

the service pensions of wars before World War II and the Korean war be voted for the later conflicts, then the increase in cost would be substantially larger than the rise of per capita income for World War II veterans, though not for those of the Korean war. Actually, the differences are not large. In relation to World War I, however, the rise of pensions would be much less than that of per capita income. These results are based on comparisons with pensions in the Civil War. I should make clear that I have measured the per capita incomes as an average of the four wars, that is, the per capita incomes during the wars and not the per capita incomes when the benefits are to be paid. Obviously, per capita incomes on the average would be much higher in periods of payment than during the course of the war. To this extent, this table overestimates the costs of the pensions in relation to per capita income.

TABLE 7-5.—*Per capita income in 4 major wars, compared with veteran pensions per serviceman in each war, under present laws and assuming service pensions for recent conflicts*

Wars	Per capita income (Civil War=100)	Cost per serviceman under present laws	Cost per serviceman assuming service pensions for recent conflicts
Civil War.....	100	100	100
World War I.....	200	343	595
World War II.....	611	380	776
Korean war.....	957	403	932

Source: Calculations from "President's Economic Report, 1959"; "Historical Statistics of the United States, 1789-1943"; my computations; also "Veterans' Benefits in the United States," p. 115.

This table does suggest at least that the benefits have more than responded to the price level and they had not responded to the rise of per capita incomes. But should pensions be voted for recent conflicts as in the past conflicts, then the total cost per serviceman would rise roughly in the same proportions as the per capita income at the time of the wars. But the rise would probably be less than the increase in per capita income at the time the benefits are being paid. Moreover, this is in relation to the Civil War when benefits were surprisingly small. In relation to World War I the rise of benefits even with pensions as in earlier wars, would be only 15 percent as large as the rise of per capita income for World War II and Korean war veterans.

Another indication of what has happened is given by the following:

World War I basic rate for 100-percent disability=\$30 per month regardless of rank:	
1919.....	\$80
1924.....	100
1954.....	181

It should be noted that those who had 100 percent disability were only about one-eighth of the total in 1955.⁵⁵

The benefits to those with 100 percent disability has increased substantially more than the price level, and by 1955 had even exceeded the rise of per capita income.

⁵⁵ "Veterans' Benefits in the United States," pp. 148, 149.