RESEARCH REPORTS

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"America's Old Age Crisis: Public Policy and the Two Worlds of Aging."

Basic Books, 10 E. 53rd Street, New York, N.Y. 10022. 232 pp. $16.50.
Author: Stephen Crystal

Behind Social Security and other federal programs for the elderly is the unspoken assumption that most retirees are impoverished, decrepit, and lonely. In fact, says Crystal, an official with New York City's Human Resources Department, such notions hold true for only a small proportion of Americans over 65.

While poverty among the elderly during the 1960s averaged twice the national rate, today it is down to 15 percent, one point higher than the U.S. average. Thanks to advances in medicine, the "young old" between 65 and 74 today are likely to be as healthy as were those 10 years their junior in previous generations. And only 13 percent of the elderly responding to a 1981 public opinion survey reported that social isolation was a severe personal problem for them.

In reality, Crystal contends, there are "two worlds of aging"—one that conforms to the old stereotype and another, far larger, composed of relatively healthy, well-off retirees. By failing to distinguish between the two, he argues, federal policy perpetuates the split: The well-off get more help than they need, the disadvantaged less.

Social Security and other federal programs have done much to shape the way the elderly live. Today, for example, seven million of the 11 million aged Americans live alone. The chief reason: Given enough money, most of the elderly prefer independence from their children.

(Indeed, only about five percent of the aged receive any regular income from their children; twice as many *give* money to their offspring.)

Public policy also fosters inequities. Tax exemptions for worker contributions to personal and corporate pension plans will cost Washington some $46 billion in revenues in 1983—a hefty "tax expenditure." Nearly half of the work force is now covered by such plans, but blacks are only half as likely to be included as whites. As of 1977, only a third of working women (versus half of all male workers) were covered. Because employees typically are not "vested" until they have been on the payroll for 10 years, relatively few blacks or women collect their benefits.

The result: The systems' beneficiaries are mostly white males and their wives. One 1978 study found that 65 percent of all "tax expenditures" for retirement programs went to workers earning $20,000 or more annually. Overall, the median income for pensioners collecting only Social Security is $6,200; for those collecting additional benefits, $12,200.

Other federal old-age policies also disproportionately aid the middle class. Wealthier retirees, for example, are far more likely to use Medicare benefits than are their lower-income counterparts because of their sophistication and ability to pay the "deductible" portion of the insurance.

Retirees with incomes over $15,000 received twice as much in Medicare benefits as did those with incomes below $5,000, according to a 1968 study.

About 42 percent of Medicaid outlays are collected by the five percent of the over-65 population in nursing homes. In 1976, 95 percent of these residents were white. Partly by choice, blacks are more likely to take care of their impaired parents at home. But federal aid for home care is meager.

Such inequities and rapid growth in the over-65 population require revised national old-age policies, Crystal contends. But he believes the current *total* ($190 billion) of direct outlays and "tax expenditures," now nearly equal to one-third of the federal budget, should be "sufficient."

Immediate pension "vesting," for example, could be made mandatory. Strains on Social Security could be eased by eliminating the financial advantages of early retirement: Three-quarters of new recipients now retire *before* reaching age 65.

Other proposals: taxing a portion of benefits going to those with high outside incomes, slowing the growth of cost-of-living increases.

But Washington cannot return responsibility for the elderly to families, Crystal believes. Instead, it should aim federal resources at those most in need—the poor, the growing population of "frail" elderly over 75, and the disabled. "Severe need in old age," he notes, "has now become and will continue to be largely a woman's problem," because women live far longer than do men.

A critical concern is long-term health care. Subsidies for at-home care should be increased; hospitals should not automatically shunt elderly patients to nursing homes; and more emphasis should be put on using the homes as gateways to the outside world rather than as permanent residences.

A comprehensive, coherent old-age policy would require a complete revamping of today's programs, Crystal concedes. But as the elderly increase their share of the population from 11 percent today to 21 percent in 2030, such an overhaul will become unavoidable.

"TV Coverage of the Oil Crises: How Well Was the Public Served?"

Media Institute, 3017 M St. N.W., Washington, D.C. 20007. 172 pp. $12.95.
Editor: Leonard J. Theberge

What did the three major TV evening news programs say about America's two great "oil crises" of 1973–74 and 1978–79?

Not much that was relevant to the problem at hand, according to the Washington-based Media Institute, despite all the vivid TV film of gasoline lines, disgruntled motorists, OPEC leaders, oil industry spokesmen, and federal policy-makers.

The first crisis followed the Arab oil embargo of October 1973. As most TV newsmen failed to note, it also followed President Nixon's below–market price controls on gasoline; domestic oil producers had cut back on production and exploration, and oil imports zoomed, providing 37 percent of U.S. needs in 1973. The 1973–74 gasoline lines, as economists pointed out, stemmed from Washington's ill-fated efforts to allocate fuel and keep prices down.

Federal intervention continued, with varying impact on different segments of the oil industry. TV failed to observe that some firms profited, but others did not, even as OPEC reaped the main rewards.

Echoing other expert opinion, a 1977 Rand Corporation report (ig-

TV commentators were not alone in believing that U.S. oil price decontrol would be a boon to oil companies. Yet, today, gasoline prices are down.

nored by TV) said that U.S. decontrol would not increase gasoline prices but, by encouraging domestic production, would reduce dependence on foreign oil. President Carter ultimately asked Congress for gradual decontrol; President Reagan ended all controls in 1981. Since then, U.S. gasoline prices have dropped along with both imports and major oil company profits.

Using the Vanderbilt University TV news archive, Media Institute researchers examined 1,462 relevant stories on the ABC, CBS, and NBC evening news shows totaling 39.5 hours during the two oil crises.

When it came to reporting the "causes" of both crises, roughly 72 percent of the discussion focused on OPEC and the oil industry, with 35 percent of it blaming oilmen. Only 18 percent focused on federal actions.

As for discussions of "solutions" to the crises, only 21 percent of TV coverage cited proposals that favored a market solution. Fully 50 percent focused on conservation (e.g., turning out more lights, rationing), and 15 percent dealt, mostly favorably, with proposals for more regulation by Washington.

All in all, the Institute concludes, the TV networks, out of naiveté and/or lust for melodrama, paid scant attention to the real policy issue in both crises: government solutions versus market solutions, such as deregulation. Rather, the network newscasters, relying heavily on Washington officials as sources, presented the answer "as a choice among [federal] non-market measures: conservation versus rationing versus forms of regulation and price controls."

"The Baby-Boom Generation and the Economy."

Brookings Institution, 1775 Massachusetts Ave. N.W., Washington, D.C. 20036.
183 pp. $19.95 cloth, $7.95 paper.
Author: Louise B. Russell

Many economists maintain that the baby-boom generation, by sheer force of numbers, has determined the course of the economy since World War II and will continue to do so through the rest of the century. It has been blamed for high housing costs and unemployment, pitied for the increased job competition its members face. But Russell, a Senior Fellow at the Brookings Institution, argues that its influence is exaggerated.

As it matured, the baby-boom generation—born in the years 1947–57—swelled the ranks of elementary and secondary school students from 28 million in 1950 to 51 million in 1970. School systems were obliged to expand.

But according to Russell, they did far more than was necessary. The amount spent on *each* student rose from $596 to $990 in constant dollars during the same 20-year period. The requirements for teachers' certification were tightened even as their numbers ballooned. Universities, pursuing the new goal of universal higher education, expanded beyond what the population increase demanded. Despite its size, the baby-boom generation was not shortchanged.

Unemployment rates for the baby-boom generation are unusually high, but the evidence that the cause is increased competition for the available jobs, though plausible, is "inconclusive." And these higher rates contribute less than one percentage point to the national unemployment statistics—certainly not enough to account for the high joblessness of the 1970s.

Baby-boom workers do feel the pinch of their large numbers in their pocketbooks. The earnings of male workers from age 20 to 24 declined from 66 percent of those of their 45-to-54-year-old counterparts in 1958 to 56 percent during the late 1970s. Yet it is unclear how much of the decline is due to other factors—e.g., recession, the shift to service industries.

In absolute terms, Russell adds, the baby boomers enjoy far higher earnings than did any previous generation.

Did they account for the massive increase in home-ownership and other changes in consumer spending habits during the 1970s? Actually, older generations bought more than half the new housing built during the decade. Housing boomed because it was a good investment. Overall, Russell notes, interest rates, inflation, and other economic factors have far more influence on such decisions than do demographics.

Economists now fear the baby-boom generation, as it ages, will bankrupt the Social Security system. But, as in the past, changes in economic conditions and human behavior are likely to prove more important, confounding most predictions.

"Demography," Russell concludes, "is not destiny."

Population ageing is an increasing median age in the population of a region due to declining fertility rates and/or rising life expectancy. Most countries have rising life expectancy and an ageing population (trends that emerged first in developed countries, but which are now seen in virtually all developing countries). This is the case for every country in the world except the 18 countries designated as "demographic outliers" by the UN. The aged population is currently at its highest level in human Though aging trends raise difficult issues, the report concludes there is no crisis. Aging is gradual and its consequences tend to appear gradually and predictably. Thus policymakers have time to deal with these issues before they become acute problems.Â However, other regions of the world will begin to age much more rapidly in coming decades: The percentage of those aged 65 and older in Asia, Latin America and the Caribbean, and the Near East/North Africa will more than triple by 2050 (see figure 1). Aging Raises Critical Policy Issues.Â Providing income security has raised two critical policy challenges: (1) ensuring that individuals have sufficient income during retirement to avoid a sharp decline in living standards and (2) ensuring that elderly people are sheltered from financial risks. And populations are aging even faster in the developing world, as fertility rates there have declined more rapidly and more recently than in the developed world.1 Asia and Latin America and the Caribbean are the worldâ€™s fastest aging regions, with the percent of elderly in both regions projected to double between 2000 and 2030 (see Figure 1).2 Even sub-Saharan.Â Finding Workable Policies on Aging. Developing or expanding health insurance programs for the elderly population, improving the capacity of health care systems to treat chronic conditions, and achieving these without forgoing vital services for other age groupsâ€"are major policy questions facing rapidly aging countries.Â The World Bank, Averting the Old Age Crisis (Washington, DC: World Bank, 1994).