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6 Veterans' Benefits as Public Philanthropy

The Veterans Administration provides a medical care program for veterans, and operates and administers a wide variety of benefits, such as compensation and pensions for disabled veterans and dependents of deceased veterans, vocational rehabilitation and education, and guaranteed or insured loans.¹ Over 22.5 million men and women were veterans as of mid-1960. Another fifty-eight million of the 180 million Americans were members of the families of veterans or dependent survivors of deceased veterans, so that 81 million of the 180 million Americans in 1960 were directly or indirectly, actually or potentially protected by one or another part of the VA's program.

In its broad program the agency utilized a field network of 170 hospitals, 80 outpatient clinics, 18 domiciliaries, 67 regional offices, and 3 insurance offices. (The operation of the large life insurance program is, for the most part, a buying and paying operation and outside the scope of our discussion.) In the fiscal year ending 1960, more than \$5 billion was expended from the appropriated funds, and 172,000 persons were employed. In that year, 120,000, or 8 per cent, of the nation's patients were admitted to VA hospitals or to non-VA hospitals under VA auspices. Moreover, domiciliary care was provided to almost 17,000 disabled veterans without resources for self-support.

¹ *Annual Report, Administrator of Veterans Affairs, 1960, Washington, 1961.*

Something of the broad scope of the operations of the Veterans Administration is indicated by a 20 per cent sample of all VA patients in hospitals at the end of October 1959. Of these, 33.2 per cent were veterans receiving care for service-connected disabilities; these veterans are unconditionally eligible for VA care. Second, 9.1 per cent were veterans with service-connected compensable disabilities who were receiving care for nonservice-connected disabilities; these veterans are eligible for VA care if a bed is available. Third, the remaining 57.4 per cent were veterans receiving care for nonservice-connected disabilities; these veterans are eligible for VA care if a bed is available, and they sign an affidavit certifying their inability to defray the cost of hospitalization.² Of the 64,900 comprising the 57.4 per cent who did not have a compensable service-connected disability, approximately 39,000 were receiving care for disabilities which are unquestionably classified as "chronic," i.e., tuberculosis, psychosis, or some other condition that had already required ninety days or more of continuous hospitalization as of the day of sample census.³ Of the remaining nonservice-connected group, one-half of the patients were receiving or had applied for VA pensions for a nonservice-connected disabling condition. Eligibility for a VA pension implies medical indigency in the following respects: the veteran must have a disabling condition that interferes with earning a livelihood, must not have an annual income in excess of \$1,400 if single, or in excess of \$2,700 if with dependents.

The task of the present study is to examine the array of data presented in the annual reports of the Veterans Administration to determine which expenditures should be called public philanthropy and which should be assigned to the aftercosts of war. The basic division of these categories will be made on the basis of whether the disability involved is service-connected or nonservice-connected. This rule will be followed in the examination of ten classes of veterans' benefits (see Table 6-1). For one class, medical and hospital care, compensation for service-connected disabilities (33.2 per cent in the October 1959 sample) is not a form of public philanthropy but deferred compensation, an aftercost of war; compensation for the nonservice-connected, however, is clearly a form of public philanthropy, without a *quid pro quo*. In this broad program additional compensation is allowed for a wife, children, and

² *Ibid.*, p. 19.

³ *Ibid.*, p. 20.

dependent parents if the veteran has been 50 per cent or more disabled by conditions incurred in or aggravated by his military service. Two excerpts from the 1960 *Annual Report* indicate the scope of these non-service-connected benefits:

Pensions for nonservice-connected disabilities are payable to veterans eligible for pension under Chapter 15, title 38, U.S.C. . . .

The compensation and pension program provides compensation to veterans for loss of earning power arising from injury or disease resulting from military service; provides compensation to widows and other dependents for the death of a veteran in or as a result of disability not related to service or the needs of their widows and children as a result of death of the veterans.⁴

Hence, in presenting details of the twofold classification, it will be necessary to note, among other things, the amounts spent for living veterans, deceased veterans, and disabled veterans. For example, when the last surviving veteran of the Civil War died on December 19, 1959, at the age of 117, there were still expenditures to be made, because on the compensation and pension rolls at that time there were fifty-one widows of Civil War veterans and two widows of Mexican War veterans. Certain war orphans have also been granted training benefits under the legislation.

FOR ALL WARS

Some benefits were provided for the veterans of the Revolutionary War. The *Annual Report, Administrator of Veterans Affairs*, 1960 reports that the aggregate to date of federal benefits from compensation and pension appropriations to the veterans of the Revolutionary War was \$70 million. (Except for the final series, all data in this chapter are for fiscal years.) The total for the War of 1812 was \$46 million, with some expenditures as late as 1946. The grand totals before June 30, 1960, for the Indian War was \$115 million and for the Mexican War \$62 million; there were expenditures in the fiscal year of 1960 for the living and deceased veterans of the former and for the deceased veterans of the latter. The grand total for the veterans of the Civil War was \$8,202 million; Spanish American War, \$4,260 million; World War I, \$17,111

⁴ *Ibid.*, pp. 57, 53.

million; World War II, \$19,595 million; the Korean conflict, \$1,424 million; the Regular Establishment, \$1,216 million; and not classified by wars, \$16 million. These compensation and pension items totaled \$52,117 million. The grand total for the entire period of expenditures from all general and special fund appropriations for veterans of all wars was \$104,759 million.

These expenditures were made pursuant to federal legislation by the Veterans Administration, and by earlier agencies, e.g., the Veterans Bureau. They are summarized in 123 columns of Table 95 of the *Annual Report, Administrator of Veterans Affairs*. In particular, annual expenditures from general and special fund appropriations have increased from some \$631 million in 1929 to \$5,389 million in fiscal 1960. These totals, of course, exclude the expenditures by state governments for bonus payments and other veterans' benefits. Moreover, there are also excluded from these totals the \$19 billion of expenditures from supply, trust, and working funds which are over and above the \$105 billion cumulative total through fiscal year 1960. Some reference, however, will be made to both of these excluded items in the discussion which follows.

This separation into the two categories (service-connected and non-service-connected) was made possible by the cooperation of the staff of the Veterans Administration in Washington, particularly Controller J. M. Hansman, and Mr. M. C. Forester and Mr. W. J. Fallwell of his staff. It should be clearly understood that the basic plan for this separation is ours. Many of the categories could be readily classified, but for others the separation or classification required special consideration or special tables.

TEN BENEFIT GROUPS FOR FOUR SELECTED YEARS

The expenditures from general and special fund appropriations were assembled into ten groups (lines 2 through 10 and 12 of Table 6-1) for the fiscal years 1929, 1939, 1949, and 1959, and divided into aftercosts of war and welfare (public philanthropy). Line 11, the sum of lines 2 through 10, contains roughly 95 per cent of the adjusted total expenditures in line 1 for each of these four selected years; about 5 per cent (line 12) remained unallocated. The separation in line 12 into the two

Table 6-1

Estimated Distribution of Veterans Administration (Adjusted) Expenditures From Appropriated Funds According to Aftercosts of War (Service-Connected) and Welfare (Non-service-Connected), Selected Fiscal Years 1929-59
(millions of dollars)

Line No.	1929		1939		1949		1959	
	Total	Welfare	Total	Welfare	Total	Welfare	Total	Welfare
1	631	266	555	255	6,648	4,382	5,019	2,455
2	194	194	233	233	1,467	1,467	2,071	2,071
3	226	226	184	184	424	424	1,154	1,154
4	121	121	38	38	95	95	53	53
5					2,704	2,704	574	574
6					335	335	22	22
7					510	510		
8					28	28		
9	4	2	11	3	124	42	45	15
10	55	30	70	16	574	195	881	291
11	600	347	536	246	6,261	2,134	4,800	2,452
12	31	18	19	10	387	132	219	112
							255	107

Notes to Table 6-1

Source: Fiscal 1959 totals, from Administrator of Veterans Affairs, *Annual Report*, 1960, Source Note 95; as follows for each line:

<i>Page</i>	<i>Col.</i>	<i>Column Caption</i>	<i>1959 Total (millions of dollars)</i>
		<i>Line 1. Total Expenditures</i>	5,019
286	2	General and special fund appropriations. (The balance of the grand total of \$6,282 is captioned "supply fund, trust and working funds"—\$938.) From this \$5,344, two items were first excluded; p. 302-7 Loan Guaranty (Public Law 346) Other, \$121 million, a loan fund; p. 304-8 Direct loans to veterans, \$204 million, a loan fund.	
		<i>Line 2. Compensation</i>	2,071
		Service-connected—entire amount charged to aftercost of war.	
292	1	Compensation and pension appropriations (hereafter, c. & p.a.) for the regular establishment, total	109
292	6	c. & p.a., World War I, living veterans, service-connected disability compensation	217
292	2	c. & p.a., World War I, living veterans, emergency officers' retirement pay	4
294	2	c. & p.a., World War I, deceased veterans, service-connected	65
294	6	c. & p.a., World War II, living veterans, service-connected	1,126
294	8	c. & p.a., World War II, living veterans, retired reserve officers	0.012
294	9	c. & p.a., World War II, living veterans, Army of the Philippines (Public Law 301)	7
296	2	c. & p.a., World War II, deceased veterans, service-connected	293
296	4	c. & p.a., World War II, deceased veterans, Army of the Philippines (Public Law 301)	24
296	7	c. & p.a., Korean conflict (Public Law 28), living veterans, service-connected	179

Notes to Table 6-1 (continued)

<i>Page</i>	<i>Col.</i>	<i>Column Caption</i>	<i>1959 Total (millions of dollars)</i>
296	10	c. & p.a., Korean conflict (Public Law 28), deceased veterans, service-connected	48
<i>Line 3. Pensions</i>			
		Nonservice-connected—entire amount charged to welfare	1,154
288	4	c. & p.a., War of 1812, total	0.0
289	1	c. & p.a., Indian wars, total	0.7
289	4	c. & p.a., Mexican War, total	0.003
290	1	c. & p.a., Civil War, total	4
290	4	c. & p.a., Spanish-American War, total	116
292	7	c. & p.a., World War I, living veterans, nonservice-connected disability pension	686
294	3	c. & p.a., World War I, deceased veterans, nonservice-connected	238
294	7	c. & p.a., World War II, living veterans, nonservice-connected	71
296	3	c. & p.a., World War II, deceased veterans, nonservice-connected	32
296	8	c. & p.a., Korean conflict (Public Law 28), living veterans, nonservice-connected	5
296	11	c. & p.a., Korean conflict (Public Law 28), deceased veterans, nonservice-connected	1
<i>Line 4. Insurance</i>			
		Service-connected—entire amount charged to aftercost of war	(53)
306	1	Military and naval insurance, benefits	3
306	2	Military and naval insurance, transferred to U.S. government life insurance fund	0.2
306	5	National service life insurance, appropriation, benefits	0.8

Notes to Table 6-1 (continued)

<i>Page</i>	<i>Col.</i>	<i>Column Caption</i>	<i>1959 Total (millions of dollars)</i>
306	6	National service life insurance, appropriation, transferred to National Service Life Insurance fund	12
306	9	Servicemen's indemnities	36
308	1	Veterans special term insurance, appropriation	0.0
308	3	Service disabled veterans insurance, appropriation	0.0
308	4	Service disabled veterans insurance, transferred from veterans insurance and indemnities appropriation	0.0
<i>Line 5. Education and Training</i>			
		Nonservice-connected—entire amount charged to welfare	(574)
298	2	c. & p.a., readjustment benefits (Public Law 346) (hereafter, r.b.), education and training, subsistence allowance	0.0
298	3	c. & p.a., r.b., education and training, tuition	0.0
298	4	c. & p.a., r.b., education and training, supplies, equipment and fees	0.0
302	2	r.b., education and training (Public Law 346), subsistence allowance	0.050
302	3	r.b., education and training (Public Law 346), tuition	0.3
302	4	r.b., education and training, supplies, equipments, and fees	0.026
302	5	r.b., education and training allowance (Public Law 550)	566
304	2	r.b., war orphans educational assistance and special training allowance (Public Law 364)	8
<i>Line 6. Vocational Rehabilitation</i>			
		Service-connected—entire amount charged to aftercost of war	(22)
298	8	c. & p.a., subsistence allowance (Public Laws 16 and 894)	15
300	3	Veterans' miscellaneous benefits, vocational rehabilitation (Public Laws 16 and 894), tuition	0.0
300	4	Veterans' miscellaneous benefits, vocational rehabilitation (Public Laws 16 and 894), supplies and equipment	0.0

Notes to Table 6-1 (continued)

<i>Page</i>	<i>Col.</i>	<i>Column Caption</i>	<i>1959 Total (millions of dollars)</i>
304	5	r.b., vocational rehabilitation (Public Laws 16 and 894), tuition	6
304	6	r.b., vocational rehabilitation (Public Laws 16 and 894), supplies and equipment	0.9
310	5	Vocational rehabilitation (World War I)	0.0
<i>Line 7. Unemployment Allowances</i>			
		Nonservice-connected—entire amount charged to welfare	(0.0)
298	5	c. & p.a., r.b., readjustment allowances, unemployment	0.0
298	6	c. & p.a., r.b., readjustment allowances, self-employment	0.0
304	3	r.b., readjustment allowances (Public Law 346), unemployment	0.001
304	4	r.b., readjustment allowances (Public Law 346), self-employment—\$0.000,038 (credit)	-0.0
<i>Line 8. Loan Guaranty</i>			
		Nonservice-connected—charged to welfare	(-0.003)
302	6	r.b., loan guaranty (Public Law 346), 4 per cent gratuity—\$0.003 (credit)	-0.003
<i>Line 9. Construction</i>			
		These benefits fall into two categories, aftercost of war (\$15) and welfare (\$30). Divided into aftercost of war and welfare on basis of percentage of veterans receiving hospital care during that year who were treated for service-connected and nonservice disabilities (Table VA2). Of all patients receiving hospital care 54 per cent were treated for service-connected disabilities in 1929, 23 per cent in 1939, 34 per cent in 1949 and 33 per cent in 1959.	45
287	3	Hospital and domiciliary facilities (construction and related costs)	45
287	4	National Industrial Recovery Act of 1933 (allotment to Veterans Administration, 1933-39)	0.0
287	5	Public Works Administration Act of 1938 (allotment to Veterans Administration, 1938-43)	0.0

Notes to Table 6-1 (continued)

<i>Page</i>	<i>Col.</i>	<i>Column Caption</i>	<i>1959 Total (millions of dollars)</i>
<i>Line 10. Medical and Hospital Care</i>			
		Service-connected and nonservice-connected—these benefits fall into two categories, aftercost of war (\$291) and welfare (\$590). Division of expenditures for medical and hospital care into aftercost of war and welfare based on the same percentages in Table VA2 referred to in line 9 above—the percentages of veterans treated for service- and nonservice-connected disabilities	881
286	4	Administration and other benefits (part)	881
286	5	Medical and hospital services	0.0
286	7	National Home for Disabled Volunteer Soldiers	0.0
287	1	State and Territorial homes	0.0
<i>Line 11. Subtotal</i>			
		This line needs no explanation but it serves two purposes. First, for the four fiscal years shown on the table the subtotal is about 95 per cent of the total expenditures, for aftercost of war, and for welfare. This leaves amounts in line 12, "All Other" of about 5 per cent of the totals of line 1. The problem of line 12 is different because it was not found possible to distribute these items directly between the aftercost of war and welfare. Hence, the items in "all other" are distributed according to the subtotal as revealed in line 11.	4,800
<i>Line 12. All Other</i>			
		\$219, divided into aftercost of war (\$112) and welfare (\$107) by procedure described in line 11 above.	219
286	4	Administration and other benefits (part)	178
286	6	Maintenance for expenses for pensions	0.0
287	2	Canteen Service, revolving fund	0.0
287	7	c. & p.a., participants in yellow fever experiments	0.005
298	7	c. & p.a., adjusted service and dependent pay	0.001
298	9	c. & p.a., statutory burial awards	33

Notes to Table 6-1(concluded)

<i>Page</i>	<i>Col.</i>	<i>Column Caption</i>	<i>1959 Total (millions of dollars)</i>
298	10	c. & p.a., unclassified as to purpose	1
298	11	c. & p.a., special allowance (sec. 405, Public Law 881)	0.06
300	2	Veterans miscellaneous benefits, statutory burial awards	0.0
300	5	Veterans miscellaneous benefits, homes for paraplegics	0.0
300	6	Automobiles and other conveyances for disabled veterans	0.0
300	7	Vocational rehabilitation revolving fund (World War II and Korean conflict)	0.004
304	1	r.b., automobiles and other conveyances for disabled veterans	1
304	7	r.b., homes for paraplegics	3
308	6	Soldiers' and sailors' civil relief	1
310	6	Allotments and allowances (part)	0.0
310	7	Marine and seamen's insurance	0.0
310	10	Miscellaneous (part)	1

There are forty-seven columns in Table 95 which are not referred to above. Of this total, twelve are subtotals where the corresponding total columns have been used: page 288-5,6; page 289-2,3,5,6; page 290-2,3,5,6; page 292-2,3. Seventeen of the columns are total columns where it was necessary to use the subtotal columns: page 286-1; page 287-6,8; page 288-1,2; page 292-4,5; page 294-1,4,5; page 296-1,5,6,9; page 298-1; page 300-1; page 302-1. One column, page 288-3, has no data for our years. Expenditures for the supply fund, trust fund, and working funds (page 286-3) are not included in this compilation and hence the sixteen subtotals for this column are not referred to: page 306-3,4,7,8; page 308-2,5,7,8,9,10; page 310-1,2,3,4,8,9.

Part of column 6, page 310 (allowances) is included in the table above in line 13; the remainder, the portion expended as allotments, is part of column (3), page 286 which is not included in this compilation. Similarly, part of column 10, page 310 is included in line 13; the remainder, expenditures from trust funds, and working funds (items 34 and 41 on pages 280-81 and all items on pages 282-83 of the 1960 Annual Report) is included in column 3, page 286 and not included in this compilation.

All of column 4, page 286 is included in lines 11 and 13 of the table. Line 10, Medical and Hospital Care, is available annually in *Historical Statistics of the United States, Colonial Times to 1957*, Series Y 821, and for more recent years in the *Statistical Abstract*. (This provides the division of column 4, page 286 in lines 11 and 13; the Y 821 series, as does line 11, includes also page 286-5,7, and page 287-1,2.)

categories (described in the table footnotes) was in the same proportions as the 95 per cent totaled in line 11. The note to Table 6-1 lists the captions of the columns of source Table 95 grouped together into the ten categories in our table.

Fiscal year 1959 can be used as an illustration. Of the \$5,019-million total (\$5,344 million less \$325 million for loans), \$2,564 million was classified as expenditures for aftercosts of war and \$2,455 million for public social welfare or public philanthropy; that is, 51 per cent of the adjusted total expenditures from appropriated funds was disbursed for purposes which fall in our category of aftercosts of war (service-connected) and 49 per cent in our category of public philanthropy (non-service-connected). The corresponding separation for the other three years shown in Table 6-1 are 58 and 42 per cent for fiscal year 1929, 54 per cent and 46 per cent for fiscal year 1939, and 34 per cent and 66 per cent for fiscal year 1949. The fact that as much as 66 per cent is classified as welfare or public philanthropy for 1949 is obviously traceable to the large number of men engaged in World War II and the provision for various veterans' benefits in legislation during the 1940's. The presentation of the breakdowns for the four selected years will, we trust, provide sufficient detail to explain the procedures that have been followed for each of the thirty-one years covered in our period.

An examination of this table line by line shows that all expenditures classified as "compensation" and "insurance" have been considered aftercosts of war (service-connected) and therefore not classified as public social welfare or public philanthropy. On the other hand, the other large item, "pensions," is nonservice-connected and hence exclusively classified as welfare or public philanthropy. The same is true of "education and training" and "unemployment allowances."

The members of the staff of the Veterans Administration prepared for us a percentage distribution of the number (not costs) of veterans treated in hospitals and other medical facilities of the Veterans Administration in each year, 1929-60, for service-connected and for nonservice-connected disabilities. Table 6-2 below was utilized in preparing Tables 6-1 and 6-3. The percentage of veterans treated for service-connected disabilities ranged from a high of 54 per cent in 1929 and 1930 to a low of 22 per cent in 1940 and 1941. These percentages were influenced by changes in statutory definitions. The amounts of the annual expendi-

Table 6-2
*Patients Receiving Hospital Care Authorized
 by the Veterans Administration, 1929-60*

Year ^a	Total Patients	Veterans Treated for Service-Connected Disabilities ^b	
		Number	Per Cent of Total
1929	29,897	16,024	54
1930	30,556	16,418	54
1931	35,145	15,773	45
1932	43,469	15,199	35
1933	33,844	13,925	41
1934	38,733	11,451	30
1935	41,728	12,168	29
1936	41,251	11,906	29
1937	46,235	12,182	26
1938	50,640	12,394	24
1939	53,745	12,534	23
1940	56,450	12,670	22
1941	58,241	12,825	22
1942	56,103	13,324	24
1943	56,850	14,580	26
1944	63,890	18,476	29
1945	70,246	23,375	33
1946	87,257	28,806	33
1947	104,443	35,525	34
1948	103,576	34,872	34
1949	107,073	35,919	34
1950	102,303	34,596	34
1951	100,517	35,597	35
1952	103,774	36,182	35
1953	102,323	39,092	38
1954	108,357	40,711	38
1955	110,257	41,078	37
1956	112,660	40,195	36
1957	110,715	39,063	35
1958	112,920	38,515	34
1959	113,115	37,575	33

^aAs of June 30, 1929-54; as of May 31, 1955-57; as of November 30, 1958, and as of October 31, 1959.

^bDoes not include service-disabled veterans being treated for nonservice-connected conditions, which amounted to 9.1 per cent of the patient load in 1959.

Source: See text.

Table 6-3

Public Expenditures for Veterans Programs Classified as Aftercosts of War and Welfare, 1929-59
(millions of dollars)

Fiscal Year	Veterans Administration Expenditures (appropriated funds)				State Government Expenditures (5)	Total Veterans Welfare		
	Total (adjusted) (1)	Per Cent Aftercost of War (2)	Aftercost of War (1) x (2) (3)	Welfare (1) - (3) (4)		Fiscal Year (4) + (5) (6)	Calendar Year (7)	Per Cent of GNP (8)
1929	631	58	365	266		266	261	.250
1930	639	60	383	256		256	285	.313
1931	714	56	400	314		314	342	.448
1932	789	53	418	371		371	373	.638
1933	781	52	406	375		375	280	.500
1934	496	63	312	184		184	195	.300
1935	557	63	351	206		206	222	.306
1936	580	59	342	238		238	240	.290
1937	579	58	336	243		243	246	.271
1938	582	57	332	250		250	252	.296
1939	555	54	300	255		255	258	.283

1940	558	53	296	262		262	261	262	261	.259
1941	553	53	293	260		260	260	260	260	.207
1942	556	53	295	261		261	261	261	267	.168
1943	606	55	333	273		273	273	273	244	.127
1944	744	71	528	216		216	216	216	285	.135
1945	2,085	83	1,731	354		354	1,130	354	1,130	.529
1946	4,425	58	2,566	1,859	47	1,859	3,348	1,906	3,348	1.589
1947	7,469	38	2,838	4,631	159	4,631	4,812	4,790	4,812	2.054
1948	6,491	35	2,272	4,219	616	4,219	4,868	4,835	4,868	1.876
1949	6,648	34	2,266	4,382	520	4,382	4,664	4,902	4,664	1.807
1950	6,608	40	2,643	3,965	462	3,965	3,964	4,427	3,964	1.393
1951	5,275	40	2,110	3,165	335	3,165	3,104	3,500	3,104	.944
1952	4,838	47	2,274	2,564	143	2,564	2,386	2,707	2,386	.688
1953	4,242	54	2,291	1,951	114	1,951	2,016	2,065	2,016	.552
1954	4,145	55	2,280	1,865	103	1,865	2,032	1,968	2,032	.560
1955	4,330	53	2,295	2,035	62	2,035	2,211	2,097	2,211	.556
1956	4,659	52	2,423	2,236	89	2,236	2,356	2,325	2,356	.562
1957	4,694	50	2,347	2,347	39	2,347	2,454	2,386	2,454	.554
1958	4,897	51	2,497	2,400	121	2,400	2,518	2,521	2,518	.566
1959	5,019	51	2,564	2,455	61	2,455	2,503	2,516	2,503	.519
1960	4,955	52	2,577	2,378	112	2,378		2,490		
Total ^a	90,700	48	43,664	47,036	2,983	47,036	48,637	50,019	48,637	.724

Notes to Table 6-3

Note: Detail may not add to total because of rounding.

^aSee note a, Table 2-1.

Sources by Column

Column 1

Annual Report of the Administrator of Veterans Affairs, 1960, Table 95, column 2 (p. 286) minus columns 7 (p. 302) and 8 (p. 304).

Column 2

See Table 6-1. Annual percentages: correspondence with Veterans Administration, February 2, 1961, April 4, 1962, and April 18, 1962.

Column 5

See Table 5-1 for source and selected years. Data for 1950 and 1955-60 are revised estimates.

Column 7

Fiscal-year data converted to calendar-year basis by two-year moving average.

Column 8

See Table 2-2 for Gross National Product.

tures for construction and for medical and hospital care in Table 6-1 assigned to aftercosts of war were determined by the percentage of veterans treated for service-connected disabilities during the year. This division is more satisfactory for the larger item, medical and hospital care, than for the capital item, construction. Data were not available on the actual costs of treating service-connected disabilities and annual depreciation capital costs.

PUBLIC PHILANTHROPY ONLY HALF OF TOTAL

The final results are presented in Table 6-3. It presents for each of the thirty-two fiscal years and the adjusted federal expenditures from general and special fund appropriations, the percentages, and amounts (in millions) for aftercosts of war and for welfare or domestic public philanthropy. In column 5 the remaining part of the expenditures for veterans,

all of which we classify as public philanthropy, are those found in the Merriam compilation under veterans' welfare expenditures (including bonuses) by state governments. They are, of course, relatively small and only for post-World War II years, but they are a part of the total for veterans' benefits classified as public domestic philanthropy.

The totals in column 6 do not, of course, agree with the corresponding entries in the Merriam compilations for veterans' programs; ours are lower. The basic classifications in the Merriam compilations for veterans' programs are pensions *and compensation*, health and medical services, education, and welfare and other. In contrast, we classified "compensation" as an aftercost of war. The amount was \$2,071 million in fiscal 1959; this item accounts for more than two-thirds of the excess in 1959—and in most of the years—of the Merriam totals for veterans' programs above our totals. As already noted in Chapter 6, our concept of public domestic philanthropy—no *quid pro quo*—is somewhat narrower than the Merriam concept of social welfare expenditures under public programs. In general, our entire concept of philanthropy (social welfare) for veterans is far below the Merriam totals. The major differences between our two sets of classification of all veterans expenditures are set forth in Table 6-1.⁵

For the thirty-two fiscal years 1929–60 the federal total of \$91 billion has been separated into \$44 billion for aftercosts of war and \$47 billion for welfare (columns 3 and 4 of Table 6-3). On the other hand, for fiscal year 1949, the percentage of expenditures classified as aftercosts of war was the lowest, 34 per cent, and for welfare the highest, 66 per cent. At the other extreme, the expenditures for fiscal 1945 were divided 17 per cent for welfare and 83 per cent for aftercosts of war. For the entire thirty-two-year period, the percentage of aftercosts of war was 48 and for welfare 52. The expenditures by state governments totaled \$2,983 million, which, added to the adjusted federal total of \$90,700 million, gives a combined total of \$93,683 million. As already noted, all state expenditures are classified as nonservice-connected, or public philanthropy.

⁵ Worksheets for the complete reconciliation for fiscal 1959 with the Merriam compilations—her \$5,032 million and our adjusted total of \$5,019 million (\$5,344 million less \$325 million for loans)—are not specifically shown in the footnotes to our tables.

CALENDAR YEARS 1929-59

Since the data on private philanthropy have been set forth on a calendar-year basis, public domestic philanthropy data for fiscal years were re-computed by a two-year moving average to convert fiscal-year data into estimates for calendar years. For veterans programs these estimates for the thirty-one calendar years totaled \$48,637 million (Table 6-3). This procedure does, of course, introduce the possibility of a small margin of error. (Obviously, the data for the first and last of the thirty-two fiscal years enter the moving average computations only once, whereas those of the thirty intervening years enter twice; the difference between the totals for fiscal and calendar years is \$1,382 million, one-half of the entry for fiscal 1929 and fiscal 1960.)

Although the dollar series for calendar years will be related to GNP, the abrupt rise from \$285 million in 1944 to \$1,130 million in 1945 and to the peak of \$4,868 million in 1948 indicates the immediate impact of World War II on this form of public domestic philanthropy. The annual expenditures diminished immediately after the Korean conflict and were at the \$2,500-million level for the last two years of our period of study.