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**WAR, SCANDALS, AND WELFARE:
THE MAKING OF VETERANS' HOSPITALS**

Olivier Burtin

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Jessica L. Adler. *Burdens of War: Creating the United States Veterans Health System.* Baltimore: Johns Hopkins University Press, 2017. x + 353 pp. Illustrations, notes, bibliography, and index. \$49.95.

Rosemary Stevens. *A Time of Scandal: Charles R. Forbes, Warren G. Harding, and the Making of the Veterans Bureau.* Baltimore: Johns Hopkins University Press, 2016. xviii + 376 pp. 12 plates. Illustrations, notes, and index. \$34.95.

In 1997, Christopher Howard coined the term “hidden welfare state” to designate tax expenditures like the home mortgage interest deduction and the Earned Income Tax Credit. Though they accounted for hundreds of billions of dollars in federal spending, the indirect nature of these benefits meant that they drew far less attention than more visible programs such as Medicare or Social Security.¹ While Howard called our attention to the myriad ways in which the state used the tax code as an instrument of social policy, many of his observations also apply to another neglected area of the U.S. welfare state: the veterans’ health system. Like tax credits, veterans’ healthcare was created with bipartisan support outside of the periods often associated with the expansion of the welfare state (the New Deal in the 1930s and the Great Society in the 1960s) and has proven very difficult to downsize even when other welfare programs were under siege. Indeed, the division of the Department of Veterans Affairs in charge of health benefits has grown to become the nation’s largest integrated healthcare system, responsible for over 1,200 medical facilities, an annual budget of more than \$68 billion, and a workforce of 300,000 serving over 9 million enrolled veterans every year.² A major federal healthcare program, the veterans’ health system constitutes a striking exception to the American tradition of hostility against government intervention in this field, and one that historians—until now—had yet to reckon with.

The two books under review here constitute the first scholarly investigations into the origins of this system. In *A Time of Scandal: Charles R. Forbes, Warren G. Harding, and the Making of the Veteran Bureau*, Rosemary Stevens provides a revisionist account of the scandals that surrounded Forbes's term as the first director of the Veterans Bureau (VB), the agency that would later become the Department of Veterans Affairs. Whereas *A Time of Scandal* is narrative-driven and focused on Forbes, Jessica Adler's *Burdens of War: Creating the United States Veterans Health System* adopts a broader chronological and analytical perspective, examining the creation of the VB during the post-World War I years and its expansion throughout the interwar period.

While trench warfare raged in Europe, American lawmakers were busy creating a new administrative framework for veterans' benefits. They expanded the authority of the Bureau of War Risk Insurance (BWRI) to include soldiers' life insurance, death and disability compensation, and veterans' medical care. With the BWRI in charge of reimbursing veterans' medical treatment, the Public Health Service oversaw the administration of government hospitals, and the Federal Bureau of Vocational Education managed educational rehabilitation programs for disabled former soldiers. This tripartite division of power struggled to meet the needs of the 4.5 million "Doughboys" who returned home after the armistice. Responding to mounting complaints of red tape and delays, in August 1921 Republican President Warren G. Harding approved the creation of a new independent agency, the VB, to replace the BWRI and assume responsibility for the veteran-related functions of the other two entities. His appointment of Charles Forbes at the head of this new agency was controversial, as Forbes had no other qualification than his own military service and the fact that he had campaigned on Harding's

behalf. Following repeated accusations of misconduct, Forbes was forced to resign less than two years later. After a congressional investigation produced enough evidence to damage his reputation, a jury found him guilty of defrauding the federal government.

The standard account of Forbes's term as VB Director has remained virtually the same for over a century, as most historians have accepted the conclusions of the congressional investigation and the verdict of the trial. More broadly, the memory of the Harding administration continues to be dominated by a series of scandals revealed after his premature death in 1923, which forced the resignations of not just Forbes but two other Cabinet members: Secretary of the Interior Albert Fall, charged with leasing the Teapot Dome natural reserves to the oil industry; and Attorney General Harry Daugherty, suspected (but never found guilty) of various corrupt behavior. Forbes himself was accused of embezzling money appropriated for the construction of new veterans' hospitals and of accepting a personal bribe from con artist Elias Mortimer. Along with speculations over Harding's love affairs, these scandals have attracted far more attention than the very substantial accomplishments of his administration. Then and now, the colorful details of these controversies have encapsulated the popular view of the 1920s as an era of corruption, greed, and sleaze. Historians have begun to move beyond this simplistic portrayal of the 29th President and his administration, but the scholarship continues to portray Forbes as no more than "a crook—a foolish one to boot."³

By contrast, Stevens sees him as more a fool than a crook, his problems "the result of stupidity rather than cupidity" (p. 306). Drawing on extensive research in government, private, and family papers, her account is the first to challenge the conventional narrative of his precipitous rise and fall. She reveals the case against Forbes to be rather weak, for it relied primarily on the very partial testimony of Mortimer, a compulsive liar who had tried to ingratiate

himself with Forbes to obtain lucrative hospital construction deals. Mortimer later bought immunity by becoming the chief government witness, and he sought to exact revenge after Forbes helped Mortimer's wife obtain a divorce for domestic abuse. The central question of *A Time of Scandal*, then, is the following: why was the mix of flimsy evidence and outright lies that comprised the case against Forbes enough to earn him two years imprisonment and a \$10,000 fine?

The answer lies in part with Forbes himself, whom Stevens portrays as an honest, energetic, and hard-working administrator so devoted to serving veterans that he sacrificed his own health and marriage. But he was also a complete novice to the ruthless intrigues of Washington politics, oblivious to subtler aspects of his mission such as the need to maintain a working relationship with political patrons. More importantly, his reckless behavior aroused legitimate concerns about potential conflicts of interests stemming from his position at the head of a new government agency entrusted with vast public funds. Despite being warned again and again about Mortimer's past as a bootlegger and his connections to the construction industry, Forbes treated him as a close friend for months. Insecure about his immigrant origins, Forbes also made his already precarious situation even worse by offering ever-changing versions of his own past in public. After he became estranged from his wife and daughter, rumors of impropriety reached a fever pitch, forcing him to step down in March 1923.

Forbes's undoing was the result of more than just individual shortcomings; it also stemmed from his acceptance of an arduous—indeed, perhaps impossible—mission. As Stevens puts it, his appointment at the head of the VB catapulted him into the engine of “a rapidly moving train” steaming headlong into a political minefield (p. 49). His task was to integrate three agencies, each with its own distinct professional culture, into a single consolidated system while

also meeting veterans' higher-than-expected demand for medical services. The stakes were enormous: with a budget of \$510 million in 1921, or one-fifth of all federal spending, the VB was Harding's "flagship program" (p. 80). Neither was it a foregone conclusion that this agency would acquire ultimate responsibility for the administration of veterans' hospitals. Without Forbes's aggressive and often undiplomatic leadership, things might well have turned out differently. Indeed, his work almost required him to walk on others' toes, as he did, for instance, with Harding's personal doctor Charles Sawyer, who advocated placing all government hospitals under a unified Department of Public Welfare instead of a veteran-specific agency. Sawyer used his privileged access to the President to undermine Forbes, and later testified against him at trial. Forbes's success at centralizing power in the VB was directly responsible for his having so few allies and so many enemies.

What is more, the rumors against him went unchallenged because they served a political purpose. Democrats seized on the scandals for partisan advantage, but Republicans were happy to pin the blame on Forbes alone and thereby avoid a broader inquiry into the failings of Harding's presidency. Instead of coming to his defense, they left him at the mercy of a press hungry for easy culprits and sensational headlines. His successor Frank T. Hines also took advantage of the scandals as an opportunity to advance his own efforts to streamline the agency's operations. In a nutshell, Forbes was a selfless administrator whose forceful leadership was key in insuring the VB's unchallenged authority in veterans' affairs, but a naïve politician whose irresponsible behavior and lack of allies made him all too easy to discard once he became a political liability. While an incomplete archival record means that some areas of doubt remain, the painstaking work of reconstruction undertaken by Stevens allows her to reach the compelling

conclusion that Forbes “was found guilty of a crime he did not commit,” even though he was “not without guilt” (p. 308).

While Stevens explores Forbes’ actions down to the last detail, Adler adopts a bird’s eye view, taking in the rich cast of doctors, bureaucrats (including Forbes), politicians, veterans’ groups, and former soldiers who played a role in the creation and expansion of veterans’ hospitals. Covering the period ranging from the first wartime debates over what to do with future disabled soldiers until the mid-1930s, *Burdens of War* is at once a history of medicine, policy, and disability. Importantly, Adler examines not only the experience of the majority of white male veterans who used these hospitals, but also that of female and African-American patients. This complexity is both its strength and its weakness, as the narrative thread can sometimes be difficult to follow when alternating between so many different actors and levels of analysis.

Nevertheless, the analytical payoff of this all-encompassing approach is more than worth the effort, for it reveals the fundamental irony at the core of the creation of veterans’ hospitals. When Progressive legislators began to plan for the rehabilitation of disabled soldiers during the Great War, they sought to design a system that would avoid the kind of long-term commitments and fraud associated with Civil War pensions by quickly returning the war-wounded to the status of productive and self-reliant members of society. They planned to have military hospitals treat disabled soldiers and discharge them to civilian life only after their complete recovery, thereby cutting short the state’s debt toward them. Sketched in haste during the wartime emergency, these plans did not survive the postwar era. Not only did lawmakers under-estimate the number of chronically disabled veterans who would seek long-term care, but they overlooked the fact that veterans’ expectations of a dignified and generous treatment would collide with the military’s reluctance to keep severely wounded soldiers in hospitals after it had become clear that

they would never be able to return to service. In addition, the division of authority between three agencies led to infighting, red tape, and confusion.

A consensus emerged over the need for reform soon after the war ended. Congress passed a series of laws that appropriated vast sums for the construction of more government hospitals, consolidated all services for World War I veterans under the aegis of the VB, and opened hospitals to all needy patients with non-service connected disabilities in 1924. The culmination of this gradual expansion came in 1930, when the VB absorbed Soldiers' Homes and the Bureau of Pensions (which served older veterans of the Spanish-American and Civil Wars) and was renamed the Veterans Administration (VA). On the eve of Pearl Harbor, the VA was responsible for over 90 hospitals and 58,000 patients—an all-time high.⁴ An agency designed to serve only veterans of World War I had grown in just two decades to administer benefits for veterans of *all* wars, and a system intended to limit the state's obligation towards veterans produced the opposite outcome, permanently extending “a rare and increasingly valuable entitlement to millions of working- and middle-class Americans” (p. 253).

Burdens of War makes clear that this unexpected (and undesired) turn of events was less the result of many different factors. Ordinary veterans themselves played an important role: by voicing their discontent with the chaotic postwar situation, they forced Congress to pay attention. The fact that the public recognized that disabled veterans had a legitimate claim to the state's coffers also helped. Their complaints were reinforced by the lobbying of new advocacy groups such as the American Legion and the Disabled American Veterans, whose strong working relationship with the VB and congressional committees ensured favorable legislative outcomes. Veterans also benefited from several larger trends, such as the relative prosperity and budget surpluses of the 1920s, which made generous outlays of public funds more acceptable; the

wartime and postwar wave of institution building and emphasis on government efficiency; the growing acceptance of professionalized and hospital-based healthcare; and the fear that destitute veterans would embrace radical ideals and foment unrest. Finally, Adler advances the insightful argument that the haphazard and incremental growth of veterans' hospitals made them a more difficult target for critics. Indeed, the Veterans Administration as it existed in 1941 was less the result of a coherent grand vision than of successive ad hoc responses by a dizzying array of actors. The fact that "there was no one bill—no single 'Veterans' Security Act'—to lobby against" prevented opponents like the American Medical Association from mounting an effective resistance (p. 251).

Taken together, these two studies demonstrate the relevance of veterans' benefits to the larger history of U.S. politics, welfare, and state-building in the twentieth century. They follow in the footsteps of other historians of veterans' affairs in the interwar period, who in recent years have moved beyond a longstanding focus on the Bonus.⁵ This is a welcome development, for even though the fight over "adjusted compensation" (as its supporters preferred to call it) attracted far more attention than that over veterans' hospitals, the latter left a much deeper imprint on the structure of veterans' welfare state. Stevens and Adler show that these two issues were intimately connected. For politicians reluctant to approve spending hundreds of millions of dollars on a Bonus bill that would overwhelmingly benefit able-bodied former soldiers, legislation for better medical care of disabled veterans offered well-needed political coverage. Far from growing on their own, veterans' hospitals therefore benefited from being seen as the more palatable and economical alternative to the Bonus, even though they would in the long run prove far more expensive.

Beyond veterans' affairs, both *A Time of Scandals* and *Burdens of War* participate in the recent re-interpretation of the political history of the 1920s. Often seen as a conservative decade of small government and laissez-faire—"an anomalous period sandwiched between two eras of reform"—historian Lisa McGirr has argued instead that it "helped lay the groundwork for the expansion of state authority during the New Deal."⁶ While her own work points to the importance of Prohibition in laying out the foundations of the federal penal state, veterans' hospitals were another important example of 1920s state-building. Both represented a reluctant expansion of state power befitting Americans' longstanding and persistently ironic antistatist tradition. Adler shows how the creation of veterans' hospitals followed a peculiarly American pattern of affording welfare benefits not on a universal basis but instead "selectively" to specific groups of the population seen as more deserving (p. 6). As she points out, veterans' hospitals "foreshadowed watershed New Deal programs of the 1930s" such as the Social Security Act, which in its initial iteration only covered specific categories of workers (p. 7). At a more fundamental level, it is striking to see that veterans' hospitals were able to expand slowly but steadily throughout the 1920s and 1930s, almost regardless of which party held the reins of power in Congress or the White House (Franklin Delano Roosevelt's effort to downsize them in 1933 with the Economy Act was short-lived, as veterans' groups rollbacked most of the cuts within a year). Contrary to the conventional view of the New Deal as a departure in the history of American state-building, then, these two studies provide an illuminating example of a major welfare program created under a Republican administration that grew throughout the interwar period (and beyond). Stevens and Adler's important work illustrates why historians of the state need to go beyond the "red-blue divide."⁷

The fact that the origins of the largest integrated healthcare system in the country have remained “hidden” for almost a century is indicative of the neglect that veterans’ benefits have experienced within the larger historiography of U.S. politics, especially in the twentieth century. As more scholars investigate the intersection of war and welfare, they will further reshape our understanding of the historical origins, development, and structure of the U.S. state.

Olivier Burtin is a Lecturer in History at Princeton University. His current book manuscript examines the role of veterans’ groups in the growth of a separate welfare state for former soldiers in the mid-twentieth century. He published a previous project on conservatism, feminism, and tax resistance in the *Journal of Policy History*.

1. Christopher Howard, *The Hidden Welfare State: Tax Expenditures and Social Policy in the United States* (1997).
2. Veterans Health Administration, “About VHA - Veterans Health Administration,” General Information, accessed Nov. 21, 2017, <https://www.va.gov/health/aboutVHA.asp>
3. John W. Dean, *Warren G. Harding* (2004), 140.
4. *Annual Report of the Administrator of Veterans’ Affairs for the Fiscal Year Ended June 30, 1941* (1941), 7, 11.
5. See for instance Stephen R. Ortiz, *Beyond the Bonus March and GI Bill: How Veteran Politics Shaped the New Deal Era* (2010); Beth Linker, *War’s Waste: Rehabilitation in World War I America* (2011); John M. Kinder, *Paying with Their Bodies: American War and the Problem of the Disabled Veteran* (2015).
6. Lisa McGirr, “The Interwar Years,” in *American History Now*, eds., Lisa McGirr and Eric Foner (2011), 126. See also: Lisa McGirr, *The War on Alcohol: Prohibition and the Rise of the American State* (2015).
7. Matthew D. Lassiter, “Political History beyond the Red-Blue Divide,” *Journal of American History* 98, no. 3 (December 2011): 760–64.

Attached you'll find my revisions. There's a lot of red and little to actually think about. At a couple places I press for clarity but most is very simple, surface-level stuff. Prepositions proved sticky in some places and I was pretty ruthless about the sentence-starting hiccups (Moreover, Importantly, etc.) but there's still more to cut there if you choose to. Rarely are they necessary. At a few points I conjoin sentences to make the meaning more clear and reduce excess wordage, at others I excise whole sentences and parts of paragraphs because I find them either redundant or, in the case of the conclusion, seemingly self-serving and better left a bit more vague (I think). My excisions bring the whole down to an even 3,100 with paratextuals and that's a winning weight. Feels much more fluid. Thank you for your work.

I want the text, however, to read as you want it to read; these edits aren't set in stone. If you choose to override in places that is your prerogative. If you want clarity from me on why I made certain moves I'm happy to explain by email or phone. If you can get this back to me before you head out of town we probably won't have but one more pass-back to do when the text is set in page proofs by the press in July.