' pension policy would be left to his successor, Calvin Coolidge.

Consolidating the Veterans' Bureaucracy

This section tests *bureaucratic consolidation hypothesis*. I submit bureaucratic consolidation during the interwar period raised the visibility of veterans' policy within government and professionalized and streamlined the delivery of veterans' services. To this end, President Harding's most significant contribution to veterans' policy was not legislative, but bureaucratic.

¹⁵⁶ See Baumgartner & Jones, *Agendas and Instability ([1993] 2009)*, for a thorough treatment of the phenomenon they have termed "punctuated equilibrium."

¹⁵⁷ Dickson & Allen, 26-27.

¹⁵⁸ Ibid.

On 9 August 1921, President Harding signed legislation establishing the Veterans' Bureau, consolidating veterans' services under one agency and opening a new chapter in the pension story. The 1921 Sweet Act, sponsored by Representative Burton Sweet of Iowa, "established an independent bureau under the President to be known as the Veterans' Bureau, the director of which shall be appointed by the President, by and with the advice and consent of the Senate."¹⁵⁹ This bill effectively raised the profile of veterans' issues by establishing a quasi-cabinet level position reporting directly to President Harding.¹⁶⁰ The Pension Bureau meanwhile, still responsible for administering pensions to Civil War veterans, remained within the Department of the Interior and left out of the new bureaucratic structure. As bureaucracy is a reflection of values, this bureaucratic reorganization formally signaled the government's focus and attention had shifted from the aging Civil War generation to the young World War generation.

Beyond simply creating a new agency, the Sweet Act made three significant changes to the veterans' bureaucratic landscape. First, the legislation abolished the Office of the Director of War Risk Insurance and transferred the entire agency (Bureau of War Risk Insurance) from the Treasury Department to the new Veterans' Bureau. Second, the Veterans' Bureau assumed responsibility for the Rehabilitation Division of the Federal Board of Vocational Education and Veterans' Medical Division in the United States

¹⁵⁹ US Statutes at Large, 67th Congress, Session 1, Chapter 51, Page 147, 9 August 1921. Available from http://www.constitution.org/uslaw/sal/042_statutes_at_large.pdf; Internet.

¹⁶⁰ Though the Director of the Veterans' Bureau was not officially a member of the president's cabinet, the new reporting structure would statutorily guarantee him regular access to the president, thereby elevating the visibility and prestige of the position and veterans' policy.

Public Health Service. Third, the legislation authorized the Veterans' Bureau Director to establish a central office in Washington, DC and as many as fourteen regional veterans' offices with corresponding sub-offices around the country.¹⁶¹ Regional offices represented a significant step toward providing responsive services to a new generation of veterans. A 26 May 1921 *New York Times* article on the legislation reads:

The fourteen regional offices, through the terms of the proposed act, may exercise full powers, hear complaints, examine applicants, rate and award compensation claims, grant medical, dental, surgical and hospital care, make insurance awards and grant vocational training. This in effect means that there would be fourteen points through the United States where action on any one of those matters could be promptly obtained, instead of the existing system whereby all such matters have to be acted upon in Washington.¹⁶²

Altering the bureaucratic landscape did not come without opposition. For instance, the Labor and Interior Departments – fearing the loss of jurisdiction and bureaucratic autonomy – opposed the Veterans' Bureau on grounds that the “need for hospitalization and rehabilitation [of veterans] would soon pass.”¹⁶³ This argument was clearly a shortsighted play for bureaucratic turf as veterans of the World War generation would undoubtedly require continued hospital and rehabilitation services of various sorts throughout the remainder of their lives – services that could be more effectively delivered under the new bureaucratic structure.

While the Sweet Act did not specifically exclude aging Civil War veterans from accessing benefits or medical attention at the various regional offices, the legislative

¹⁶¹ Ibid, 148.

¹⁶² “Veterans' Bureau Plan in Congress,” *The New York Times*, 26 May 1921. Available from <http://query.nytimes.com/mem/archive-free/pdf?res=FB0A1EFB345B1B7A93C4AB178ED85F458285F9;> Internet.

¹⁶³ Pencak, 179.

intent clearly favored World War veterans. From a bureaucratic perspective, creating a new Veteran's Bureau to coexist with the Pension Bureau in the Interior Department allowed the former to grow and innovate while the latter phased out of existence as its elderly Civil War veterans passed away. Additionally, a new bureaucracy – drawing elements from across government under one organization – allowed the director to establish his own systems and processes to prevent the fraud, abuse, and corruption that plagued the Pension Bureau in the years following the Civil War. These systems and processes, in turn, would promote efficiency and effectiveness, lending political legitimacy to the Veterans' Bureau's march toward bureaucratic autonomy. The 1922 Annual Report of the Veterans' Bureau highlights the need to establish the bureau:

[D]uring the period following the armistice, [demand for services] resulted in greatly expanding each of these [three] organizations until the divisions handling veteran relief work overshadowed the parent organizations. The new work demanded freedom of action to meet emergencies. Organizations built up for other purposes were cumbersome in situations that could not be anticipated, and frequent delays were occasioned by conflicts with established methods of procedure which were inadequate but which could not be ignored entirely. The Director of the former Bureau of War Risk Insurance was responsible to the Secretary of the Treasury, who delegated his work to an assistant secretary in charge of the bureau. Such an organization made administration cumbersome, and many regulations necessary for the proper functioning of the bureau were lost in the process of being approved by numerous ranking officials.¹⁶⁴

Recognizing the need for change, President Harding appointed Charles R. Forbes as the first director of the Veteran's Bureau on 09 August 1921. Upon his appointment, Forbes “immediately began taking steps to place in effect the provisions of the new act for the establishment of a single organization charged with the responsibility of

¹⁶⁴ U.S. Veterans Bureau, *Annual Report of the DIRECTOR UNITED STATES VETERANS BUREAU for the fiscal Year ended June 30, 1922*, (Washington, DC: Government Printing Office, 1922), 3.

administering all phases of the service rendered to the disabled veterans.”¹⁶⁵ As director, Forbes’ role is described as follows:

The director of this independent bureau has full authority, subject to the general direction of the President of the United States, to administer and enforce the laws relating to compensation, insurance, rehabilitation, and medical care and treatment of veterans who are entitled to these services.¹⁶⁶

On 10 August 1921, Forbes issued several General Orders to the nascent Veterans’ Bureau regarding staffing, rules, structure, and systems. First, Forbes set out to staff his new agency. General Order 1 states, “All officers and employees of the Bureau of War Risk Insurance [and Rehabilitation Division of the Federal Board for Vocational Education] on August 9, 1921, are hereby transferred to similar positions in the Veterans’ Bureau.”¹⁶⁷ Second, Forbes establishes rules to govern his new institution. General Order 2 states,

It is hereby that there shall remain in full force and effect all Treasury Decisions, Conjoint Regulations, Regulations, Divisional Instructions, General Orders, Bureau Orders, Field Orders, News Letters, and Treasury Department Orders, Instructions, Circulars, etc., heretofore applicable to the Bureau of War Risk Insurance, and all Rules, Regulations, Circular Letters, and other Instructions heretofore applicable to the Rehabilitation Division of the Federal Board for Vocational Education, until such time as the same may be specifically amended or revoked.¹⁶⁸

General Orders 3 and 4 deal with bureaucratic structure. For instance, General Order 3 establishes the 14 regional district offices in major cities across the country as

¹⁶⁵ Ibid, 6.

¹⁶⁶ Ibid, 1.

¹⁶⁷ Charles Forbes, “General Order No. 1: Transfer of employees of the Bureau of War Risk Insurance and the Rehabilitation Division of the Federal Board for Vocational Education to the Veterans’ Bureau,” *US Veterans’ Bureau*, 10 August 1921.

¹⁶⁸ Ibid, “General Order No. 2: Rulings of Former Bureau of War Risk Insurance and Rehabilitation Division of Federal Board for Vocational Education retained.”

authorized in the Sweet legislation. Further, General Order 3 clearly assigns jurisdictions for each regional district office. For example, “District No. 1 [headquartered in Boston, MA] shall consist of the states of Maine, New Hampshire, Vermont, Massachusetts, and Rhode Island.”¹⁶⁹ General Order 4 transfers various sections of the Rehabilitation Division to other divisions within the Veterans’ Bureau, including but not limited to the personnel, medical relations, and statistical sections.¹⁷⁰

General Order 5 outlines procedures for making disability compensation awards and determining eligibility for vocational training. The order further dictates the type and number of application forms veterans must submit, procedures for submitting claims to Washington from the district offices for processing, and systems for filing claims.¹⁷¹ While not as comprehensive as the formal regulations published by the Veterans’ Bureau, these General Orders enabled Director Forbes to immediately consolidate and establish a working bureaucracy to serve a new generation of veterans.

In addition to bureaucratic consolidation, the Veterans’ Bureau’s core organizational strength came through its district offices. To build the organizational capacity necessary to deliver efficient and effective services to veterans, Director Forbes and his Manager of District Offices, Colonel (Ret.) George E. Ijams, maintained frequent contact with the district offices. For instance, in an October 1921 memorandum, Director

¹⁶⁹ Ibid, “General Order No. 3: Establishing a Central Office and Fourteen District Offices of the Veterans’ Bureau and Designating the Territory within each District.”

¹⁷⁰ Ibid, “General Order No. 4: Transfer of Certain Sections of the Rehabilitation Division to other Divisions of the Bureau.”

¹⁷¹ Ibid, “General Order No. 5: Decentralized Procedure for Making Disability Compensation Awards and Determining Eligibility for Training.”

Forbes instructs district managers to submit “an itemized account of all expenditures classified by regional offices and sub-offices, including the names, classifications and salaries of all staff officers, experts, assistants and employees.”¹⁷² In a November 1921 memorandum, Ijams requests that district managers “kindly furnish this office the information regarding SUB-DISTRICT OFFICES (sic),” including whether the Sub-District Office is “fully equipped to handle all phases of the work of the U.S. Veterans’ Bureau, such as Insurance, Compensation, Training, Medical, etc.?”¹⁷³

The Veterans’ Bureau also structured a close working relationship between the district offices and the American Legion. In a 15 November 1921 memo addressed to all district managers, Forbes attempts to “make more definite the present arrangements” between the district offices and American Legion. He writes:

[T]he American Legion has, with the consent of the Bureau, placed a liaison representative in each district office for the purpose of assisting the disabled man in the proper presentation of claims...It is clearly to be understood that the liaison representative has no official connection with the Veterans’ Bureau...[but] that he work in the spirit of helpful cooperation in the solution of the ex-service man’s problem...Liaison representatives are entitled to assistance in the form of office space and stenographic aid...it has been found that the liaison representatives can be of the utmost value to the Bureau...¹⁷⁴

Though Forbes goes on to allow Legion representatives to have access to the Bureau’s General Orders, regulations, and field orders, he forbids them from “access to any claims folders or rehabilitation folders.” No doubt, like the Pension Bureau and GAR in the post-

¹⁷² Charles R. Forbes, “Itemized Account of Expenditures – Reclassification of Employees,” *U.S. Veterans Bureau*, 31 October 1921.

¹⁷³ George E. Ijams, “Information Regarding Sub-District Offices,” *U.S. Veterans’ Bureau*, 9 November 1921.

¹⁷⁴ Charles R. Forbes, “Letter to District Managers (Draft),” *U.S. Veterans’ Bureau*, 15 November 1921.

Civil War era, the newly established Veterans' Bureau hoped for a similar relationship with the American Legion in the post-World War era. As the veterans' pension policy subsystem consolidated during this period, this instance of close institutional interaction and collaboration highlights the insular nature of subsystem policymaking.

In addition to reviewing claims, the Veterans' Bureau required an institutional mechanism to review appealed claims at the national and district levels. In a November 1921 draft memorandum, Forbes directs the fourteen district offices to immediately appoint a district Board of Appeals comprised of three members: district legal advisor, medical officer, and chief of claims division.¹⁷⁵ In a subsequent letter and memorandum, Ijams clarifies the board's purpose and empowers district managers to administer oaths and take affidavits "pursuant to Section 10 of the Act of August 9, 1921 establishing the Veterans' Bureau."¹⁷⁶ In his letter to district managers, Ijams writes:

The Board will have jurisdiction to hear all appeals made either by the claimant or his duly authorized agent or the U.S. Veterans' Bureau on its own motion, on any question for claim for compensation, vocational training, hospitalization or medical treatment under the laws under which the U.S. Veterans' Bureau operates.¹⁷⁷

Beyond General Orders and efforts to setup organizational capacity in the district offices, the Veteran's Bureau established a series of rules and systems to deal with veterans' issues. From 1921 to 1930, the Veteran' Bureau produced 218 regulations

¹⁷⁵ Charles R. Forbes, "Board of Appeals," *U.S. Veterans' Bureau*, November 1921. The original source is in draft form, unsigned and undated.

¹⁷⁶ George E. Ijams, "Power to Administer Oaths, Take Affidavits, Etc.," *U.S. Veterans' Bureau*, 12 November 1921.

¹⁷⁷ George E. Ijams to All District Mangers, *U.S. Veterans' Bureau*, 10 November 1921.

covering everything from “payment of compensation and insurance where the beneficiary is an inmate of any asylum or hospital for the insane”¹⁷⁸ to “procedures regarding re-examinations to determine changes in degree of service connected disability.”¹⁷⁹ These regulations served to professionalize the bureau’s field workforce, giving employees the tools to fairly apply rules, effectively administer, and efficiently adjudicate beneficiary claims.

The new and consolidated bureaucratic structure gave veterans’ the peace of mind of knowing there was only one agency they had to work through to receive benefits and employees the resources to operate through formal, rather than ad-hoc, agency structures.

According to the 1922 Veterans’ Bureau Annual Report:

Beneficiaries were assured that there could be no further avoiding of responsibility because of dealing with separate organizations, and officials of the bureau concerned were relieved to conduct the consolidation of all veterans’ relief activities upon the basis of legal authority rather than upon working agreements...as they previously had been trying to do.¹⁸⁰

With a newfound energy and momentum to deliver veterans’ services, seemingly nothing could derail the Veterans’ Bureau’s efforts; that is, nothing until an executive scandal rocked the bureau in 1923.

¹⁷⁸ U.S. Veterans’ Bureau, Office of the Administrator, Regulations (1921-1930), Regulation No. 1, 12 August 1921. Washington, DC: The National Archives.

¹⁷⁹ U.S. Veterans’ Bureau, Office of the Administrator, Regulations (1921-1930), Regulation No. 218, 01 March 1930. Washington, DC: The National Archives.

¹⁸⁰ U.S. Veterans Bureau, *Annual Report of the DIRECTOR UNITED STATES VETERANS BUREAU for the fiscal Year ended June 30, 1922*, (Washington, DC: Government Printing Office, 1922), 6.

Scandal at the Veterans' Bureau

Despite his exceptional work consolidating the Veterans' Bureau and putting rules, systems, and procedures in place to streamline efficiency, optimize service, and prevent fraud and corruption, Forbes failed to live up to expectations for effective and *ethical* administration. Forbes, embroiled in a corruption scandal, resigned as Director of the Veterans' Bureau effective 28 February 1923. In his stead, President Harding appointed Brigadier General (Ret.) Frank T. Hines as Director of the Veterans' Bureau.

In his undated letter of resignation, Forbes cites ailing health and an inability to render complete service to the bureau.¹⁸¹ However, a 17 February 1923 *Washington Post* article covering Forbes' resignation notes a glaring omission, "There was no mention, either in the letter or by officials at the executive offices, of the charges of improper administration in the bureau, which recently have led to demands for an investigation by a committee of Congress."¹⁸²

Forbes' resignation demonstrates that even the most innovative bureaucratic structure cannot overcome executive corruption at an agency's senior ranks. Soon after Forbes' resignation, the US Senate appointed a Select Committee on Investigation of the Veterans' Bureau to initiate congressional hearings in October of 1923 and investigate allegations of misappropriation and corruption. In his opening statement, the committee's general counsel, Major General John F. O'Ryan contends:

¹⁸¹ Charles R. Forbes to President Warren Harding, "Letter of Resignation," undated.

¹⁸² "President Accepts Forbes' Resignation," *The Washington Post*, 17 February 1923. Available from <http://search.proquest.com.ezproxy.lib.utexas.edu/docview/149416549>; Internet.

[M]ore than \$467,000,00 were expended by the bureau during the fiscal year ending June 30, 1923, and yet, in spite of these lavish and unprecedented expenditures, there existed during 1922 a growing feeling of dissatisfaction among the disabled. This feeling was shared by veterans generally, and by their representative organizations as well...As a result of this increasing dissatisfaction, the Senate, in the closing days of the Sixty-seventh Congress, appointed this committee to conduct this investigation.¹⁸³

Following a lengthy congressional investigation, federal grand jury, and appeals process, Forbes entered Fort Leavenworth federal penitentiary on 20 March 1926 – three years after his resignation from the Veterans’ Bureau – to serve a “two-year sentence for conspiring to defraud the government in [manipulating] contracts for the construction of hospitals for veterans.”¹⁸⁴ Despite Forbes’ resignation and incarceration, the Veterans’ Bureau retained many of the innovative bureaucratic structures he emplaced and flourished under Frank T. Hines’ effective and *ethical* leadership throughout his 22 year tenure.

The World War Adjusted Compensation Act of 1924

As the Veteran’s Bureau worked to recover from scandal and administer the benefits already established by law, legislation for a federal bonus bill stood still. Seeing the federal government abandon its promise of a bonus for the “boys,” 19 state governments intervened with bonus measures of their own.¹⁸⁵ By 1924, these 19 states

¹⁸³ *Hearings on Authorizing the Appointment of a Committee to Investigate the Leases and Contracts Executed by the United States Veterans’ Bureau, and for Other Purposes, S. Res. 466, Day 1, Before the Select Committee on Investigation of Veterans’ Bureau, 67th Congress, 2-3 (1923)* (statement of Major General John F. O’Ryan).

¹⁸⁴ “Forbes Enters Prison; Mandate to Thompson,” *The Washington Post*, 21 March 1926. Available from <http://search.proquest.com.ezproxy.lib.utexas.edu/docview/149723004>; Internet. See also “Forbes in Appeals Court,” *The New York Times*, 12 November 1925. Available from <http://search.proquest.com.ezproxy.lib.utexas.edu/docview/103514863>; Internet.

¹⁸⁵ Dickson and Allen, 27-28.

had issued \$361,970,141 in bonds for World War veterans with an additional \$54,100,000 in bonus proposals still pending.¹⁸⁶ With states like Illinois taking the lead in providing generous benefits for veterans, a federal bonus bill for the doughboys would find itself back on the political agenda in the coming election year.

David Greenberg, presidential historian and Coolidge biographer has a unique perspective on veterans in the 1920s that is worth noting. He writes, “[I]n the 1920s veterans were seen as a bloc that was vaguely radical and narrowly self-interested, and in the days before Social Security and similar benefits their demand for a bonus struck many Americans as socialistic.”¹⁸⁷ Though Greenberg makes no reference to support such a contrarian claim, he at least offers an alternative perspective on the social construction of veterans during this period that is worth exploring further. Even though elites like Harding, Mellon, and Coolidge generally had pleasant things to say about veterans publicly, accepting Greenberg’s premise might lead one to speculate that those statements were merely platitudes disguising deep seated hostility and resentment towards veterans and their sense of entitlement. In a letter to the editor of *The New York Times*, Annie Peck of New York offers, “I am glad to know that a large and better part of those who rendered service, who did their duty, no more, refuse to be counted among the beggars...the people as a whole are disgusted by the playing of politics in Washington...”¹⁸⁸ It seems

¹⁸⁶ “Bonus to Soldiers Paid in 19 States,” *The New York Times*, 28 December 1923.

¹⁸⁷ David Greenberg, *Calvin Coolidge*, (New York: Times Books, 2006), 78.

¹⁸⁸ Annie S. Peck, “Votes and the Veto,” Letter to the Editor, *The New York Times*, 19 May 1924. Available from

that if in fact Coolidge and fellow opponents of the bonus bill harbored malcontent, as Greenberg suggests and Peck proclaims, they relied upon social constructions of veterans as “beggars” to support for their veto actions.

Despite the rancor of the period, the summer of 1924 proved pivotal to the bonus movement. The World War Adjusted Compensation Act passed both chambers of Congress with strong support. On 15 May 1924, President Coolidge vetoed the legislation. This time however, the Congress managed a veto override of 313 to 78 in the House and 59 to 26 in the Senate.¹⁸⁹ The bill defined a veteran as anyone who had honorably served for 60 days anytime from 5 April 1917 to 12 November 1918. It provided an adjusted compensation of \$1.25 per day of overseas service and \$1.00 per day of stateside service with caps at \$625 and \$500, respectively. Veterans entitled to \$50 or less could receive an “adjusted service pay” while veterans entitled to more than \$50 would be issued an “adjusted service certificate.” Additionally, certificates would be payable in 20 years (1 January 1945) with four percent interest.¹⁹⁰ Total face value for these certificates could reach as high as \$1,600, though about \$1,000 was more typical.¹⁹¹

<http://query.nytimes.com/mem/archive/pdf?res=F40817F63E5D17738DDDA00994DD405B848EF1D3>; Internet.

¹⁸⁹ Calvin Coolidge, “Vetoed Legislation,” *US Senate*, Available from

<http://www.senate.gov/reference/Legislation/Vetoes/Presidents/CoolidgeC.pdf>; Internet.

¹⁹⁰ US Statutes at Large, 68th Congress, Session 1, Chapter 157, Pages 121-126, 19 May 1924. Available from http://constitution.org/uslaw/sal/043_statutes_at_large.pdf; Internet. This paragraph synthesizes and draws heavily from the bill as enacted into law.

¹⁹¹ Ortiz, 27.

Bonus Expeditionary Force Invades Washington

After a five year legislative battle (longer than American participation in the war itself), the World War Adjusted Compensation Act of 1924 was finally written into law. By the summer of 1932, nearly three years into the Great Depression, swarms of unemployed and disgruntled veterans' delegations made their way to Washington from across the country with the hope of securing cash for their certificates. The Bonus Expeditionary Force, or Bonus Army, set up "Hooverville" encampments across the Potomac in Anacostia and occupied Washington in protest. Acting on their behalf, long time bonus advocate and policy entrepreneur in his own right, Senator Wright Patman proposed legislation that would issue immediate payment for certificates. When the measure failed to pass the Senate and, in an election year, died for political purposes, the Bonus Army refused to accept defeat. Responding to their continued and defiant assembly, the Hoover administration mobilized elements of US Army to disperse the crowd. Forces commanded by General Douglas MacArthur burned the encampments, forcefully repelled rioters, and employed tanks to achieve his objectives, as "tanks are particularly valuable at quelling civil disorder."¹⁹² This ugly episode led to numerous injuries and countless arrests, a far cry from the calamitous, though generally peaceful Philadelphia Mutiny of 1783. In the end, the bonus marchers would have the final word as a *Democratic* Congress passed the Adjusted Compensation Act of 1936, affirmed with

¹⁹² General Douglas MacArthur, "Report from the Chief of Staff, United States Army, to the Secretary of War on the Employment of Federal Troops in Civil Disturbance in the District of Columbia July 28-30, 1932," 15 August 1932.

President Roosevelt's signature.¹⁹³ This is ironic considering the Republican Party's historical claim on being the party for veterans.

From the Veterans' Bureau to the Veterans' Administration

Forbes' 1923 resignation from the Veterans' Bureau cleared the way for his replacement, Brigadier General (Ret.) Frank T. Hines. As director and later administrator, Hines served the Veterans' Bureau and Veterans' Administration for 22 years and "proved an able and honest administrator."¹⁹⁴ Like Forbes, Hines would also oversee a reorganization of the Veterans' Bureau. In 1924, Hines restructured the bureau into "six services: medical and rehabilitation, claims and insurance, finance, supply, planning, and control. Under the reorganization, the Bureau had 73 sub-district offices responsible for dealing with beneficiaries and claimants..."¹⁹⁵ In addition to in-house reshuffling, Hines led the Veterans' Bureau in its transition to the Department of Veterans' Affairs within his first decade on the job.

Throughout the 1920s, the Pension Bureau and National Homes for Disabled Veterans continued to operate independent of the Veterans' Bureau. In 1929, however, South Dakota Congressman, Royal C. Johnson introduced legislation to change that. Citing disparate pension and hospitalization policies for veterans of the Civil War, Spanish American War, and World War, Johnson proposed that the president be

¹⁹³ This paragraph relies heavily on Daniels' depiction of the Bonus episode. See pages 65-284 for a complete treatment.

¹⁹⁴ Ortiz, 22-23.

¹⁹⁵ U.S. Department of Veterans Affairs, "VA History in Brief," 8. Available from http://www.va.gov/opa/publications/archives/docs/history_in_brief.pdf; Internet.

“authorized by Executive order to transfer or to coordinate or consolidate” the three agencies into one.¹⁹⁶ To illustrate the disparities in pension and hospitalization policies,

Johnson states:

Another difficulty that comes in is the fact that two men from different wars or the same war may be in a hospital with exactly or apparently the same injuries; one may be receiving total permanent compensation because he can connect his injury with his service, and the man in the next bed receives nothing because he cannot connect his injury with the service.¹⁹⁷

On 3 July 1930, the Seventy-First Congress passed “An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans.”

With legislative authorization in hand, President Hoover issued an Executive order on 21

July 1930 stating:

[B]y virtue of the authority vested in me by said law, the United States Veterans' Bureau, the Bureau of Pensions, and the National Home for Disabled Volunteer Soldiers are hereby consolidated and coordinated into an establishment to be known as the Veterans' Administration, and the duties, powers, and functions vested by law in the United States Veterans' Bureau, the National Home for Disabled Volunteer Soldiers, and in the Bureau of Pensions, and the personnel of the United States Veterans' Bureau, the Bureau of Pensions, and the National Home for Disabled Volunteer Soldiers, and the records and papers pertaining to the work thereof, and the public property belonging thereto, are hereby transferred to the Veterans' Administration.¹⁹⁸

In establishing the Department of Veterans' Affairs, like Warren Harding and the Veterans' Bureau before him, President Hoover again raised the visibility of veterans' issue. As President Harding had established a direct report relationship with the director

¹⁹⁶ *Hearings on Consolidation of Veterans' Activities, H.R. 16530, Before Committee on Expenditures in the Executive Departments, Day 1, 70th Congress (1929), 1 (legislative language under consideration).*

¹⁹⁷ *Ibid.*, 3.

¹⁹⁸ Herbert Hoover, “Executive Order 5398 – Establishing the Veterans' Administration,” 21 July 1930. Available from <http://www.presidency.ucsb.edu/ws/index.php?pid=75311>; Internet.

of the Veterans' Bureau, President Hoover maintained this reporting relationship with the new administrator of the Department of Veterans' Affairs.¹⁹⁹

Although the three organizations continued to operate separately until 1 July 1931, the new department did make progress toward consolidation immediately following President Hoover's order. According to the 1931 Annual Report of the Veterans' Administration:

Within a few months after the issuance of the Executive order, all finance, supply, and construction activities had been combined or more closely coordinated, and thereafter for the balance of the year continued study was made of the procedural and organizational changes necessary to carry out the general reorganizational plan with the least possible friction and with the utmost dispatch.²⁰⁰

In addition to simply studying consolidation, the report asserts, "experience to date conclusively shows that the reasons advanced for [consolidation] have proven sound and promise for the future..."²⁰¹ The report continues, "Under consolidation it has been possible to establish a single point of contact for veterans for all wars for the considerations of claims...It has been possible to harmonize rulings and procedure of the Government...Most especially...maximum utilization of existing facilities..."²⁰²

From the inception of the Veterans' Bureau to its consolidation as part of the new Veterans' Administration, effective bureaucratic consolidation and reorganization clearly

¹⁹⁹ This direct report relationship to the president lasted nearly sixty years. In 1989, recognizing the importance of caring for America's veterans, President George H.W. Bush established the first cabinet-level position for the Secretary of Veterans Affairs.

²⁰⁰ U.S. Department of Veterans Affairs, *Annual Report of the Administrator of Veterans' Affairs for the Year 1931*, (Washington, DC: Government Printing Office, 1931), 1.

²⁰¹ *Ibid.*, 2.

²⁰² *Ibid.*

does not occur overnight. Restructuring and reorganizing massive bureaucracies, especially those guaranteed some level of autonomy as a matter of moral protection for their services and beneficiaries, requires managerial expertise and an appreciation for the multiple dimensions of public management.²⁰³ While Forbes did good work in first consolidating the Veteran's Bureau to streamline processes, his personal failings and corruption no doubt detracted from the bureau's effectiveness. Fortunately, Director Hines' 22 year tenure at the Veteran's Bureau and Veterans' Administration enabled him to lead the transformation of the bureaucracy into a more efficient and effective organization in the service of America's veterans.

National Defense Efficiency Act of 1935

The interwar period would see one final and significant addition to military pension policy that is worth noting before moving to the next chapter – the National Defense Efficiency Act of 1935. Section five of the National Defense Efficiency Act of 1935 formalized the voluntary retirement policy for those service members with at least 15 years of service and no more than 29 years of service, leaving them with a pension of “annual pay equal to the product of 2 1/2 per centum of his active duty annual pay at the

²⁰³ See Carolyn J. Hill and Lawrence E. Lynn, Jr., *Public Management: A Three Dimensional Approach*, (Thousand Oaks: CQ Press, 2008). The authors argue that bureaucratic structure, organizational culture, and managerial craft undergird effective public management.

time of his retirement, multiplied by a number equal to the years of his active service not in excess of twenty-nine years.”²⁰⁴

Though this law provided for a voluntary retirement with pension, it did nothing to manage the promotion rate or career progression of service members. Most importantly, the National Defense Efficiency Act foreshadows postwar legislative reorganization that will remake the veterans’ pension policy and military personnel policy subsystems. By 7 December 1941, however, restructuring pensions and the military’s personnel management system would be the least of anyone’s concerns as the United States entered World War II.

Summary

This chapter operationalizes *interest group lifecycle hypothesis* and *bureaucratic consolidation hypothesis*. GAR’s slow disappearance and growing irrelevance in early to middle twentieth century policy debates demonstrates that organizations with roots in a specific event, conflict, or war ultimately fade away and cease to exist. Further, the emergence of the VFW and American Legion as powerful veterans’ service organizations with thriving memberships and powerful political influence during the interwar period confirm *interest group lifecycle hypothesis*.

I contend bureaucratic consolidation during the interwar period raised the visibility of veterans’ policy within government and professionalized and streamlined the

²⁰⁴ US Statutes at Large, 74th Congress, Session 1, Chapter 422, Page 507, 31 July 1935. Available from http://constitution.org/uslaw/sal/049_statutes_at_large.pdf; Internet.

delivery of veterans' services. First, the 1921 Sweet Act consolidated three disparate veterans' agencies across government into one bureaucracy. Second, the organizational structure of the Veterans' Bureau, particularly the fourteen regional offices, sought to provide responsive service to veterans through a professionalized workforce and efficient delivery systems. Despite Director Forbes' corruption in the early days of the Veterans' Bureau, his replacement, Frank Hines, effectively led the agency for the next 22 years. In short, the facts support the *bureaucratic consolidation hypothesis*. What is more, the Veterans' bureau's story highlights the important and painstaking work entrusted to bureaucrats in the delivery of services for an advantaged target population.

CHAPTER 4: WORLD WAR II AND SUBSYSTEM TRANSFORMATION

This chapter tests *subsystem split hypothesis*. As such, I contend that veterans' pension policy and military personnel policy effectively split into two separate subsystems in the wake of World War II, significantly reducing the number of institutions and actors interested in military personnel policy. This subsystem split also served to minimize the scope of conflict within the military personnel policy subsystem. At the heart of this subsystem split is legislative reorganization. More specifically, four significant pieces of legislation forever changed the landscape for veterans' pension and military personnel policy: the Servicemen's Readjustment Act of 1944 (GI Bill), Legislative Reorganization Act of 1946, National Security Act of 1947, and Officer Personnel Act of 1947.

In the summer of 1945, the American military totaled more than 12 million personnel. The army and army air corps had approximately 8.2 million soldiers and airmen on its rosters while the navy counted just shy of 4.1 million sailors and marines.²⁰⁵ By the end of 1948, the number of total army personnel plummeted to just 554,000 soldiers.²⁰⁶ This massive and seemingly overnight military drawdown is nothing short of remarkable and due in large measure to congressional action.

²⁰⁵ John C. Sparrow, "History of Personnel Demobilization in the US Army," *Department of the Army Pamphlet 20-210*, 14 July 1952, 21. Available from <http://archive.org/stream/PAM20-210/PAM%2020-210#page/n0/mode/2up>; Internet. Original housed at Combined Arms Research Library, Command and General Staff College, Fort Leavenworth, KS.

²⁰⁶ David McCormick, *The Downsized Warrior: America's Army in Transition*, (New York: NYU Press, 1998), 9.

Servicemen's Readjustment Act of 1944

Soon after V-J Day in September 1945, under significant and persistent pressure from Congress, the US military began a precipitous and chaotic worldwide demobilization, bringing troops home by the boatload over the next several months.²⁰⁷ Much like demobilization following the American Revolution and the subsequent Philadelphia Mutiny of 1783, frustrated GIs took to the streets. In January 1946, with the war over and upset they were still overseas, some 8,000 to 10,000 soldiers peacefully gathered in protest at the commanding general's headquarters in Manila.²⁰⁸ Similar incidents occurred in places like Hawaii, London, Paris, Frankfurt, Shanghai, and Calcutta, among others.²⁰⁹ Though these demonstrations never amounted to anything dangerous, reintegrating an entire generation of veterans to civilian life would require legislative foresight.

Suzanne Mettler, author of *Soldiers to Citizens* (easily the most important scholarly work on the GI Bill), captures the sense of postwar anxiety in the United States. She writes, “[P]ostwar planners were motivated by the...practical goal of reincorporating returning veterans into society, and, not least, by fears of social unrest.”²¹⁰ With memories of the Bonus Army in mind, policymakers sought to ensure troops were setup for success upon their return by “enabling veterans to retool themselves for active

²⁰⁷ Sparrow, see 141-171 for a treatment on demobilization.

²⁰⁸ Ibid, 166.

²⁰⁹ Ibid, 166-167.

²¹⁰ Suzanne Mettler, *Soldiers to Citizens: The GI Bill and the Making of the Greatest Generation*, (Oxford: Oxford University Press, 2005), 17.

citizenship in peacetime.”²¹¹ This retooling required a mix of employment, education, and training opportunities and “represented a departure” from Civil War veterans’ pensions and World War adjusted compensation.²¹²

The American Legion Weighs In

With multiple bills addressing veterans’ postwar reintegration circulating around Congress, the American Legion, still part of the powerful veterans lobby, urged members of Congress to combine them into one massive piece of legislation based on the Legion’s own legislative framework. This would ensure the disparate bills would not die in separate committees. The Legion’s 1943 framework for a GI Bill of Rights called for ten elements: 1) educational opportunity; 2) vocational training; 3) unemployment compensation; 4) home, farm, and small business loans; 5) review of discharges; 6) adequate hospitalization; 7) prompt settlement of disability claims; 8) mustering-out pay; 9) veterans’ employment services; 10) concentration of all veterans functions in the Veterans’ Administration.²¹³ In short, “the Legion, through the GI Bill, proposed to restore the citizen soldiers, as nearly as possible, to a competitive position in the pursuits of normal civil life equal to that of those who had stayed home.”²¹⁴

The Legion’s framework for veterans’ readjustment proved far more generous than President Roosevelt’s own recommendations, as outlined by the Armed Forces

²¹¹ Ibid.

²¹² Ibid, 18.

²¹³ R.B. Pitkin, “How the First GI Bill was Written Part I,” *The American Legion Magazine*, January 1969, 51.

²¹⁴ Ibid.

Committee on Post-War Educational Opportunities for Service Personnel. For instance, the committee recommended one year of educational benefits to every service member who served six months and additional education benefits of one to three years for a “limited number of exceptionally able ex-service personnel.”²¹⁵ Preferring its version of the bill to the president’s, the Legion turned to one of its own, Senator Joel Bennett Clark of Missouri, to spearhead the legislative effort in January 1944. Mettler notes, “Over the next six months, the American Legion proceeded – through its vast grassroots network and public relations apparatus – to marshal critical and widespread support for the GI Bill.”²¹⁶ Following months of persistent opposition by the VFW,²¹⁷ legislative wrangling for votes, and a deadlocked conference committee in Congress, President Roosevelt signed the bill into law on 22 June 1944.²¹⁸

An Alternative Form of Compensation

With millions of soldiers, sailors, and marines returning home, the government turned to the recently enacted Servicemen’s Readjustment Act of 1944, or GI Bill of Rights, to help absorb the influx of veterans. In lieu of monetary compensation for service that characterized veterans’ pensions in earlier eras, the most popular aspects of

²¹⁵ *Servicemen’s Education and Training Act of 1944, Hearings on S. 1295 and S. 1509, Before the Committee on Education and Labor, 78th Congress, 10 (1944)* (recommendations of the Armed Forces Committee on Post-War Educational Opportunities for Service Personnel).

²¹⁶ Mettler, 21.

²¹⁷ The VFW vigorously opposed the GI Bill, preferring more traditional forms of compensation for returning veterans, including especially adjusted compensation or pensions. The VFW argued that soldiers would be without work and need cash, not a diploma.

²¹⁸ David Camelon, “How the First GI Bill Was Written Part II,” *The American Legion Magazine*, February 1969, 26 and 48-51. *The American Legion Magazine* reprinted Camelon’s 1949 eyewitness account of Congressman John Gibson’s overnight flight from Georgia to Washington, DC to break the conference committee’s deadlock to pass the GI Bill.

the 1944 GI Bill included the education benefits, vocational training, and home, farm, and small business loans that the American Legion advocated. Taken in its entirety, the GI Bill actually served as an alternative form of compensation that enabled veterans who separated from the military to successfully transition back to civilian life. More importantly, the GI Bill proved to be a vehicle into the middle class that spurred nationwide social innovation, deep civic engagement, and active political participation. In 1948, some 900,000 veterans were enrolled in colleges around the country, not including those using vocational training benefits.²¹⁹ The Veterans' Administration more than tripled its workforce to account for the increased demand in claims processing.²²⁰

Beyond what the GI Bill enabled a generation of veterans to accomplish in their postwar lives, this significant piece of legislation ensured the Veterans' Administration would be responsible for its effective implementation. With Frank Hines still leading the Veterans' Administration after more than two decades, the VA seemed well positioned to assume this massive bureaucratic undertaking. Additionally, with no traditional veterans' pension or *universal* readjustment compensation to speak of, the GI Bill promised that matters of retirement policy eligibility and implementation could be left to the Departments of War and Navy, later the Department of Defense, setting the stage for the formation of the military personnel policy subsystem, separate from the veterans' pension policy subsystem.

²¹⁹ Mettler, 62.

²²⁰ Ibid, 63. The VA's workforce in December 1945 was 72,607 people. By February 1947, it swelled to 226,131.

Legislative Reorganization Act of 1946

With the war nearing its end in early 1945 and a massive demobilization just over the horizon, politicians and policymakers began to shift focus to other pressing matters of governance. In particular, leaders in Washington set their sights on developing modern functions of government to meet the demands of the postwar world. Among these behemoth tasks was a reorganization of the internal institutions and mechanisms of Congress. In January 1945, the 79th Congress passed House Concurrent Resolution 18 (H. Con. Res. 18) calling for the formation of a Joint Committee on the Organization of Congress. The Joint Committee would “make a full and complete study of the organization and operation of the Congress of the United States and...recommend improvements in such organization and operation with a view toward strengthening the Congress, simplifying its operations, improving its relationships.”²²¹

The Joint Committee Recommends Restructure

On 4 March 1946, the Joint Committee, under the chairmanship of Senator Robert M. La Follette of Wisconsin, submitted its findings to the President pro tempore of the Senate and Speaker of the House. Among other suggestions, the Joint Committee recommended that Congress undertake a massive overhaul of its committee system by merging “closely related committees into one where their jurisdictions overlap or where

²²¹ U.S. Congress, House, *H. Con. Res. 18*, 2, 18 January 1945. Available from https://bulk.resource.org/gao.gov/79-601/00001E04_230453.pdf; Internet.

they deal with similar subjects.”²²² According to its staff director, George B. Galloway, the Joint Committee’s objectives with regard to committee reorganization were to “streamline and simplify congressional committee structure, eliminate the use of special or select committees, clarify committee duties and reduce jurisdictional disputes, and regularize and publicize committee procedures.”²²³

For the Senate, the Joint Committee recommended that the 33 standing committees be reduced to 16. Among the mergers, the Senate would combine the Committee on Military Affairs and the Committee on Naval Affairs into the Committee on Armed Services. Similarly, the House’s 48 committees would be reduced to 18. Here again, the House Committees on Military Affairs and Naval Affairs would be combined into one Committee on Armed Services.²²⁴ The Joint Committee did not stop there. Additionally, it recommended the committees on Pensions and Veterans’ Finance in the Senate and the committees on Pensions, Invalid Pensions, and World War Veterans’ Legislation in the House be merged into one Committee on Veterans’ Affairs for each chamber.²²⁵

With a framework for reorganizing Congress in place, the Legislative Reorganization Act of 1946 not only formally established the Committees on Armed

²²² “Organization of the Congress: Report of the Joint Committee on the Organization of Congress,” 4 March 1946, 8.

²²³ George B. Galloway, “The Operations of the Legislative Reorganization Act of 1946,” *American Political Science Review* 45, no. 1 (1951) 41-68.

²²⁴ “Organization of the Congress.” See pages 3-5 for a full list of the breakdown and merger of Senate and House committees.

²²⁵ *Ibid*, 3-4.

Services but also set their respective sizes and clearly delineated their jurisdictions. For example, the Senate Armed Services Committee (SASC) called for 13 Senators while the House Armed Services Committee (HASC) called for 33 Representatives.²²⁶ With regard to legislative jurisdictions, the committees would be responsible for the common defense, War Department, Navy Department, and “pay, promotion, retirement, and other benefits and privileges of members of the armed services,” among other things.²²⁷ Meanwhile, the Committees on Veterans’ Affairs would assume sole responsibility for matters of veterans’ pensions, compensation, and life insurance.²²⁸

Beyond simply reorganizing committee structure, the Joint Committee also recommended measures for stronger committee oversight of the administrative functions of government, including each committee’s corresponding bureaucracy.²²⁹ By combining committees and advocating stronger congressional oversight of bureaucracy, the Joint Committee’s recommendations sowed the seeds of more efficient policy subsystems across government. Remarkably, these aforementioned structural reforms remain in place today. In addition to creating the modern committee system and establishing the congressional cornerstones for policy subsystems across government, the LRA of 1946 also presaged legislative and structural reforms in the bureaucracy, especially the National Military Establishment.

²²⁶ U.S. Congress, Public Laws, Ch. 753, *Legislative Reorganization Act of 1946*, 2 August 1946, 815 and 822.

²²⁷ *Ibid.*, 815.

²²⁸ *Ibid.*, 817 and 829.

²²⁹ “Reorganization of the Congress,” 5-6.

National Security Act of 1947

A product of compromise and conflict, the National Security Act of 1947 sought to unify the National Military Establishment under one cabinet-level secretary – the Secretary of Defense. Under the previous structure, the Secretary of War and Secretary of the Navy both held cabinet level positions with the ability to make direct recommendations to the president. Under the new system, the Secretary of the Army (formerly Secretary of War), Secretary of the Navy, and newly created Secretary of the Air Force lost their cabinet level status and became subordinates to the Secretary of Defense. While this new structure presented the appearance of unification, the military departments maintained a great deal of autonomy over their internal affairs. To make matters worse, the legislation only authorized the Secretary of Defense to appoint “three special assistants to advise and assist him in the performance of his duties” and military assistants detailed from the services, but not a “military staff.”²³⁰ As the official history of the Department of Defense notes, “The act itself was essentially an expression of purpose and intent; it remained to be implemented.”²³¹

To implement the National Security Act, President Truman turned to Secretary of the Navy James V. Forrestal. Taking his oath of office only hours after passage of the act, Secretary Forrestal appointed trusted former aids and Navy men to two of the special assistant positions, Marx Leva and Wilfred J. McNeil. On Leva’s recommendation,

²³⁰ *National Security Act of 1947*, 80th Congress, Session 1, 26 July 1947.

²³¹ Steven L. Reardon, *History of the Office of the Secretary of Defense: The Formative Years 1947-1950 Vol. I*, Ed. Alfred Goldberg, (Washington, DC: Historical Office, Office of the Secretary of Defense, 1984), 29.

Forrestal appointed John H. Ohly as his third special assistant. Ohly specialized in “manpower and related matters during the war” and served as special assistant to the Secretary of War.²³² Ohly brought balance to Forrestal’s lopsided Navy appointments.

As secretary, Forrestal empowered his special assistants with a wide range of policy responsibilities, preferring they not be consumed by the “dustpan chores” of bureaucratic administration. Ohly, in particular, “handled matters concerning international affairs, manpower, reserves, and health that would later require the services of several special assistant secretaries and special assistants to the Secretary of Defense.”²³³ For all intents and purposes, Ohly was the first personnel executive in the Office of the Secretary of Defense (OSD).

The Personnel Policy Board Advises Secretary Forrestal

Despite Ohly’s expertise, the challenges facing the postwar military were far too great for one person to handle. In 1948, Secretary Forrestal formed the Personnel Policy Board to address the “avalanche of personnel problems,” including reforming the military pay structure, creating a uniform military justice system, and addressing matters of morale, recruiting, retirement, reserve forces, housing, recreation and welfare, the officer grade structure, and military personnel in politics.²³⁴ Steven L. Reardon, author of the Defense Department’s official history, writes:

²³² Ibid, 61.

²³³ Ibid, 66.

²³⁴ Ibid, 104.

World War II and the demobilization that followed focused sharp attention on the human element in the armed forces and the problems associated with people. The postwar standing force was far larger than ever before in peacetime and it raised problems of recruitment, training, and retention of officers and enlisted personnel that proved difficult to resolve. Questions of a fundamental nature had to be answered...Since many of these questions involved issues common to all of the services, they seemed to require some sort of a unified approach and, to some extent, the development of common policies and programs.²³⁵

Under direction of the appointed chairman, the Personnel Policy Board's responsibilities and functions included "policies for recruitment, pay and allowances, job classification, inter-service exchange and transfer of personnel, promotions, standards of efficiency, separation and retirement, and recreation and welfare."²³⁶ Despite this massive policy portfolio and the postwar military drawdown, the board was the smallest organization in the new National Military Establishment with only 35 civilian staffers and 12 military officers.²³⁷ From the advent of the modern military establishment, military personnel policies clearly garnered only limited bureaucratic attention and resources, despite the enormous responsibilities under the board's charter.

Secretary Marshall Nominates a Personnel Expert

In 1949, Ohly left the OSD to become Deputy Director of the Mutual Defense Assistance Program.²³⁸ By 1950, recognizing the need for a personnel expert in OSD, George C. Marshall (America's third defense secretary) supported Anna M. Rosenberg's nomination to serve as "Assistant Secretary of Defense with special relation to manpower

²³⁵ Ibid.

²³⁶ Ibid, 105.

²³⁷ Ibid.

²³⁸ Ibid, 70.

and personnel.”²³⁹ In a telegram to the Senate Armed Services Committee dated 29 November 1950, Marshall writes:

During my few weeks as Secretary, I found tremendous pressures regarding manpower coming up to me from no less than five different offices...and it was evident that the pressures would increase...relating to manpower in industry, manpower in the military forces, and manpower in the administrative system...Preparing for this problem, I found the consensus of opinion was that one of the outstanding experts in the United States was Mrs. Anna Rosenberg.²⁴⁰

Though the SASC unanimously reported her confirmation to the full Senate for a vote on 29 November 1950, Rosenberg’s confirmation battle was not over. On 2 December, the committee reconvened to consider allegations that Rosenberg had been affiliated with the communist party in the 1930s.²⁴¹ After several days of additional testimony, the committee found the allegations to be false.²⁴² Rosenberg would go on to serve as the first Assistant Secretary of Defense for Manpower and Personnel through the remainder of the Truman administration.

Rosenberg’s tenure in the Pentagon is notable for several reasons. First, she served as one of the highest ranking women in the American defense establishment at a time when women did not occupy high level governmental positions. Second, her role as Assistant Secretary of Defense for Manpower and Personnel signifies the formal

²³⁹ *Hearing on Nomination of Anna M. Rosenberg to be Assistant Secretary of Defense Part I, Day 1, U.S. Senate, Before the Committee on Armed Services, 81st Congress, 9*, (statement of Secretary George C. Marshall, as quoted by Chairman Millard E. Tydings). Chairman Tydings notes he received a telegram from Secretary Marshall that morning and reads it aloud to enter it into the Congressional Record.

²⁴⁰ *Ibid*, 8.

²⁴¹ *Hearing on Nomination of Anna M. Rosenberg to be Assistant Secretary of Defense Part II, Day 2, U.S. Senate, Before the Committee on Armed Services, 81st Congress, 25-26*. (statement of Senator Richard Russell).

²⁴² Alfred Friendly, “Anna M. Rosenberg: Concerted Attacks Collapse,” *The Washington Post*, 19 January 1951. Available from <http://search.proquest.com.ezproxy.lib.utexas.edu/docview/152378690>; Internet.

bureaucratic establishment of an office dedicated to military personnel policy. Ad hoc arrangements like John Ohly's policy portfolio or the Personnel Policy Board's charter proved woefully inadequate to meet the demands of the post-World War military at war again in Korea.

A key feature of any policy subsystem is a bureaucracy dedicated to the subsystem's functional and substantive features. The National Security Act of 1947 and its subsequent amendment in 1949 to unify the Pentagon facilitated the creation of the Office of the Assistant Secretary of Defense for Manpower and Personnel and contributed to the military personnel policy subsystem's establishment as an efficient policy subsystem. Though Rosenberg's position as Assistant Secretary of Defense has since been elevated to Undersecretary of Defense, the precedent for a bureaucratic office in the Department of Defense had been set. That structure, built in 1950, remains largely intact today.

Officer Personnel Act of 1947

Simply identifying senior policymakers or establishing new bureaucratic offices to deal with manpower and personnel issues would be insufficient for tackling the military's World War II demobilization and subsequent remobilization for the Korean War. Anticipating future military manpower and mobilization challenges, Congress took on the task of establishing a formal military personnel policy in late 1947.

General Eisenhower Goes to Washington

In the years following the allied victories in Europe and the Pacific, few Americans enjoyed as much trust, credibility, and power as Dwight D. Eisenhower. Before his tenure as President of Columbia University, election as President of the United States, and famous farewell address deriding the military-industrial complex, Eisenhower served as 16th Chief of Staff of the Army from 1945 to 1948. During his time as chief, Eisenhower was responsible for consolidating US military power abroad, shrinking a massive wartime army, and implementing a vision for the future of America's armed forces. Among the countless issues to be addressed, Eisenhower spearheaded serious reforms to the military personnel management system.

While numerous veterans went back to school, learned a trade, or opened their own business through the GI Bill, those still in uniform wrestled with the organizational challenges of a demobilized military and its greater institutional implications for America's armed forces. Convinced that the only way to restructure the military and adequately prepare for the next threat to national security, Eisenhower testified before the recently established Senate Armed Services Committee in strong favor of "An act to provide for the promotion and elimination of officers of the Army, Navy, and Marine Corps, and for other purposes," commonly referred to as the Officer Personnel Act of 1947.²⁴³ Though not just an army bill, Eisenhower as the former Supreme Allied Commander in Europe and current Army Chief of Staff was the most prominent witness

²⁴³ US Statutes at Large, 80th Congress, Session 1, Chapter 482, Page 795. Available from http://constitution.org/uslaw/sal/061_statutes_at_large.pdf; Internet.

called to testify. He even earned thanks and gratitude for appearing before the committee from Chairman Gurney of South Dakota.²⁴⁴

Separating the “Deadwood”

General Eisenhower, a savvy politician before ever holding elected office, framed his argument as a personnel crisis. Eisenhower asserted that the “lockstep” promotion system was “unsatisfactory” and that there were no adequate mechanisms in the law as it stood to rid the army of its “deadwood.” He was particularly referring to those officers lacking promotion potential but occupying billets that would better serve the army with more able and talented leaders. After “months of study to this bill,” Eisenhower contended, “I approve of it completely and thoroughly.” He even dismissed House amendments to the bill insisting that officer management was most important to him, signaling the degree to which he stood by the need for its passage and implementation. When prompted by the chairman, Eisenhower acknowledged a state of emergency in personnel management, in part, deriving from the air corps’ transition to the air force.²⁴⁵

As General Eisenhower made his entrepreneurial case for policy reform and addressed some of the measure’s details, committee members, like Millard Tydings of Maryland, could not help but emphatically support him and the bill.

²⁴⁴ *Officer Personnel Act of 1947, Hearings on H.R.3830, 16 July 1947, Before the Senate Committee on Armed Services, 61st Congress, p. 1*, (statement of Senator Chan Gurney, Chairman).

²⁴⁵ *Ibid*, 1-3, (This paragraph synthesizes and draws heavily from the opening statement of General Dwight D. Eisenhower).

SENATOR TYDINGS: One more question. This is a wartime measure, is it not, in the sense that you are trying to get an army that would be in the best shape to wage war if we had a war tomorrow morning after this bill was passed?

GENERAL EISENHOWER: Practically speaking, that is it.

SENATOR TYDINGS: This is not a peacetime measure, looking to the army in a time of peace. It is designed to make it vital, strong, and efficient when the hour of need really does come along.

GENERAL EISENHOWER: That is correct.²⁴⁶

General Eisenhower's role as a prominent policy entrepreneur and his strong advocacy for the Officer Personnel Act of 1947 enabled its timely passage. As a policy entrepreneur, Eisenhower adeptly managed the problem, politics, and policy streams during an open window of opportunity²⁴⁷ to usher in a military pension policy that facilitated both promotions and separations. Eisenhower clearly identified the unsatisfactory promotion system and senior personnel bloat as the source of the army's problems. Further, he allayed political concerns that a change in personnel management would adversely affect the Engineer Corps²⁴⁸ (which played a vital role in infrastructure development in congressional districts throughout the United States) and offered his full throated support for the reform bill under consideration as the military's policy solution. Finally, the crisis state of the personnel management system, as Eisenhower framed it, opened a window of opportunity in the name of national security that he could exploit.

²⁴⁶ Ibid, 14, (exchange between Senator Tydings and General Eisenhower).

²⁴⁷ Zahariadis, 65.

²⁴⁸ *Officer Personnel Act: Hearings*, 3-5, (exchange between Chairman Gurney and General Eisenhower.)

An Institutional Personnel Framework

In sum, the Officer Personnel Act of 1947 provided for the “up or out” promotion system in which career progression through the ranks is necessary for continued service; it laid out a general framework for officer career timelines at each grade; created additional mechanisms to eliminate poorly performing officers; called for selection boards to thoroughly review and consider officers for promotion; set age limits at each grade that trigger mandatory retirement; and set eligibility for voluntary retirement at 20 years of service.²⁴⁹ In its entirety, the Officer Personnel Act created a consistent flow into and out of the military, opened billets for meritorious individuals to fill, and built the institutional personnel framework the military is largely left with today.²⁵⁰ Its impact cannot be understated.

The American military faced tremendous challenges putting its institutional house in order following World War II. Among these challenges was culling the force to meet strategic aims for a postwar world. Doing so would require a policy instrument to separate mass amounts of service members from the military. While the GI Bill eased the civilian transition for separating service members, the Officer Personnel Act created an institutional mechanism to promote the most talented career oriented soldiers, sailors, airmen and marines while separating the rest with a pension after 20 years of service. This is the enduring policy legacy that the American military still lives with today.

²⁴⁹ US Statutes at Large, 80th Congress, Session 1, Chapter 512, Pages 883-913, 07 August 1947. Available from http://constitution.org/uslaw/sal/061_statutes_at_large.pdf; Internet.

²⁵⁰ Cindy Williams, ed., *Filling the Ranks: Transforming the US Military Personnel System*, (Cambridge, MIT Press: 2001), 8-9.

Summary

This chapter aims to substantiate *subsystem split hypothesis*. More specifically, I argue that veterans' pension policy and military personnel policy effectively split into two separate subsystems in the wake of World War II, significantly reducing the number of institutions and actors interested in military personnel policy. At the core of this subsystem split is legislative reorganization facilitated by the Servicemen's Readjustment Act of 1944, Legislative Reorganization Act of 1946, National Security Act of 1947, and Officer Personnel Act of 1947.

First, in lieu of adjustment compensation or a pension, the Servicemen's Readjustment Act of 1944 granted compensation to an entire generation of veterans in the form of tuition benefits, vocational training, and home, farm, and small business loans. These various policy instruments proved far more effective forms of compensation than any service pension in American history. Second, the Legislative Reorganization Act of 1946 combined congressional committees and delineated jurisdictions, separating veterans' pension policy from military personnel policy. Additionally, the LRA strengthened bureaucratic oversight of the National Military Establishment. Third, the National Security Act of 1947 subordinated the Departments of War and the Navy to the new Secretary of Defense. Though OSD struggled in its early years, Secretary Forrestal's pick in John Ohly to serve as his special assistant with expertise in manpower foreshadowed the creation of the Assistant Secretary of Defense for Manpower and Personnel, formalizing the bureaucratic office responsible for personnel policy. Finally,

the Officer Personnel Act of 1947, championed by General Eisenhower, created an “up or out” promotion system tied to a 20 year retirement policy, thereby creating a mechanism to promote and separate service members from the military. Without a doubt, the evidence supports *subsystem split hypothesis*.

The formation of the military personnel policy subsystem and its split from veterans’ pension policy also served a more practical purpose – it minimized the scope of conflict between actors and institutions. Like any policy subsystem, the inchoate military personnel policy subsystem aimed to dominate its policy area. With veterans’ pension policy no longer in its jurisdiction, it could focus on its primary goal: to recruit, retain, separate, and reward service members.

CHAPTER 5: CONCLUSION

Veterans' pension policy has been one of the cornerstones of American political development scholarship for nearly a century. While scholars like Henry Glasson, Richard Bense, Theda Skocpol, Laura Jensen, Stephen Ortiz and others have redefined this well-trodden path with their fascinating and important works, none of them used the dynamic veterans' pension policy subsystem as a framework for understanding pension policy development. This master's report takes aim at the historical record and prior scholarship through a subsystems lens and brings to life the dynamism in the pension policymaking process. By exploring subsystem formation, interest group lifecycle, bureaucratic consolidation, and subsystem split hypotheses this paper clearly substantiates its four primary claims and provides an opportunity for research on military personnel and retirement policy going forward.

First, a dynamic veterans' pension policy subsystem did, in fact, emerge in the wake of the Civil War. This subsystem was hardly autonomous as Daniel McCool asserts. Rather, the early days of the subsystem proved quite contested as dissident groups and elite policy entrepreneurs attempted to slow the growth of veterans' pensions. However, political patronage in the Pension Bureau, sympathetic members of Congress, and powerful interests like the GAR, pension attorneys, and claim agents ultimately pushed the pension policy toward the nation's limits of generosity.

Second, just as the GAR emerged to support veterans of the Civil War era, so too did organizations like the American Legion and VFW. Unlike the GAR, the Legion and

VFW did not tie its organizational identity to one event, conflict, or war. Consequently, the Legion and VFW still thrive as powerful interests in the veterans' lobby; whereas, the GAR slowly faded away throughout the first half of the twentieth century. The important take away with regard to interest group lifecycles is that a resilient policy subsystem can absorb new and relevant actors and institutions entering the policy arena, just as it can discard old and irrelevant actors and institutions leaving it.

Third, bureaucratic consolidation of the disparate agencies across government working on veterans issues into one Veterans' Bureau, and later the Veterans' Administration, proved paramount to the effective delivery of veterans' services. Though an early spat of corruption by the bureau's director undermined his innovative administrative methods, the next director successfully ushered in an era of agency professionalism and efficient delivery systems over the next two decades. This consolidation ultimately gave the Veterans' Administration sole domain over veterans' pension policy.

Fourth, legislative reorganization at the end of World War II effectively split the veterans' pension policy subsystem from what is now the military personnel policy subsystem. The GI Bill granted a generation of veterans significant education, vocation, and financial benefits without resorting to pensions or an adjusted compensation lump sum. The LRA of 1946 split veterans' policy from military policy, giving HASC and SASC sole authority over matters of military pay, retirement, and other personnel policies. Moreover, the LRA strengthened congressional oversight of the National

Military Establishment, later becoming the Department of Defense. Next, the National Security Act of 1947 created the Secretary of Defense and OSD with later amendments renaming the National Military Establishment the Department of Defense. This would spur the subsequent creation of the Assistant Secretary of Defense for Manpower and Personnel, establishing a formal bureaucratic office responsible for military personnel policy.

More Questions

More often than not, rigorous scholarship presents more questions than answers. This report certainly falls into that category. Now that the development of veterans' pension policy over the course of American history is clearer, the larger dissertation project is left to address four new research questions regarding contemporary military personnel and retirement policy and the subsystem that controls it.

First, with defense spending in decline and the policy problems apparently so clear, why has there been no substantive or durable change to military pension policy since the post-World War II era? Second, how does the type of subsystem generating policy outputs affect long term policy durability? Next, how does subsystem information processing facilitate policy change or stasis? Finally, what kind of institutional mechanisms lead to subsystem breakdown and policy change? Subsequent research should explore these research questions to explain the military personnel policymaking process, bring the military personnel policy subsystem to life, and contribute to gaps in the subsystem and information processing literatures.

Toward a Theory of Efficient Policy Subsystems

I contend that the answer to these questions lies in the “efficiency” of the military personnel policy subsystem. To preview the central thesis of the forthcoming dissertation, an *efficient policy subsystem* is characterized by limited, expert-based channels of information, specialized media attention, parochial interest groups, and a politically inactive – yet advantaged – target population. Subsystem “efficiency” leads to information undersupply, requiring subsystem actors to rely on interinstitutional signals from policy elites to determine acceptable military personnel and pension policies. Information undersupply and the ensuing lack of subsystem conflict perpetuate policy stasis. Further, policies generated by an efficient policy subsystem are incapable of adapting to the demands of a dynamic policy environment. Among the most demanding of dynamic policy environments is postwar defense policy. At the end of a major American conflict, the military services struggle to recast themselves in the wake of war.

Future Research Agendas

The larger dissertation project weaves together three themes. The first theme is the American political development of veterans’ pension policy subsystem into the military personnel policy subsystem that this master’s report explores. Through a series of elite interviews, the second theme explores subsystem information processing within the military personnel policy subsystem to highlight its “efficiency,” or lack of conflict, in the policymaking process. The third theme examines blue ribbon defense commissions as institutional mechanisms to facilitate subsystem breakdown and policy change. While

the historical record points to US presidents as elite policy entrepreneurs attempting to break into subsystem policymaking, blue ribbon defense commissions in the latter half of the twentieth century and beyond have proven to be quite effective at this and merit scholarly treatment.

In closing, seeing veterans' pension policy as an historical evolution into the narrower and less contested domain of military personnel policy opens a whole new window into understanding the contemporary defense policymaking process. Most importantly, research of this sort and subsequent projects provide historical insights for policymakers and scholars looking to care for an entirely new generation of veterans returning from the wars in Iraq and Afghanistan.

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