The Social and Economic Status of the Older Worker

William George Scott
Loyola University Chicago

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THE SOCIAL AND ECONOMIC STATUS
OF THE OLDER WORKER

by

William George Scott

A Thesis Submitted to the Faculty of the Institute of Social
and Industrial Relations of Loyola University in
Partial Fulfillment of the requirements
for the Degree of Master of
Social and Industrial
Relations
February
1952
TABLE OF CONTENTS

I. INTRODUCTION................................................................. 1

II COMPARATIVE STATUS OF THE AGED IN SELECTED CULTURAL PATTERNS........................................... 4

Discussion of the Role of the aged in primitive, Eastern, and rural cultures. Conclusion.

III AMERICA'S CHANGING POPULATION PATTERN...................... 17

Demographic background, changing population proportions, reasons for the aging of the population, mortality trends, the changing health pattern, fertility trends, the 1940s and the baby boom, immigration and future population growth conclusion.

IV SOCIAL PROBLEMS OF THE AGED........................................... 35

The impact of urbanization and industrialization, change in the family structure—the conjugal family, transition in a mobile society of rapid social change, the social problem, old age and family relations, housing, participation in activities, education in relation to the aged, community planning for old age, conclusion.

V INCOME MAINTENANCE........................................................... 59

Financial status of older people, the cost of benefit plans, income assistance provided through public agencies in Illinois, effect of social security amendments of 1950, Railroad Retirement Act, private pension plans, business aspects of private plans, union views on pensions, plans under collective bargaining, employer attitudes on collectively bargained pension plans, pension and public opinion, types of pension plans, unfunded plans, funded plans, pension benefit formulae, funding methods, insured plans, self-administered or trustee plans, costs, inflation and pensions, contributory vs. non-contributory plans, level of benefits, supplementary benefits, plan administration, conclusion.
VI INCOME MAINTENANCE (Continued) 85

Employment, aging of the labor force, changes in the labor force participation of older persons, older workers' employment status, effect of depression on the older worker, the retirement problem, employer's attitude toward older workers, union approach to retirement problem, worker's attitude toward compulsory retirement, discussion and conclusion.

VII THE POLITICAL SIGNIFICANCE OF OLD AGE 100

Introduction, the "interest group", the Townsend Plan, conclusion.

VIII SUMMARY AND CONCLUSION 108

BIBLIOGRAPHY 114
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>MEDIAN AGE BY NATIVITY, FOR THE UNITED STATES, 1900 TO 1945, AND FORECASTS, 1950 TO 1975</td>
<td>18</td>
</tr>
<tr>
<td>II</td>
<td>PERCENT DISTRIBUTION OF POPULATION BY BROAD AGE GROUPS, FOR THE UNITED STATES, 1900 TO 1945, AND FORECASTS, 1950 TO 1975</td>
<td>21</td>
</tr>
<tr>
<td>III</td>
<td>EXPECTATION OF LIFE AND MORTALITY RATES BY SEX IN THE UNITED STATES FROM 1900 TO 1948 FOR SPECIFIED AGES</td>
<td>24</td>
</tr>
<tr>
<td>IV</td>
<td>THE TEN LEADING CAUSES OF DEATH IN THE UNITED STATES 1900 AND 1948</td>
<td>27</td>
</tr>
<tr>
<td>V</td>
<td>BIRTHS - NUMBER AND RATE - 1917 TO 1948</td>
<td>29</td>
</tr>
<tr>
<td>VI</td>
<td>AVERAGE SIZE OF FAMILY - 1800 TO 1950</td>
<td>31</td>
</tr>
<tr>
<td>VII</td>
<td>REPORTED GROSS IMMIGRATION AND ESTIMATED NET IMMIGRATION BY DECADES</td>
<td>33</td>
</tr>
<tr>
<td>VIII</td>
<td>URBAN-RURAL DISTRIBUTION OF THE TOTAL POPULATION AND OF THE POPULATION 65 YEARS AND OVER; UNITED STATES, SPECIFIED YEARS</td>
<td>36</td>
</tr>
<tr>
<td>IX</td>
<td>PERCENT OF AGED WHITE POPULATION IN HOUSEHOLDS, BY AGE AND FAMILY STATUS, UNITED STATES, 1940</td>
<td>41</td>
</tr>
<tr>
<td>X</td>
<td>MEDIAN AGE OF HUSBAND AND WIFE AT SPECIFIED EVENTS IN LIFE CYCLE, 1890 AND 1940</td>
<td>44</td>
</tr>
<tr>
<td>XI</td>
<td>ESTIMATED HOUSEHOLD RELATIONSHIPS OF PERSONS 65 YEARS AND OVER, BY SEX; UNITED STATES, APRIL 1949</td>
<td>46</td>
</tr>
<tr>
<td>XII</td>
<td>DEGREE OF PARTICIPATION OF STUDY GROUP, BY AGE PERIODS</td>
<td>50</td>
</tr>
<tr>
<td>XIII</td>
<td>TYPES OF PARTICIPATION OF STUDY GROUP, BY AGE PERIODS</td>
<td>51</td>
</tr>
<tr>
<td>XIV</td>
<td>ESTIMATED DISTRIBUTION OF MEN AND WOMEN 65 YEARS AND OVER, BY ANNUAL MONEY INCOME; UNITED STATES, 1948</td>
<td>61</td>
</tr>
<tr>
<td>Table</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>-------</td>
<td>------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>XV</td>
<td>COMPARISON OF OAP AND OASI PROGRAMS: 1940-1949</td>
<td>63</td>
</tr>
<tr>
<td>XVI</td>
<td>THE GROWTH OF PENSION AND PROFIT-SHARING PLANS</td>
<td>68</td>
</tr>
<tr>
<td>XVII</td>
<td>EXTENT BY UNION AFFILIATION OF 5,100,000 WORKERS COVERED BY PENSION PLANS</td>
<td>69</td>
</tr>
<tr>
<td>XVIII</td>
<td>ANNUITIES IN FORCE WITH UNITED STATES INSURANCE COMPANIES YEARS 1940-1950</td>
<td>75</td>
</tr>
<tr>
<td>XIX</td>
<td>CROSS SECTION OF FUNDING METHOD FOR 217 SELECTED PLANS</td>
<td>77</td>
</tr>
<tr>
<td>XX</td>
<td>PURCHASING VALUE OF THE DOLLAR: BY CONSUMER PRICE INDEX</td>
<td>79</td>
</tr>
<tr>
<td>XXI</td>
<td>TRENDS OF NONCONTRIBUTORY PLANS DURING AND FOLLOWING THE WAR PERIOD, SHOWN BY YEAR-TO-YEAR ANALYSIS OF NEW PLANS: 1943 TO 1950</td>
<td>80</td>
</tr>
<tr>
<td>XXII</td>
<td>TOTAL LIFE EXPECTANCY AND LABOR FORCE LIFE EXPECTANCY: MALES 1900, 1940, 1947, 1950</td>
<td>87</td>
</tr>
<tr>
<td>XXIII</td>
<td>PERCENT OF PERSONS AGED 45 YEARS AND OVER IN THE LABOR FORCE, 1890-1950</td>
<td>88</td>
</tr>
<tr>
<td>XXIV</td>
<td>AGE DISTRIBUTION OF EMPLOYED PERSONS, BY CLASS OF WORKER, APRIL, 1950</td>
<td>90</td>
</tr>
<tr>
<td>XXV</td>
<td>WORK INJURY AND ABSENTEEISM RATES IN MANUFACTURING INDUSTRIES, BY AGE GROUP, 1945</td>
<td>94</td>
</tr>
<tr>
<td>XXVI</td>
<td>REASON FOR TERMINATION OF LAST EMPLOYMENT, MALE OLD-AGE INSURANCE BENEFICIARIES, 1940-1947</td>
<td>96</td>
</tr>
</tbody>
</table>
VITA

William George Scott was born in Chicago, Illinois, October 19, 1926.

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During the Summer and Fall of 1950 the author taught at a school for maladjusted children. He began his graduate studies at Loyola University in the Fall of 1950.
INTRODUCTION

The aging population in the United States has created and will create problems unique in history. The pressures caused by the older members in our society are becoming greater and will continue to influence our thought and course of action in many fields.

It is the purpose of this thesis to investigate the areas most affected by the shifting population pattern. These areas lie primarily in the realm of the social sciences, and may generally be described as sociological, economic and political.

The approach that is utilized in the construction of this paper has been suggested by writers in the field of methodology in the social sciences. It involves three phases. The first phase is the recognition of the problem; second, is the gathering of data; and third is the formulation of hypotheses. The validity of the hypothesis can be only determined by its satisfactory explanation of the original problem and its prognostic capacity to anticipate future changes. Each step is, of course, not labeled as such, but the method is implicit in each Chapter and in the organization of the thesis as a whole. We wish to emphasize too, that social, demographic, economic and political problems do not exist autonomously. They are
interrelated and all are affected by changes in any one.

The Chapters are arranged as follows. Chapter I is the introduction, Chapter II includes background material from other cultural patterns in order to form a basis of comparison with our own. Chapter III deals with the demographic changes peculiar to the United States and which have contributed enormously to the maturing of the problems discussed in later Chapters. The sociological aspects of aging are treated in Chapter IV along with the concomitant social problems. The economic status of the aged is dealt with in Chapters V and VI. Chapter V is exclusively devoted to private and governmental plans of assistance, and Chapter VI is reserved for discussion of the retirement and employment problems. Chapter VII delves into the political consequences of an aging population and Chapter VIII is the conclusion.

It is the intent of this paper to point out the forces that gave rise to the social and economic problems of the aged. They may be briefly indicated as the breakdown in the traditional social status of the aged, the demographic trend toward a greater number of old people in the population, the process of urbanization and industrialization, the rise of the conjugal family pattern, employment dependency, and the trend toward compulsory retirement.

We hope to show that the social problems of the aged may be effectively mitigated by intelligent community organization and planning. The solving of the economic problem of the older workers must fundamentally come from a policy of employment and not compulsory retirement. It is also
the purpose of this paper to point up the urgent necessity of industry to adapt for the assimilation of growing numbers of old people.

The preparation of this paper has utilized the major sources in the field of old age problems. It is hoped that by synthesizing the findings and ideas of these writers, some further light will be shed on this large and growing problem.
CHAPTER II

COMPARATIVE STATUS OF THE AGED

IN SELECTED CULTURAL PATTERNS

The process of aging is universal in all cultures and therefore some social role for the aged is a common feature in the most diverse types of societies. Ancient and primitive modes of culturally defining old age present a myriad of possibilities for dealing with this problem. This study of non-urbanized societies is relevant since such social structures have formed the rudimentary base for many of the cultural practices discerned in modern and highly civilized attitudes toward the aged.

Leo Simmons has studied the anthropological reports of seventy-one primitive tribes in relation to their traits of, or attitudes toward old age. While the entire life-expectancy in primitive societies is far below most industrial ones, such societies contain a few very old men and a large group past the central point of physical maturity so we can speak of a period in life as old age with a characteristic role within the social system. Although there is such diversity, Simmons did find certain relation between the structural position of old age and the type of economic institutions.

According to Simmons, old age is an asset in most primitive

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1 Leo Simmons, The Role of the Aged in Primitive Society, (New York: Yale University Press, 1945).
societies. It is a period of social participation, authority, prestige and economic security. The status of the aged is higher in more stable, sedentary agricultural communities than in those where hunting or food-gathering were the major economic institutions. This is true for old men, but for women the picture is more irregular and much more influenced by the sexual form of the family structure. The status of old women is higher in matri-linial than in patrilinial societies. Although care and support of the aged is uniformly a function of the primitive family, it increases with the appearance of the agricultural society. The more "primitive" (i.e. less sedentary, agricultural) groups demonstrate systems of food-sharing, sometimes for all and sometimes only for the very young and the very old. The most effective mode of economic security Simmons finds, was the existence of property rights more characteristic of the agricultural groups than the hunters, fishers and food-gatherers.

The central position in primitive social structure is that of authority, wisdom and possession of the sacred. Thus in the less "primitive" societies, where political and semi-legal institutions are found, it is the old men who have the leading positions and who are the chiefs, arbitrators and judges. Some anthropologists even feel that political institutions often arose from the central importance of the aged in directing community activity.

The association of age and wisdom is almost universal for primitive societies. Seers, medicine men, sorcerers, priests and magicians are more frequently old men and often old women. Belief in their magical abilities bolsters their position as political leaders.
The old person is then the transmitter of traditional wisdom to the society, the interpreter of the sacred and the magical.

In fact, hardly any of the great and critical occasions of life are not presided over and supervised by some aged men or women. Possessing such great influence, they are the chief conservators of the status quo.  

Respect of old age is a common attribute of primitive life, but it is a respect accorded, not to age per se, but on the basis of some particular asset possessed by the aged. (Such respect, however, does not apply to senility, when mental and physical incompetence set in.) The legends and myths of the primitive characteristically depict the hero as old, wise and very important. It is the old who possess power, magic, wisdom, ingenuity and invulnerability in their legends. Often, it has meant a relaxation in adherence to taboos, such as food taboos, or the taboo of women in sacred ceremonies. The more favorable cultural milieu for aged men has been the patriarchal type of family, in the more permanent agricultural or herding economy, with a constant supply of food and a well-regulated political system, and where property rights are deeply entrenched. Aged women have fared better in prestige values in simpler societies characterized by hunting, fishing, or gathering and particularly in matriarchal organizations. Whenever old women have prestige, so have old men, but not necessarily vice-versa.

Earlier anthropologists emphasized primitive practices of death and abandonment of the aged. Simmons found this is true almost exclusively

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of the simpler societies and chiefly a resultant of the high level of economic necessity. In some instances death at the hands of the community is considered a high mark of prestige and indicates an attitude of great deference to the aged.

Valuable as Simmons' materials are, they seem to us to fail in the presentation of the role of the aged by lacking to indicate the relation of the age-norms to the other areas of the culture. (It must also be pointed out that all anthropologists are not in agreement with Simmons on his findings. Linton 4 feels it an open question how far the formal patterns towards old age agree with the actual practices. He concludes that age alone does not enhance prestige, but that the ineffective adult remains socially ineffective in old age.)

It seems an error to interpret the position of old age apart from the characteristics of the culture and social structure which present or restrict opportunities for the aged to achieve status. Old age, in primitive life, can be viewed in relationship to dominant values of the culture and the conditions under which it exists. Such an approach is more fruitful for purposes of scientific generalization than is the approach which conceives of an isolated attitude to old age as a cultural trait.

Illustration of the relation of polarization around dominant interests and the relation of these to the structural position of old age are found in the natives of Central Australia and in the Comache Indians in

One type of old age position found in primitive societies is that in which the life-career of the individual may be viewed as a continuous ascent in social power and status. W. Lloyd Warner has described such a society in the Murngin of Central Australia. Among the Murngin, the central element of the culture lies in the sacred religious ceremonies. The individual's membership in the sacred societies and knowledge of sacred rites grant status. Each period in the life cycle brings with it a knowledge of sacred ritual and an insight into new mysteries which consequently culminates in the full understanding of the ceremonies with the old men. Death is itself the capstone in this ascending intimacy with the realm of the sacred. The aged, because of their closeness to death and their greater knowledge of the religious traditions, have much power and status among the Murngin. Even though women are normally prevented from acquaintance with the rites, old women are an integral part of the sacred ritual. The handing down of myth and tradition places an emphasis on the experience of the aged for a quality felt essential to tribal welfare. Writing of the general Central Australian culture, Phyllis Kaberry says:

Actually when some laws are disobeyed, punishment is inflicted by the old men who are concerned with maintaining the status quo and the conformity to tradition. They are the instruments of justice, but their authority is based on the fact that they are the repositories of lore about the origin of the tribe and possess ritual objects believed to have originated at that period... If

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they no longer take an active part in warfare, dances and intrigues, at least they have their compensations. There is compensation in the respect they enjoy and in the authority they wield over the secular life of the younger generation; in their control of rituals. Taboos have been relaxed and social restriction weighs but lightly on them. 6

The Comanches are illustrative of another pattern of dealing with old age.

War was the main activity of Comanche men, also the mainspring of the culture. The life story of the average old Comanche is nothing but a long collection of war stories. Other events — marriages, deaths — are mentioned casually as having taken place between such and such raids. 7

Although the old men were respected it was a rather passive attitude. The peace chief was always an older man, but he had no real authority and used his pressure only to settle minor disputes. It was sort of an advisory office as was the council of the older men. They had no say in the organization of the war parties. The young regarded the old rather contemptuously and often played jokes on them in their council meeting.

The man's activities centered on hunting and war completely. They had no real handicrafts, and when a man grew old, he became a dead weight with nothing to do but tell stories of good will. The good old man gave up all his competitive attitudes and constantly acted as mediator, using pressure wherever possible to prevent fights between the younger men, smooth everything out, keep everybody happy. In other words, for him there was an implication of complete change in character as soon as he passed warrior age. 8

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8 Ibid, pp. 77-78.
But some old men did possess power, if not respect. They seized upon just those qualities which would have been dominant in Central Australia - knowledge of the supernatural. They were the medicine men and the magicians and sorcerers. As a practitioner of magic, they kept up the competitive patterns of their youth as warriors.

Simmons' generalization and material of the sort described above became useful to the study of the position of the aged in contemporary society. In primitive societies, where the major regulation of culture and ceremonies are traditional and unwritten, the aged are in a position to assume roles of authority and wisdom. The relation between death and the supernatural, the intense importance of ritual and the use of magic as power, enable the aged to possess monopolies or semi-monopolies of importance in cultural values. The role of the aged, the attitude of the culture toward old age, is thus a function of the wider cultural elements.

The process of twentieth century modernization on the structural position of old age is strikingly presented in the case of China, where a traditionalistic culture involving great status for the aged is in the process of modification under the impact of Western industrial methods and ideas.

Traditional Chinese social structure was largely oriented about the family as the central unit. It gave to the aged and the members of the earliest generation perhaps the highest honor, prestige and power accorded to old age anywhere. A. L. Vischer has expressed the veneration given age in China in the following:

In the very earliest times we find in the mind of the Chinese people a feeling for the kindly and considerate treatment of
old age. It is a feeling which can be compared only with
the chivalry which in Europe took for granted a delicate
consideration for women....The enthusiasm over the good
fortune of old age increases in proportion to the age which
the person questioned has to admit and if he is over fifty
the questioner at once lowers his voice in deference and
respect....even the white-bearded beggar is treated with
perfect consideration. 9

Aging in the traditional Chinese pattern is invested with increas-
ingly higher status. 10 Extreme age lends to judgement a credence lacking
in the Western world.

Although there are class differences and the pattern most clearly
applies to the Chinese gentry and least to the Chinese peasantry, it is never-
theless a pattern common to all levels of traditional Chinese culture. The
family was under the control of the eldest male of the earliest generation
in the family. His wife (or mother, if she were still alive) controlled the
household and exercised an absolute authority over daughters-in-law, often
vindictive, domineering and unjust. 11 The son's feeling for his parents
was great. Chinese, in their culture, are not concerned about their old age.
The birth and rearing of sons solved that problem. The legend of the son
who sacrificed his own son so that his old mother may be fed is well known.
His filial piety was rewarded by the gods.

9 A. L. Vischer, Old Age: Its Compensations and Rewards, (New York:

10 Marion Levy, The Family Revolution in Modern China, (Cambridge:

11 Ibid., p. 110.
Although authority and responsibility lay with the family's oldest living male (the father), he did not assume the authority in his later life, he retired instead. There was a feeling that the aged were not to be bothered with the daily details of life, and consequently authority tended to seep out of their hands. Their time was viewed as one of pleasure and reflection. Nevertheless, their possession of the property right in the land (which was usually held until death) placed them in a powerful position. Olga Lang, in her study of the Chinese family, records that a father had the authority to kill his sons unhindered by law. His experience and advice were given the greatest weight by his sons.

Old age received in the Chinese society the highest prestige and respect. They gave to the family the sense of continuity with their ancestors and the land. Special ceremonies existed to celebrate the birthdays of old people. Old age lent dignity and glory to the family. The continuity with the past, in a culture which emphasized ancestral worship, gave the aged functional value to the younger members of society.

Lang and Levy emphasize three elements in traditional Chinese civilization which tended to enable this pattern to maintain itself.

(1) China's intensive agriculture required a high degree of thoroughness, care and experience - qualities associated with age rather than mere physical strength. Thus the father was the leading transmitter of occupational knowledge to his sons and controlled the locus of labor and residence -

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the farm land.

(2) The very static nature of Chinese civilization, in which the aged had accumulated the wisdom of tradition.

(3) The existence of a religion, Confucianism, which laid stress on ancestor worship and family continuity.

Lang's studies of attitudes of Chinese youth toward family, and Levy's study of the new type of kinship structure growing up in China, both indicate the great impact of industrialization on the structure of the Chinese society and concomitantly on the position of the aged. Surpluses of farm labor and the new opportunities for work in industry have sent more and more peasants to the cities. This has weakened the disciplinary weapons of the parents and even given the sons a weapon of their own - threatened migration and consequent loss to the farm income. In the cities the position of the aged is even worse than in the rural areas, since they have no appreciable saving and no land or tenant rights.

The mobility required of the industrial laborer put a premium on the small, compact family. More and more decisions manifest themselves without approbation of the old.

The advent of village schools and cooperatives have acted as vehicles for the dissemination of Western ideas, both in the realm of political and cultural ideas, and in agricultural techniques (where modern methods are becoming known) now begin to represent to the young a degenerate tradition. New industrial, agricultural and business methods mean that the old no longer introduce the young to occupational roles. The rise of nationalism, the
spread of the Western concept of individual freedom and the increased spatial 
mobility has weakened the family control and led to the decline of joint 
families and the growth of the conjugal unit, especially in the cities. China 
has also witnessed the appearance of large youth movements specifically at-
tacking the authority of the aged in family and political life, as did the 
Chinese Renaissance Movement of 1916. All this has preceded in greater de-
gree in the industrial areas than the rural, where the old still maintain 
property.

For the first time in its history, China has an old age problem. 
Tradition held that only a man's family was responsible for the aged's 
support; hence, as the family structure undergoes changes, the decline in 
support to the aged is not readily met by a conception of public welfare and 
charity. 13

The non-industrial but non-primitive society has presented, in 
Western culture, the more typical pattern for our purposes. It has also pre-
sented certain of the elements characterizing the primitive or fold society. 14 
Elements of property rights, unknown to many primitives, are present too.
The peasant farming community is of importance not only as a contrast to the 
urban, but also because it has set the patterns for old age which have, until 
recently, been dominant in Western civilization and in which many urban 
dwellers have spent their childhood. We utilize, as an illustration, Ireland.

13 Levy, The Family Revolution in Modern China, p. 304.

both because it presents some of the features of the ideal type rural community and because excellent data concerning old age are to be found.\textsuperscript{15}

In this society, the important unit of life is the farm and the central unit of social organization is the extended familial group. In this situation, relative age makes a great difference in the status in the local community. Within the community and the family, the old occupy places of honor and privilege, places which can be enforced through the mechanisms of communal gossip, verbal censure, and occasionally, the intervention of the priest.

The old fellows, the men of full status who head farms and farm-working corporations of sons...are accorded a heavy precedence ....When the community gathers in the wake house to honor the dead, the places by the fire go to the older men and women. On the road to the shop, to the church or to the fair, the young man must keep pace and the elder may call him to his side.\textsuperscript{16}

In the old men's visiting group, the cuaird, the community possessed a circle of discussants who functioned as the central agency of informal social control and decision-making in regard to the behavior of individuals of all ages in the locality and regard to farm management.

Central to the position of the old was the relation they had to family authority and land property. With farming the predominant mode of livelihood, young men received their source of income by virtue of inheritance from the father. Until he voluntarily gave control over to the sons,


\textsuperscript{16} \textit{Ibid.}, p. 176.
the father was the head of the farm. Social custom dictated this for some
time after the son had married and brought his wife into the house. Never-
theless, the father maintained a great deal of decision-making power. The
son is in the status of the "boy" until he achieves the authority relinquish-
ed by his father; it is not unusual to hear a man of forty referred to as
"the Boy".

Even after they have relinquished formal control of property, they
remain part of the household group with their son, daughter-in-law and grand-
children. In this they maintain and, indeed, increase their respect and pre-
stige. The finest room in the house is theirs. They represent the symbol
of family continuity which is itself bound up with the continuance of the
farm. The transition is not completely smooth, but to the Irish peasant, old
age is not a difficult period of social adjustment.

One conclusion becomes immediately apparent from the foregoing
discussion. The cultures sketched or alluded to above, had a definite pat-
tern or role for the aged. These traditionalistic practices provided security
for the old members of each community. As external forces imposed themselves
on the social structure of the community these roles began to lose meaning
and disintegrate leaving the old adrift in hostile surroundings.

The price we pay in the United States for the complexity of our
cultural pattern is an increasingly growing population of old people without
a socially defined role, without status. It becomes the burden of such a
society to contrive mechanisms to cope with the magnitude of the problem,
offering the elders an adequate economic security and social status.
CHAPTER III

AMERICA'S CHANGING POPULATION PATTERN

Before embarking upon the study of the social problems of the older worker, some thought must be given to the statistical composition of America's population. Of the most immediate significance, is the future changes in the age structure of our population. This structure has been undergoing important transitions for many years which are profoundly affecting our economy, our way of life and thought. These changes have far from reached their point of culmination. As time passes the trend towards an aging population will become increasingly apparent causing the problems stemming therefrom to exert mounting pressure. ¹

Let us first consider the principal statistical facts in these population tendencies. The trend toward an older population is shown clearly by the rise in the median age of the population. (See TABLE I).

In 1800 half of the entire population of the United States was 16 years of age or younger. A century later the median age had risen to almost

### TABLE I

**MEDIAN AGE BY NATIVITY, FOR THE UNITED STATES, 1900 to 1945, AND FORECASTS, 1950 to 1975.**

<table>
<thead>
<tr>
<th>Year and Assumption</th>
<th>All Classes</th>
<th>Total</th>
<th>White Native</th>
<th>Foreign</th>
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<tbody>
<tr>
<td>CENSUS OR CURRENT ESTIMATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1900</td>
<td>22.9</td>
<td>23.5</td>
<td>20.2</td>
<td>38.5</td>
</tr>
<tr>
<td>1910</td>
<td>24.1</td>
<td>24.5</td>
<td>21.4</td>
<td>37.2</td>
</tr>
<tr>
<td>1920</td>
<td>25.3</td>
<td>25.6</td>
<td>22.4</td>
<td>40.0</td>
</tr>
<tr>
<td>1930</td>
<td>26.5</td>
<td>26.9</td>
<td>23.7</td>
<td>43.9</td>
</tr>
<tr>
<td>1940</td>
<td>29.0</td>
<td>29.5</td>
<td>26.9</td>
<td>51.0</td>
</tr>
<tr>
<td>1945</td>
<td>29.7</td>
<td>30.3</td>
<td>28.0</td>
<td>54.1</td>
</tr>
<tr>
<td>FORECAST</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Fertility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Mortality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Immigration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>30.5</td>
<td>31.2</td>
<td>29.2</td>
<td>57.2</td>
</tr>
<tr>
<td>1955</td>
<td>31.6</td>
<td>32.3</td>
<td>30.6</td>
<td>60.3</td>
</tr>
<tr>
<td>1960</td>
<td>32.7</td>
<td>33.4</td>
<td>31.9</td>
<td>63.0</td>
</tr>
<tr>
<td>1965</td>
<td>33.3</td>
<td>34.2</td>
<td>32.9</td>
<td>65.6</td>
</tr>
<tr>
<td>1970</td>
<td>33.2</td>
<td>34.4</td>
<td>33.5</td>
<td>68.0</td>
</tr>
<tr>
<td>1975</td>
<td>34.1</td>
<td>34.8</td>
<td>34.3</td>
<td>70.3</td>
</tr>
</tbody>
</table>

23 years, and by 1945 it had reached a new high of 29.7. 2

The shift toward the older ages has been brought about primarily in three ways. By far the most important is the decline of nearly 70 percent in the birth rate which occurred almost without interruption from 1810 to 1940. Had the 1810 birth rate been maintained while death rates and immigration followed their actual courses from 1810 to date, not only would the population have been much larger than it is, but the average age would have been much lower. Second, the falling off of immigration has contributed significantly to the aging of the population during recent decades. Relatively few young adults have entered the United States since 1930, while the large numbers that arrived earlier have been moving up into the older ages. Third in importance during recent decades is the lowering of the death rates of children and young adults, caused by advances in medical science, which has enabled a larger proportion of the population to live past middle age. Since these three factors presumably will continue to operate for some time to come, the outlook is for a continuation of the trend toward an older population. 2a

Davis, J. S. "Fifty Million More Americans" Foreign Affairs #2 (Apr. 1950), Special Issue.
Bogue, Donald J. "Changes in Population Distribution since 1940" The American Journal of Sociology LVI (July 1950), Special Issue.

Changing Population Proportions

The foregoing changes have been accompanied by a substantial decrease in the relative number of children in the population. (See TABLE II) In 1820 children under five made up over 18 percent of the population, by 1900 it had declined to barely 12 percent and by 1935 to less than 8 percent. The rise in the birth rate since 1933 will make this group exceed 9 percent of the population in 1950, but subsequent years are almost certain to see a further decline, probably to well below the 1935 ratio. 3

Youngsters and their older brothers and sisters (fifteen to nineteen), most of whom are attending school also have declined greatly in relative number. In 1820 this group composed nearly 40 percent of the population; by 1900 the percentage had decreased to 32 and by 1945 to 24. Projected estimates place the relative proportion of the age group at about 20 percent of the total population by 1975.

The proportion of young adults (twenty-to twenty-nine) in the population has been comparatively stable, fluctuating between 16.8 and 18.8 percent for more than a century. 4

Persons middle-aged or somewhat older (forty-five to sixty-four) are more than twice as numerous as compared with other population categories a


4 This survey of population composition was taken from: Whelpton, A History of Population Growth in the U.S., p. 236.
TABLE II

PERCENT DISTRIBUTION OF POPULATION BY BROAD AGE GROUPS, FOR THE UNITED STATES, 1900 to 1945, AND FORECASTS, 1950 to 1975.

<table>
<thead>
<tr>
<th>Year and assumption</th>
<th>Percent Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>ages</td>
</tr>
</tbody>
</table>

**CENSUS OR CURRENT ESTIMATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>All</th>
<th>Under 5-19</th>
<th>20-44</th>
<th>45-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>100.0</td>
<td>12.1</td>
<td>32.3</td>
<td>37.8</td>
<td>13.7</td>
</tr>
<tr>
<td>1910</td>
<td>100.0</td>
<td>11.6</td>
<td>30.4</td>
<td>39.1</td>
<td>14.6</td>
</tr>
<tr>
<td>1920</td>
<td>100.0</td>
<td>11.0</td>
<td>29.8</td>
<td>38.4</td>
<td>16.1</td>
</tr>
<tr>
<td>1930</td>
<td>100.0</td>
<td>9.3</td>
<td>29.5</td>
<td>38.3</td>
<td>17.5</td>
</tr>
<tr>
<td>1940</td>
<td>100.0</td>
<td>8.0</td>
<td>26.4</td>
<td>38.9</td>
<td>19.9</td>
</tr>
<tr>
<td>1945</td>
<td>100.0</td>
<td>9.4</td>
<td>24.1</td>
<td>38.8</td>
<td>20.4</td>
</tr>
</tbody>
</table>

**FORECAST**

<table>
<thead>
<tr>
<th>Year</th>
<th>All</th>
<th>Under 5-19</th>
<th>20-44</th>
<th>45-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>100.0</td>
<td>8.3</td>
<td>24.6</td>
<td>38.3</td>
<td>21.1</td>
</tr>
<tr>
<td>1955</td>
<td>100.0</td>
<td>7.4</td>
<td>25.3</td>
<td>37.1</td>
<td>21.7</td>
</tr>
<tr>
<td>1960</td>
<td>100.0</td>
<td>7.0</td>
<td>25.0</td>
<td>36.3</td>
<td>22.6</td>
</tr>
<tr>
<td>1965</td>
<td>100.0</td>
<td>7.0</td>
<td>22.9</td>
<td>36.9</td>
<td>23.5</td>
</tr>
<tr>
<td>1970</td>
<td>100.0</td>
<td>7.0</td>
<td>21.7</td>
<td>36.6</td>
<td>24.4</td>
</tr>
<tr>
<td>1975</td>
<td>100.0</td>
<td>6.8</td>
<td>21.4</td>
<td>36.1</td>
<td>24.7</td>
</tr>
</tbody>
</table>

hundred years ago. In 1840 this group included about 9 percent of the population, now it includes over 20 percent. Further increases are to be expected in the future, probably reaching between 23 and 26 percent by 1975.

It is the older group, persons sixty-five and over, that has had the largest relative gain in the population. In 1840 less than 3 percent of our people were sixty-five or older; now more than 7 percent is in this group. During the next 25 years the proportion probably will rise to about 11 percent, more than half again as large as at present. 4a

Reasons for the Aging of the Population

Let us turn to the consideration of the causes underlying the aging of the population. Popular thought contends that the most important reason for this phenomenon lies within the decline in mortality rates. But this is merely one factor, the other, lowered fertility rates and the virtual cessation of immigration, have been alluded to above. It remains now to study them more carefully and indicate the important changes and trends.

MORTALITY
Trends According to Age

Although the gains in expectation of life and in reduction of mortality

4a Ibid., 287


For a study dealing with the elders alone see: Thompson, Warren S. "The Increase in our Elders" in Birthdays Don't Count (New York State Joint Legislative Committee on Problems of the Aging, Legislative Document #61, 1948).
have been concentrated at the younger ages, the higher ages have also shared in the improvements. For example, the data for white males and females show a steady rise in expectation of life at birth (average length of life) from 1900-02 to 1948, the increase over this period of almost one half century amounting to 17.3 years. Much smaller, but also rather consistent, is the rise in expectation of life at age 20; the gain here being 6.7 years over the same period. At age 40, expectation of life rose by 3 years since 1900-02. Only one year has been gained in expectation of life by white males at age 65 so far during this century. Even though the increase in expectation of life at ages 40 and 65 have been relatively small, they have been consistent since 1909-11, if we except the period 1919-21. 5

That the gains in expectation of life become smaller with advance in age is not surprising, when we realize that we are operating within a human life span limited, at most to a little over 100 years. As we approach that limit in age, the margin for adding to the average remaining years decreases.

More noteworthy than the gains in expectation of life since 1900-02 are the reductions in mortality rates over the same period.

At the turn of the century, white males died in their first year of

### TABLE III

**EXPECTATION OF LIFE AND MORTALITY RATES BY SEX IN THE UNITED STATES FROM 1900 TO 1948 FOR SPECIFIED AGES**

<table>
<thead>
<tr>
<th>Calendar Period</th>
<th>Expectation of Life</th>
<th>Mortality Rate Per 1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age</td>
<td>Age</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td><strong>WHITE MALES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1900-02</td>
<td>48.2</td>
<td>42.2</td>
</tr>
<tr>
<td>1909-11</td>
<td>50.2</td>
<td>42.7</td>
</tr>
<tr>
<td>1919-21</td>
<td>56.3</td>
<td>45.6</td>
</tr>
<tr>
<td>1929-31</td>
<td>59.1</td>
<td>46.0</td>
</tr>
<tr>
<td>1939-41</td>
<td>62.8</td>
<td>47.8</td>
</tr>
<tr>
<td>1948</td>
<td>65.5</td>
<td>49.0</td>
</tr>
<tr>
<td><strong>WHITE FEMALES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1900-02</td>
<td>51.1</td>
<td>43.8</td>
</tr>
<tr>
<td>1909-11</td>
<td>53.6</td>
<td>44.9</td>
</tr>
<tr>
<td>1919-21</td>
<td>58.5</td>
<td>46.5</td>
</tr>
<tr>
<td>1929-31</td>
<td>62.7</td>
<td>48.5</td>
</tr>
<tr>
<td>1939-41</td>
<td>67.3</td>
<td>51.4</td>
</tr>
<tr>
<td>1948</td>
<td>71.0</td>
<td>53.8</td>
</tr>
</tbody>
</table>

life at the rate of 133.5 per 1,000 live births. This rate was reduced by 75 percent, to only 33.4 per 1,000 in 1948. Almost as rapid was the reduction in the mortality rate for white males at age 20 over the same period, from 5.9 to 1.7 per 1,000. Even at age 40 the mortality rate was brought down as much as 60 percent, from 10.6 to 4.3 per 1,000. The reduction at age 65 was also appreciable amounting to 13 percent; the decline here was from 41.7 to 36.3 per 1,000. The obvious conclusion is that medical science has made it possible, not for us to live appreciably longer, but for more of us to reach old age.

The Changing Health Pattern

The improved mortality experience is a result of the effective combating of acute disease by medical science. 7

In 1900, infections led the list of causes of death. Pneumonia and influenza ranked first with a death rate of 202 per 100,000; tuberculosis came a close second with a rate of 194, diarrhea and enteritis followed with 143 deaths per 100,000 population. These three infections alone accounted for almost one-third of the deaths in 1900. Also among the first ten causes of death are two other infectious diseases, diphtheria and meningitis,

6 Spiegelman, Health Progress, pp. 18-19.

each accounting for about two percent of all deaths. (See Table IV).

Far different from 1900 is the present day ranking of all deaths, pneumonia and influenza and tuberculosis were still in the picture in 1948, but they were reduced to sixth and seventh place in rank with death rates of only 39 and 30 per 100,000 respectively. Together, they account for less than seven percent of all deaths. The leading places among the natural causes of death are now held by the chronic conditions typical of the higher ages. Diseases of the heart rank first, being the cause in almost one-third of all deaths; the death rate is 323 per 100,000 population. Cancer takes second place, with a rate of 135 per 100,000 accounting for almost one-seventh of the total deaths. Then follow, among the natural causes, cerebral hemorrhage and nephritis; two other chronic conditions, diabetes mellitus and arteriosclerosis rank ninth and tenth respectively. The predominance of the chronic conditions in the current mortality picture reflects, in part, the large proportion of aged in our population. 8

As a result of the great shift in the mortality pattern in the United States since 1900, we find that less than 1 in 10 of the babies now born will eventually die of some acute disease. For the baby of 1900, these chances were about 1 in 3. On the other hand about 4 out of 5 of the current babies will eventually die of some chronic disease; the ratio for 1900 was about 1 in 2. In view of the current importance of the chronic conditions, which have their greatest incidence during and past mid-life, the focal point in public health and medical problems is shifting from the infections

8 Spiegelman, Health Progress, 23:26.
TABLE IV

THE TEN LEADING CAUSES OF DEATH IN THE UNITED STATES, 1900 AND 1948

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cause of Death</th>
<th>Death Rate per 100,000 Pop</th>
<th>Percent of Deaths all causes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Pneumonia &amp; Influenza</td>
<td>202</td>
<td>11.8</td>
</tr>
<tr>
<td>2</td>
<td>Tuberculosis</td>
<td>194</td>
<td>11.3</td>
</tr>
<tr>
<td>3</td>
<td>Diarrhea &amp; Enteritis</td>
<td>143</td>
<td>8.3</td>
</tr>
<tr>
<td>4</td>
<td>Diseases of heart</td>
<td>137</td>
<td>8.0</td>
</tr>
<tr>
<td>5</td>
<td>Cerebral Hemorrhage</td>
<td>107</td>
<td>6.2</td>
</tr>
<tr>
<td>6</td>
<td>Nephritis</td>
<td>89</td>
<td>5.2</td>
</tr>
<tr>
<td>7</td>
<td>Accidents</td>
<td>72</td>
<td>4.2</td>
</tr>
<tr>
<td>8</td>
<td>Cancer</td>
<td>64</td>
<td>3.7</td>
</tr>
<tr>
<td>9</td>
<td>Diphtheria</td>
<td>40</td>
<td>2.3</td>
</tr>
<tr>
<td>10</td>
<td>Meningitis</td>
<td>34</td>
<td>2.0</td>
</tr>
</tbody>
</table>

1948

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cause of Death</th>
<th>Death Rate per 100,000 Pop</th>
<th>Percent of Deaths all causes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Diseases of the heart</td>
<td>323</td>
<td>32.6</td>
</tr>
<tr>
<td>2</td>
<td>Cancer</td>
<td>135</td>
<td>13.6</td>
</tr>
<tr>
<td>3</td>
<td>Cerebral Hemorrhage</td>
<td>90</td>
<td>9.1</td>
</tr>
<tr>
<td>4</td>
<td>Accidents</td>
<td>67</td>
<td>6.8</td>
</tr>
<tr>
<td>5</td>
<td>Nephritis</td>
<td>53</td>
<td>5.4</td>
</tr>
<tr>
<td>6</td>
<td>Pneumonia &amp; Influenza</td>
<td>39</td>
<td>3.9</td>
</tr>
<tr>
<td>7</td>
<td>Tuberculosis</td>
<td>30</td>
<td>3.0</td>
</tr>
<tr>
<td>8</td>
<td>Premature Births</td>
<td>27</td>
<td>2.7</td>
</tr>
<tr>
<td>9</td>
<td>Diabetes Mellitus</td>
<td>26</td>
<td>2.7</td>
</tr>
<tr>
<td>10</td>
<td>Arteriosclerosis</td>
<td>19</td>
<td>1.3</td>
</tr>
</tbody>
</table>

to the diseases of old age. 9

FERTILITY TRENDS
Causes of the long-time decrease in fertility in the United States

The second factor conducive to increasing the proportion of the age group, 65 and over, is long term trends downward in fertility rates. The large drop in birth rates, the great increase in the proportion of small families during past decades have been ascribed by various people to one or more of the following: (1) A less favorable marriage rate, (2) a rise in the proportion of pregnancies ending in a miscarriage or stillbirth, (3) the greater frequency of illegal abortions, (4) an increase in sterility or low fecundity, and (5) an increase in the voluntary limitation of family size. 10

There are reasons for believing that the long term decline of the birth rate in the United States cannot be attributed seriously to the first four of the above mentioned reasons. 11 The comparative unimportance of these factors indicates that the long continued and general reduction of the birth rate has occurred in large measure because of more widespread and effective attempts to limit family size to the number of children wanted. Such a conclusion is directly supported by two types of evidence. First, there is known to have been a very large increase in the manufacture and sale of contraceptives, and an advance in the efficacy of these materials.

9 Ibid., 28.
10 Whelpton, Forecasts of the Population of the United States, p. 23.
11 For statistical analysis supporting this claim see: Ibid. pp. 23-25.
<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Rate</th>
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<tr>
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<td>3,535,000</td>
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</tr>
<tr>
<td>1947</td>
<td>3,699,942</td>
<td>25.8</td>
</tr>
<tr>
<td>1946</td>
<td>3,288,672</td>
<td>23.3</td>
</tr>
<tr>
<td>1945</td>
<td>2,735,456</td>
<td>19.6</td>
</tr>
<tr>
<td>1944</td>
<td>2,794,800</td>
<td>20.2</td>
</tr>
<tr>
<td>1943</td>
<td>2,934,860</td>
<td>21.5</td>
</tr>
<tr>
<td>1942</td>
<td>2,808,996</td>
<td>20.9</td>
</tr>
<tr>
<td>1941</td>
<td>2,513,427</td>
<td>18.9</td>
</tr>
<tr>
<td>1940</td>
<td>2,360,399</td>
<td>17.9</td>
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<tr>
<td>1939</td>
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<td>17.3</td>
</tr>
<tr>
<td>1938</td>
<td>2,286,962</td>
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</tr>
<tr>
<td>1937</td>
<td>2,293,337</td>
<td>17.1</td>
</tr>
<tr>
<td>1936</td>
<td>2,144,790</td>
<td>16.7</td>
</tr>
<tr>
<td>1935</td>
<td>2,155,105</td>
<td>16.9</td>
</tr>
<tr>
<td>1934</td>
<td>2,167,636</td>
<td>17.2</td>
</tr>
<tr>
<td>1933</td>
<td>2,081,232</td>
<td>16.6</td>
</tr>
<tr>
<td>1932</td>
<td>2,074,042</td>
<td>17.4</td>
</tr>
<tr>
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<td>2,112,760</td>
<td>18.0</td>
</tr>
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<td>1930</td>
<td>2,203,958</td>
<td>18.9</td>
</tr>
<tr>
<td>1929</td>
<td>2,216,920</td>
<td>18.8</td>
</tr>
<tr>
<td>1928</td>
<td>2,233,149</td>
<td>19.7</td>
</tr>
<tr>
<td>1927</td>
<td>2,137,836</td>
<td>20.5</td>
</tr>
<tr>
<td>1926</td>
<td>1,856,068</td>
<td>20.5</td>
</tr>
<tr>
<td>1925</td>
<td>1,878,880</td>
<td>21.3</td>
</tr>
<tr>
<td>1924</td>
<td>1,930,614</td>
<td>22.2</td>
</tr>
<tr>
<td>1923</td>
<td>1,792,646</td>
<td>22.1</td>
</tr>
<tr>
<td>1922</td>
<td>1,774,911</td>
<td>22.3</td>
</tr>
<tr>
<td>1921</td>
<td>1,714,261</td>
<td>24.2</td>
</tr>
<tr>
<td>1920</td>
<td>1,508,874</td>
<td>23.7</td>
</tr>
<tr>
<td>1919</td>
<td>1,373,438</td>
<td>24.4</td>
</tr>
<tr>
<td>1918</td>
<td>1,363,849</td>
<td>24.7</td>
</tr>
<tr>
<td>1917</td>
<td>1,353,792</td>
<td>24.5</td>
</tr>
</tbody>
</table>

The implication of these changes are clear and need no further discussion.

The second type of evidence consists of the results of studies of human fertility. These show that control is practiced widely, and with considerable effect on family size, among typical as well as atypical groups of the population. 12

The 1940's and the Baby Boom

As a direct consequence of the war, the flood of births during the 1940's has reversed the downtrend of more than a century. The size of this group continued to grow through the calendar year of 1949 and the end is not in sight. 13

It is, however, unrealistic to assume that the reproductive experience of women of different groups, or of women of various ages in a particular period may be regarded as the future experience of a comparable group in the present abnormal time when practically all age groups have current birth rates inconsistent with the indicated trend. 14

12 For evidence regarding the effectiveness of the attempts to control fertility see: Stix, Regine K, & Notestine, F. W., Controlled Fertility, Williams & Wilkins Co., Baltimore, 1940.

13 Davis, Fifty Million More Americans, p. 9.

The long-term trend of declining fertility rates, with the exception of the 1940's, force the burden of care for the older members of society upon fewer and fewer young people. The significant 1940-1950 birth

TABLE VI

AVERAGE SIZE OF FAMILY -1800 TO 1950

<table>
<thead>
<tr>
<th>Year</th>
<th>1800</th>
<th>1850</th>
<th>1860</th>
<th>1870</th>
<th>1880</th>
<th>1890</th>
<th>1900</th>
<th>1910</th>
<th>1920</th>
<th>1930</th>
<th>1940</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>6.5</td>
<td>6.4</td>
<td>6.2</td>
<td>6.2</td>
<td>5.7</td>
<td>5.7</td>
<td>4.7</td>
<td>4.5</td>
<td>4.3</td>
<td>4.1</td>
<td>3.4</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source: Table adapted from the 16th Census of the United States and preliminary reports from the 17th Census, Population - Families, United States Government Printing Office.

The upsurge will probably prolong but not allay the eventual maturing of this problem. The difficulties of old dependency will become even more acute if sole reliance for support is expected from the younger generation.

Immigration and Future Population Growth

Immigration to the United States in past decades made an important contribution to population growth and influenced significantly the color, nativity, age and sex composition of the population. It is estimated that over 25 percent of the gain in the white population during each decade from 1840 to 1910 came from the excess of persons entering the United States over those departing. During the 1880's and 1900's immigration accounted for over 40 percent of the increase in the white population, and as late as the 1920's for over 20 percent.

From 1915 to 1920 the amount of immigration was small in comparison with prior years because of conditions brought about by World War I,
but the influx in the postwar years probably would have approached or exceed-
ed that of the prewar period if a system of restrictions had not been adopted
in 1921. As it was, however, Congressional action set the maximum number of
immigrants admissible from quota countries at approximately 357,000 during
the fiscal years ending in 1922-24 and reduced it to 164,000 during the fiscal
years ending in 1925-29 and to 153,714 after June 1929. Since the summer of
1930 immigration has been restricted still further by various regulations
effecting the issuance of visas. As a result, the number of immigrant aliens
admitted in the fiscal years 1931-45 averaged only 46,000 annually, and in
some of these years the number of alien immigrants exceeded the immigrants. 15

Whether domestic opinion in the United States and international con-
ditions will permit a substantial amount of immigration during the next few
decades remains to be seen. In the light of the policy developments of the
last 25 years it seems probable that immigration be negligible and continue
on a small scale. 16

The point to be drawn from this discussion is that immigration of
predominantly young persons, exhibits a definite retarding effect on the
process of aging. The United States' population would have been 12.4 percent
older in 1960 had this immigration not occurred. Our inference is that immi-

15 These years are 1932, 1933, 1934 and 1935.

16 Whelpton, Forecasts of the Population of the United States, pp.
35-36. For further discussion see Kiser, Clyde V. "The Demographic Background
of Our Aging Population", in The Social and Biological Challenge of Our
TABLE VII

REPORTED GROSS IMMIGRATION AND ESTIMATED NET IMMIGRATION BY DECADES

<table>
<thead>
<tr>
<th>Period</th>
<th>Immigration</th>
<th>Reported or Assumed</th>
<th>Estimated Net Increase from Immigration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(thousands)</td>
<td>Percent Net Immig-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ration of Gross</td>
<td></td>
</tr>
<tr>
<td>1820-1830</td>
<td>153</td>
<td>100</td>
<td>152</td>
</tr>
<tr>
<td>1831-1840</td>
<td>599</td>
<td>95</td>
<td>569</td>
</tr>
<tr>
<td>1841-1850</td>
<td>1713</td>
<td>90</td>
<td>1542</td>
</tr>
<tr>
<td>1851-1860</td>
<td>2598</td>
<td>85</td>
<td>2208</td>
</tr>
<tr>
<td>1861-1870</td>
<td>2315</td>
<td>80</td>
<td>1852</td>
</tr>
<tr>
<td>1871-1880</td>
<td>2812</td>
<td>75</td>
<td>2109</td>
</tr>
<tr>
<td>1881-1890</td>
<td>5247</td>
<td>70</td>
<td>3673</td>
</tr>
<tr>
<td>1891-1900</td>
<td>3688</td>
<td>65</td>
<td>2397</td>
</tr>
<tr>
<td>1901-1907</td>
<td>6219</td>
<td>61</td>
<td>3794</td>
</tr>
<tr>
<td>1908-1914</td>
<td>6709</td>
<td>61</td>
<td>4092</td>
</tr>
<tr>
<td>1915-1922</td>
<td>2717</td>
<td>47</td>
<td>1277</td>
</tr>
<tr>
<td>1923-1930</td>
<td>2992</td>
<td>85</td>
<td>2543</td>
</tr>
<tr>
<td>1931-1940</td>
<td>528</td>
<td>13</td>
<td>69</td>
</tr>
<tr>
<td>1941-1945</td>
<td>171</td>
<td>75</td>
<td>128</td>
</tr>
</tbody>
</table>

Migration, as it was observed in the United States, was effective in tending to slow down the rate of aging of the population. 17

Hypothesis

The demographic forces at work in the United States, as can be ascertained from the above discussion, are causing an essential change in the population pattern. The long term trend is well defined, and can be expected to continue. Fluctuations can be considered as temporary with the progress of the problem becoming more pressing.

The major purpose of the following Chapters is to call attention to the types of changes to be expected and their influences. If our business, political and cultural leaders perform their function in this field and the general public is adequately advised as to the trend of events, the demographic future may be faced with confidence.

17 Valaoras, Patterns of Aging Populations, p. 79.
CHAPTER IV
SOCIAL PROBLEMS OF THE AGED

The Impact of Urbanization and Industrialization

The impact of industrialization and urbanization on the aged sets the framework for this chapter. During the late 19th and early 20th centuries, the industrial urban community became the normal social milieu. (See TABLE VIII). In this transition from a rural, familialistic, religiously oriented community to a shifting, industrial, occupationally oriented secular society, the position of the aged appears to have undergone great transformations. The authority, wisdom and security of the aged seem to us to be greatly affected by three elements of this transformation.

The Transition from Land and Craft to the Job as the occupational Locus.

The earlier societies sketched in the first Chapter were primarily oriented around farming or highly skilled craft work in which changes were introduced slowly. Consequently, the old person possessed an actual property right in his land or the years of experience in a craft which gave to him authority and wisdom in his older years. The closeness of his sons to his occupation meant that, even though he retired from active work, he still possessed a relationship to the activity of his mature adult years. In the industrial, urban social system, however, these elements tend to disappear. The most characteristic work activity in urban life is employment by others on tools owned by others. In this situation, the old person has no tangible
## TABLE VIII

**URBAN-RURAL DISTRIBUTION OF THE TOTAL POPULATION AND OF THE POPULATION 65 YEARS AND OVER: UNITED STATES, SPECIFIED YEARS.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Urban Nonfarm</th>
<th>Rural Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>100.0</td>
<td>39.7</td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>100.0</td>
<td>45.7</td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td>100.0</td>
<td>51.2</td>
<td>19.1</td>
</tr>
<tr>
<td>1930</td>
<td>100.0</td>
<td>56.2</td>
<td>20.5</td>
</tr>
<tr>
<td>1940</td>
<td>100.0</td>
<td>56.5</td>
<td>22.3</td>
</tr>
<tr>
<td>1949 (est)</td>
<td>100.0</td>
<td>56.8</td>
<td>22.0</td>
</tr>
</tbody>
</table>

### Population 65 years and over

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>100.0</td>
<td>42.9</td>
<td>*</td>
</tr>
<tr>
<td>1920</td>
<td>100.0</td>
<td>47.4</td>
<td>24.5</td>
</tr>
<tr>
<td>1930</td>
<td>100.0</td>
<td>53.1</td>
<td>23.5</td>
</tr>
<tr>
<td>1940</td>
<td>100.0</td>
<td>56.2</td>
<td>21.8</td>
</tr>
<tr>
<td>1949 (est)</td>
<td>100.0</td>
<td>52.5</td>
<td>22.0</td>
</tr>
</tbody>
</table>

*Not available

property, such as a farm, to control as a basis for authority or, with the separation of work from home, has he the role of advisor to play in the occupation of his mature years. Furthermore, his sons and grandsons are most frequently not following the same occupation that he followed. Modern industry and the intensive division of labor have tended to perform a leveling process in which crafts have disappeared and age is not as clearly associated with greatly increased skills, since jobs can be mastered in a short time. 1

Change in the Family Structure—the Conjugal Family

The rise, concomitant with urbanization, of great vertical and horizontal mobility and the decrease in former familial functions, such as economic security, recreations, protection and education, seems to us to have great implications for the position of the aged. 2

Along with the transition from a family controlled by mores, public opinion and law, has been the conception of the two generation family as the normal: including only the parents and their children below the age of marriage. 3 This, plus the intense mobility of urban life and changed functions, weakens the ties that held the large bi-lateral family system together and reduces the authority and affection which the old person can expect within

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his family group and isolates him from actual participation in the lives of children, grandchildren and relatives. Margaret Park Redfield has pointed out, 4 the impact of these transitions has destroyed the concept of the family as a cultural group with some amount of continuity, in which the old person plays a needed position in the link with the past and consequently a position of respect and reverence.

Transition in a Mobile Society of Rapid Social Change

In the small rural social system, the culture possesses a relative stability. Hence the younger generations are introduced and live in a culture fairly similar to that of the older generations who possess its rules, regulations and wisdom in greatest degree. In the contemporary urban world, however, the newness of many cultural accretions and the rapid changes in mores, laws and dominant social institutions lessen the value of experience and ability of the old person, himself, to understand a world he never made, or act as a transmitter of culture. The migration of both native Americans and immigrants from rural societies means not only adjustment to changes but also introduction to a new type of society which is more highly secularized and impersonal than the ones they have known in their earlier years. 5

The Social Problem

The changes mentioned above have tended to inflict upon an indivi-


dualized group of people certain patterns of behavior incompatible with a mode of living developed through a lifetime. 6

The major difficulties encountered by the aged are the problems of adjustment. In our society the old no longer have a respected position as they did in the preceding rural community. Also they have no recognized function, and our society gives them no approved pattern of activities through which to go from middle age to old age. 7

The implications are manifest and they reach into practically every area of social living. The most important to be discussed in this Chapter are; 1) family conflicts, 2) housing, 3) participation in activities, 4) education for old age, and 5) community planning for old age.

Old Age and Family Relations

One of the peculiarities of American society is the emphasis it places on the conjugal family - the type of family in which husband, wife and children live apart as a separate unit and have complete independence from parents and other relatives. The definition excludes aged parents, and by so doing the institution of the conjugal family in our urban society leaves older


7 Breckinridge, E. "What do Older People Want?" Address presented at the National Conference of Social Workers, 1949, p. 3.

The lack of an institutionalized position in society is treated by Beard, B. B. "The Army of the Aged; A Socio-medical Problem". Geriatrics, #1, (1946), 299-304.
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7 Breckinridge, E. "What do Older People Want?" Address presented at the National Conference of Social Workers, 1949, p. 3.

The lack of an institutionalized position in society is treated by Beard, B. B. "The Army of the Aged; A Socio-medical Problem". Geriatrics, #1, (1946), 299-304.
persons to relative isolation. 8

There is a strong taboo in our culture against in-laws living with a married couple. The obligation of children to support aged and needy parents is no longer well established in the mores. In the past, elders felt that come what might they could rely on their children for support. Now the obligation resting on the child is not too clear-cut. 9 Consequently in 1940 only 9.4 percent of the men and only 20.7 percent of the women aged 70-74 were living in the home of a son or daughter. Among men of that age, 77 percent still lived in their own households; and among the women, 65 percent were either heads of households or wives of such heads. Even at ages 75 and over only 19.1 percent of the males and 32.9 percent of the females were members of children’s households. Moreover, in no advanced age group do more than 8 percent of the old persons live with relatives other than children. 10 (See TABLE IX).

This low proportion of aged people living with sons or daughters is all the more impressive when it is realized that on the average each old person has more than one mature offspring with whom he could live. In other words, if 100 percent of all persons aged 75 and over lived with a son or


### TABLE IX

PERCENT OF AGED WHITE POPULATION IN HOUSEHOLDS, BY AGE AND FAMILY STATUS, UNITED STATES, 1940.

<table>
<thead>
<tr>
<th>Number</th>
<th>Family Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>United States</td>
</tr>
<tr>
<td>60-64</td>
<td>2,232,453</td>
</tr>
<tr>
<td>65-69</td>
<td>1,736,937</td>
</tr>
<tr>
<td>70-74</td>
<td>1,183,283</td>
</tr>
<tr>
<td>75-over</td>
<td>1,162,036</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Females</th>
<th>United States</th>
<th>Head</th>
<th>Wife</th>
<th>Parent</th>
<th>Other Relative</th>
<th>Other(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-64</td>
<td>2,184,240</td>
<td>24.2</td>
<td>53.5</td>
<td>9.3</td>
<td>5.3</td>
<td>7.7</td>
</tr>
<tr>
<td>65-69</td>
<td>1,762,109</td>
<td>29.6</td>
<td>42.3</td>
<td>14.6</td>
<td>6.2</td>
<td>7.3</td>
</tr>
<tr>
<td>70-74</td>
<td>1,217,262</td>
<td>34.3</td>
<td>30.3</td>
<td>20.7</td>
<td>6.7</td>
<td>8.1</td>
</tr>
<tr>
<td>75-over</td>
<td>1,317,804</td>
<td>34.7</td>
<td>14.2</td>
<td>32.9</td>
<td>7.8</td>
<td>10.4</td>
</tr>
</tbody>
</table>

*Includes all others, lodgers, servants, and residents of quasi-households and institutions.*

daughter, this would still mean that relatively few married couples would have an older in-law living with them. The comparative rarity of joint residence suggests considerable resistance to this form of adjustment and also implies that the cases in which it does occur may harbor considerable friction.

There is a peculiar relation between the younger and older person. On one hand, the young person, in the stage of maximum socialization, is so to speak, moving into the social organization. His social personality is expanding. His future is before him, in what the older person is leaving behind. The latter, has a future before him in only the sense that the offspring represents it. Therefore, there is a disparity of interest, the young person placing his thoughts upon a future which, once the first stages of dependence are passed, does not include the parent. The old person places his hopes vicariously on the young. 11

The spatial and mental separation of parents from children is heightened in our society by the fact that the fertile period in each woman's life is tending to begin earlier and to contract in length. Women begin having children slightly earlier than did their rural nineteenth century forebears and they tend to end child bearing before they reach 30. This fact coupled with the expansion of the average length of life indicates that not only are parents having fewer children but that they are experiencing a longer period of life after their children have become independent. The so-called stage of the empty nest is prolonged and the emptiness of life for the aged is

increased. 12

As Table IX indicates the conjugal family structure in the United States has placed a positive check on the number of elderly people residing with their children. The areas of adjustment for the old are 1) biological, 2) loss of authoritative role, 3) loss of marriage partner, and 4) housing, and have traditionally been adopted within the family sphere. But with the demographic, institutional and attitudinal changes in our society this custom has been nearly eliminated. 13 Society has a grave responsibility, therefore to help the aged in their adjustments. 14

Housing

The emphasis of the American pattern on the conjugal family group has placed the old in a position where it is necessary to find separate household units for themselves. They may be housed in four ways; 1) in a house that is in no way designed to meet needs but is occupied because there is no alternative, 2) with a family of a married child or occasionally with another relative, 3) in a rooming or boarding house or a third rate hotel, and finally 4) in an institution or nursing home. 15

Generally, for those who are able to care for themselves, living in

13 Pollak, Social Adjustment, p. 75.
### TABLE X

**Median Age of Husband and Wife at Specified Events in Life Cycle 1890 and 1940**

<table>
<thead>
<tr>
<th>Event</th>
<th>Median age of husband</th>
<th>Median age of wife</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1890</td>
<td>1940</td>
</tr>
<tr>
<td>First Marriage</td>
<td>26.1</td>
<td>24.3</td>
</tr>
<tr>
<td>Birth of First Child</td>
<td>27.1</td>
<td>25.3</td>
</tr>
<tr>
<td>Birth of Last Child</td>
<td>36.0</td>
<td>29.9</td>
</tr>
<tr>
<td>Marriage of First Child</td>
<td>51.1</td>
<td>48.3</td>
</tr>
<tr>
<td>Marriage of Last Child</td>
<td>59.4</td>
<td>52.8</td>
</tr>
<tr>
<td>Death of husband or wife</td>
<td>57.4</td>
<td>63.6</td>
</tr>
<tr>
<td>Death of Husband, if last</td>
<td>66.4</td>
<td>69.7</td>
</tr>
<tr>
<td>Death of wife, if last</td>
<td>- - -</td>
<td>- - -</td>
</tr>
</tbody>
</table>

their own home is the most desirable type of arrangement. In most cases this means living independently of children or relatives whenever possible.

The decrease in the proportion of children in the population and the larger drop in the proportion of families having several children, has reduced the demand for detached houses, especially for large houses, and increased the demand for apartments. The increase in the proportion of persons past 50 also has tended to stimulate the demand for apartments. Both of these influences undoubtedly will continue to operate in the future. Couples who are middle-aged are less likely than young couples to have small children living with them, and hence are less likely to need the yard that usually goes with a detached house. For couples no longer tied down by children, a small apartment with perhaps a restaurant and cleaning service may have special appeal. 16

Operating much along the lines of foster homes for children, there has developed a movement for foster homes for the aged. 17 In studying the requirements of housing for the aged it has been pointed out that such arrangements have proven satisfactory. Since the majority of these homes are not geographically isolated, the occupants do not feel cut off from healthy social living. O. A. Randall points out that if such isolation should exist it may blight the entire housing program. 18

16 Whelpton, Forecasts of the Population, p. 68.


### TABLE XI

**Estimated Household Relationships of Persons 65 Years and Over, by Sex: United States, April 1949**

<table>
<thead>
<tr>
<th>Type of household and household relationships</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total in population</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>In households</td>
<td>(95.7)</td>
<td>(94.0)</td>
<td>(97.2)</td>
</tr>
<tr>
<td>In quasi-households (institutions)</td>
<td>(4.3)</td>
<td>(6.0)</td>
<td>(2.8)</td>
</tr>
<tr>
<td><strong>IN HOUSEHOLDS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In families (living with related persons)</td>
<td>(78.4)</td>
<td>(81.5)</td>
<td>(75.7)</td>
</tr>
<tr>
<td>Not in families (alone or with nonrelatives)</td>
<td>(17.3)</td>
<td>(12.5)</td>
<td>(21.5)</td>
</tr>
<tr>
<td><strong>IN FAMILIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married and living with spouse</td>
<td>(50.6)</td>
<td>(67.6)</td>
<td>(35.2)</td>
</tr>
<tr>
<td>Other marital status</td>
<td>(27.9)</td>
<td>(13.9)</td>
<td>(40.5)</td>
</tr>
<tr>
<td><strong>MARRIED AND LIVING WITH SPOUSE:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family comprises couple only</td>
<td>(26.3)</td>
<td>(32.4)</td>
<td>(16.9)</td>
</tr>
<tr>
<td>Other relatives present</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The rapid increase in the number and proportion of elderly people will bring corresponding problems for the institutions and organizations dealing with this portion of the population; in the past elderly people have customarily been cared for by their relatives, usually their grown-up children. The increase in the proportion of elderly people has already been sufficiently large to make persons engaged in medical and public health activities realize that the diseases and infirmities of later life present some of our most serious health problems. As time passes they will merit a greater share of the effort of practicing physicians and medical research institutions. At younger ages acute illnesses predominate but recovery is usually speedy, whereas at older ages chronic and organic diseases are much more common and recovery is slow. This means that hospitals will need to plan for changes in the demand for their services to include a rise in the potential number of elderly patients who will stay longer on the average. Since many elderly patients come to a point in their recovery where they need a long period of rest and care with a minimum of medical treatment, institutions providing such services should be expanded substantially. Unlike large hospitals, which usually are located relatively close to city centers, these rest homes might well be developed in suburbs or in resort areas.

19 Note on institutional population: In 1940, the latest year for which there is information, 221,965 persons 65 and over lived in institutions, and follows: homes for aged, infirm, or needy, 125,630; mental institutions, 87,974; prison or jail, 4,362, other not reported, 3,493. Source: National Conference on Aging, Some Facts, p. 7.

20 Whelpton, Forecasts of the Population, pp. 68-69.
There exists, however, a short supply of good nursing homes, and in practically all these homes, good or bad, there seems to be little concern for the recognition of the need for privacy, opportunity for association with others, and of the fundamental need of each person's desire to be regarded as an individual. 21

Many of the people in nursing homes or public homes, are receiving little beyond the perfunctory services of being fed and kept moderately clean. Therefore, it is a considered conclusion that we need a careful classification of older patients, and the setting of standards of the optimum in living arrangements for individuals to aid in their institutional adjustments. 22

The discussion has included private housing, and institutional care, we turn now to public housing. Experiments in apartment housing arrangements especially designed for older people, have something to contribute to planning future public housing or housing subsidized through the use of tax funds in the interest of the older people in the community. Tompkins Square House, owned and operated for twenty years by the Community Service Society, is such an experiment. 23 Its main contribution is the proof that older people can live in this type of dwelling and can remain functioning individuals in the

21 Randall, Living Arrangements, p. 51.


23 Community Service Society is a voluntary philanthropic agency located in New York, its budget approximates $3,000,000 annually.
community longer under such a plan.

This is simply an experiment, however, public housing as yet has been of practically no help in solving the tremendous problem of suitable living arrangements for older people. No matter how desirable such a group project might be, there has been little progress in this direction on the part of government. 24

Participation in Activities

Old age is a time of increased leisure. However, since aging is accompanied by failing vitality and often by illness increased leisure is accompanied by decreased activities. Table XIII shows the percentage of men and women for each age period who had high, moderate and low degrees of participation in nine different activities. The general trend is a decline in the degree of participation. Table XIII shows the percentage of each age group taking part in specified types of activities are not always regular, in general there is indication here again of fewer activities with increased age.

Not only does the degree of participation change with age but attitudes toward participation also change. Along with the decline in interest in club work, there is a decline in a feeling of satisfaction with leisure time in general.

Older people express the need for some kind of activity well into advanced age. Too frequently, the doctor, the psychologist, the social worker, the employment officer, the educator, or the recreational worker is unable to

24 Randall, Living Arrangements, p. 55.
### Table XII

**Degree of Participation of Study Group, a**

**By Age Periods b**

<table>
<thead>
<tr>
<th>Degree of Participation</th>
<th>60-64</th>
<th>65-69</th>
<th>70-74</th>
<th>75-79</th>
<th>80-84</th>
<th>85-89</th>
<th>90-94</th>
<th>95-99</th>
<th>100 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Males</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Degree</td>
<td>44</td>
<td>36</td>
<td>43</td>
<td>39</td>
<td>35</td>
<td>26</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Moderate</td>
<td>28</td>
<td>34</td>
<td>34</td>
<td>26</td>
<td>30</td>
<td>26</td>
<td>33</td>
<td>25</td>
<td>--</td>
</tr>
<tr>
<td>Low Degree</td>
<td>28</td>
<td>30</td>
<td>23</td>
<td>35</td>
<td>35</td>
<td>48</td>
<td>67</td>
<td>75</td>
<td>--</td>
</tr>
<tr>
<td>Total Number of Cases</td>
<td>71</td>
<td>87</td>
<td>112</td>
<td>113</td>
<td>57</td>
<td>19</td>
<td>6</td>
<td>4</td>
<td>--</td>
</tr>
<tr>
<td><strong>Females</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Degree</td>
<td>55</td>
<td>45</td>
<td>48</td>
<td>32</td>
<td>24</td>
<td>23</td>
<td>10</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Moderate</td>
<td>32</td>
<td>31</td>
<td>26</td>
<td>33</td>
<td>29</td>
<td>10</td>
<td>10</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Low Degree</td>
<td>13</td>
<td>24</td>
<td>26</td>
<td>35</td>
<td>47</td>
<td>67</td>
<td>80</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Total Number of Cases</td>
<td>135</td>
<td>147</td>
<td>161</td>
<td>117</td>
<td>63</td>
<td>30</td>
<td>10</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

---

a. This study was made of 499 men and 759 women by means of Adult Activities Schedule and Attitude Inventory.

b. Nine types of participation were included: daily informal activities, hobbies, plans for the future, listening to the radio, attendance at group meetings two or more times a month, holding club office, employment, attendance at church at least once a week, and voting in last election.

c. High degree indicates seven or more activities.

Low degree, four or fewer activities.

TABLE XIII

TYPES OF PARTICIPATION OF STUDY GROUP, BY AGE PERIODS

<table>
<thead>
<tr>
<th>Type of Participation</th>
<th>Age period and percentage of participation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60-</td>
</tr>
<tr>
<td>Males</td>
<td></td>
</tr>
<tr>
<td>Belongs to two or</td>
<td>38</td>
</tr>
<tr>
<td>more organizations...</td>
<td></td>
</tr>
<tr>
<td>Holds two or more</td>
<td>21</td>
</tr>
<tr>
<td>offices...............</td>
<td></td>
</tr>
<tr>
<td>Attends two or more</td>
<td></td>
</tr>
<tr>
<td>club meetings per</td>
<td></td>
</tr>
<tr>
<td>month................</td>
<td>36</td>
</tr>
<tr>
<td>One or more hobbies...</td>
<td>60</td>
</tr>
<tr>
<td>Two or more plans....</td>
<td>65</td>
</tr>
<tr>
<td>Total number of cases.</td>
<td>74</td>
</tr>
<tr>
<td>Females</td>
<td></td>
</tr>
<tr>
<td>Belongs to two or</td>
<td>45</td>
</tr>
<tr>
<td>more organisations...</td>
<td></td>
</tr>
<tr>
<td>Holds two or more</td>
<td>23</td>
</tr>
<tr>
<td>offices...............</td>
<td></td>
</tr>
<tr>
<td>Attends two or more</td>
<td></td>
</tr>
<tr>
<td>club meetings per</td>
<td></td>
</tr>
<tr>
<td>month................</td>
<td>52</td>
</tr>
<tr>
<td>One or more hobbies...</td>
<td>67</td>
</tr>
<tr>
<td>Two or more future</td>
<td>60</td>
</tr>
<tr>
<td>plans................</td>
<td></td>
</tr>
<tr>
<td>Total Number of Cases.</td>
<td>153</td>
</tr>
</tbody>
</table>

*One case
**Two cases

Source: Cavan, Burgess, Havighurst, Goldhamer, Personal Adjustment, p. 50.
direct the older person to specific opportunities in the community. These circumstances are due primarily to the fact that an urbanized society expects older people to withdraw, and consequently makes no provision for continued activity after one loses the principle adult roles. 25

Education in Relation to the Aged

Contemporary social attitudes and institutions with respect to education are oriented around a superficial view. The involitional processes that are generalized as a popular notion regarding old people pertain only to a tiny segment of the older population. Knowledge regarding the aging processes is revealing that older people retain specific needs and capacities for well rounded living. Biological functions show a marked decline after the middle or late twenties, however mental functions do not exhaust their potentials until late in life.

As we mentioned in the last section, the present level of social structure offers little opportunity for the older individual to invest his personal reserve into activities conducive to progressive mental development. The increasing numbers of older people represent a national asset of a magnitude which society can ill afford to ignore.

Education will play a large role in the re-orientation of older people


Also see: Oskar Schulze, "Recreation for the Aged", Journal of Gerontology, IV (Oct. 1949), 310-313.
to a place in society. "Life adjustment" concept of education provides a basis for the extension of education into the later years, when the need for further adjustment is necessary. 26

It appears to us that education for an aging society is not limited to later years. Education in youth should be considered the logical place to begin training to equip the individual for a rational approach to adjusting for old age. But also stress should be laid upon the problems presently attendant with the aged, so that youth may see his elders' difficulties in a more sympathetic light. With this objective in mind education should provide mutual understanding of age groups which would result in a more favorable social climate for the old.

Education should provide an opportunity for expression to help cultivate potentialities not developed in a machine culture. 27 As we pointed out in the last section, participation in activities decreased as age increased. While this was a relatively small study, we may assume that generally the older persons' capacity for extensive social intercourse does decline. His friends die, his relatives have divergent interests, and generally he is left on his own resources to provide himself with activities. Recreational services are an almost untouched field, very little has been done to fill this


27 This refers to work of a creative nature, for list of such activities see: M. Lilliefor, "Educational Programs in Other Agencies", Adult Education, V. I, (Dec. 1950), 61-65.
gap outside of hit-and-miss occupational therapy in institutions. 28

There is a need to re-examine attitudes with respect to practices concerning old people. Our primary interest has been in his quest for economic security, but to retire a man because he has failed to keep pace with changing technological conditions is a waste and a drain on the productive capacity of the country. It is important for the old person to become highly flexible in his abilities. 29 But here again the principle difficulty in vocational retraining for later maturity is in giving the able individual the chance to retrain. There is a woeful neglect of concern for older people dropped because of age and given no chance to retrain for other jobs. Without sufficient opportunities for readjustment, many people were lost for gainful employment. 30

The problem of retraining workers generally falls on the shoulders of industry, labor and management. While such a program should include occupational retraining, a general re-orientation for old age must be developed to make any such undertaking significant.

28 A major exception to this is work being done in the Chicago area by the Community Project for the Aged.


Moody sees four approaches for industry: 1) industry must keep in touch with the findings of medical and social science on old age, 2) better community and industrial co-operation must be devised for the general preparation of adults for their later maturity problems, 3) a better job of counselling and guidance must be accomplished, 4) industry can participate in the development of more facts concerning the employment, placement, and training problems of later maturity. 31

Such programs that are in existence today are of an experimental nature. One experiment was held at the General Motors plant at Walkerville, Ontario, Canada. R. B. Robson in reviewing the results of the program emphasized the fact that while a plan of this nature had been alluded to in current literature there was no proposed method for such an undertaking.

The plant employs 551 salaried and hourly workers. 50.9 percent were over 45; 45-64 included 260 workers; 65 and over 20 workers. The program dealt primarily with the practical problems faced by the elderly person.

The plan was divided into courses which were broad in content. They dealt with, financial security, physical and mental health, psychological changes, living arrangements, leisure time activities, and wills and estates. 32

The courses were well received and a desire for the continuation of the program was expressed.

The Walkerville experiment, while it was successful, is known current-

31 Ibid, p. 71

ly for its uniqueness. There is much talk about what should be done to retrain the workers, but when an organization wishes to undertake such a program they can find no precedent in the field to build on. Education and retraining are not a universal panacea, but they are extremely important facets of an entire community program for old age planning.

Community Planning for Old Age

Co-ordinated planning, the development of community resources, provision for counselling, supplementary kinds of assistance and a thorough program of activities, all directed toward increased satisfaction of people during later years, are practically non-existent in the majority of American communities. The activity center for older people incorporating both service and activity is envisaged as one approach which a community may take toward providing fuller opportunity for its older citizens. In such a center the older person can find the opportunity to make new friends, to engage in interesting, useful and profitable activities, to enjoy companionship of others, to express himself creatively, to find mental stimulation and the opportunity to gain assistance with problems of personal adjustment.

In addition, the center is tangible evidence that a community appreciates the worth of its older inhabitants, and that it desires to provide opportunity for the old which is comparable with opportunities for the young. In this larger sense, the center must be a part of the community; it must receive support from the community, and it must be intimately related to existing agencies and facilities. The community along with older people, should share the responsibility in building the center and its program. Older people
should be prompted to return to the community some contribution of their own.

The later years of life need not be ones of loneliness, boredom and isolation. A recognition of the needs of older people and a community's willingness to act can readily provide age with a new opportunity. 33

Religion has its part to play in the community planning for the aged, because it affirms that the aged's life has meaning and provides a channel for expression of life's innumerable blessings. But most of all, in terms of the older person, it shows that man is of intrinsic worth in himself because he is a child of God, and finds that one may be creative even when he can no longer be productive of economic values. 34

No institution exists in social isolation and each may contribute to a community which is consciously planning for the betterment of its citizens. There appears, however, to be no co-ordinating force to unite the facilities of the community for a concerted effort in this direction. Until such a move is made the social problems of the aged will remain manifest.

Conclusion

The social problems that we have discussed are not embryonic but deeply rooted and well defined. The vexing situation is the fact that there exists no adequate measures for coping with these problems. We will see, in the following chapters, that the difficulties encountered in the medical and


economic spheres have been far more satisfactorily handled. The lack of competancy in the social areas is once again an indication of the problems of cultural lag faced by this country. Technically we are the most advanced country in the world, but we are social paupers.

Proper mechanisms to deal with the social problems of the aged will develop by necessity, even without conscious direction. This route, however, is tedious and leaves too many social derelicts in its path. Implicit in any social program must be, therefore, the conscious awakening of interest and understanding of the aged by those who take part in the program and of all the citizens generally.
CHAPTER V
INCOME MAINTENANCE

OLD AGE PENSION, GOVERNMENT LEGISLATION, PRIVATE PENSIONS

The problem of economic insecurity in old age is faced by millions in our population today. It is an immediate problem, resulting from the complexities of our urban and industrial social system. Attempts at solutions have been made and they assume three major forms to be discussed here, they are; (1) Old Age Pension, (2) government legislation, (3) private pension plans.

Financial Status of Older People

In 1948, about 3.5 million of the 11 million persons 65 years of age and over in the United States had no money income of their own during the year. Of the 7.5 million with some money income, almost one-third had incomes of less than $500.

The 3.5 million with no money income consisted of about 600,000 men and about 3 million women. About one-half of the women with no income of their own were married and living with a husband who may have had some income.

More than six out of ten of those 65 and over with money income had income of less than $1,000. Only about one-fifth had incomes of $2,000 or more; and one-tenth had incomes of $3,000 or more.
The median income for men 65 years and over with income was about $1,000. This compares with about $3,000 for men with income in the age-group 35-44, about $2,800 for men with income in the age-group 45-54, and about $2,400 for men with income in the age-group 55-64. 1 (See TABLE XIV). The remaining two million persons are supported by savings and investments, pensions, friends and relations and voluntary welfare programs.

The Cost of Benefit Plans

The New York State Joint Legislative Committee has estimated that the cost of old age security in its main forms in 1950 was $4,730,000,000. 2 With the cost of living up more than 75% over 1935-39 average and the threat of continuing inflation ahead, even the tremendous expansion of company pension plans and the recent expansion of the Federal Old Age and Survivors Insurance Program 3 are far from solving the problem of supporting people in the later years of life. According to the Bureau of Labor Statistics of the United States Department of Labor, an aged couple required an income of $1,318 a year to live in Chicago on a modest standard in October 1950. We can add to this an eight percent rise in the cost of living since the Korean War.

Income Assistance Provided through Public Agencies in Illinois

Illinois contains about one-twelfth of all the aged 65 plus group in

2 New York State Joint Legislative Committee, Young At Any Age, (Legislative Document #12, 1950), p. 19.
3 For entire provisions see: Public Law 734- 81st Congress Chapter 809-2d Session, H. R. 6000.
### TABLE XIV

**ESTIMATED DISTRIBUTION OF MEN AND WOMEN 65 YEARS AND OVER, BY ANNUAL MONEY INCOME: UNITED STATES, 1948.**

*(in thousands)*

<table>
<thead>
<tr>
<th>Money Income</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of persons *</td>
<td>10,977</td>
<td>5,205</td>
<td>5,772</td>
</tr>
<tr>
<td>With no income</td>
<td>3,487</td>
<td>568</td>
<td>2,919</td>
</tr>
<tr>
<td>With income</td>
<td>7,490</td>
<td>4,637</td>
<td>2,853</td>
</tr>
<tr>
<td>Percent of those with income</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Less $1,499</td>
<td>28.8</td>
<td>23.2</td>
<td>43.4</td>
</tr>
<tr>
<td>$1,500-1,999</td>
<td>13.1</td>
<td>14.3</td>
<td>9.3</td>
</tr>
<tr>
<td>2,000-2,499</td>
<td>7.1</td>
<td>8.2</td>
<td>4.5</td>
</tr>
<tr>
<td>2,500-2,999</td>
<td>6.4</td>
<td>8.4</td>
<td>2.5</td>
</tr>
<tr>
<td>3,000-3,499</td>
<td>3.8</td>
<td>5.4</td>
<td>1.1</td>
</tr>
<tr>
<td>4,000-4,499</td>
<td>4.8</td>
<td>6.5</td>
<td>1.5</td>
</tr>
<tr>
<td>4,000-5,599</td>
<td>2.0</td>
<td>2.6</td>
<td>.8</td>
</tr>
<tr>
<td>5,000-5,999</td>
<td>1.2</td>
<td>1.6</td>
<td>.3</td>
</tr>
<tr>
<td>6,000-6,999</td>
<td>1.3</td>
<td>1.6</td>
<td>.5</td>
</tr>
<tr>
<td>10,000 and over</td>
<td>.9</td>
<td>1.2</td>
<td>.2</td>
</tr>
</tbody>
</table>

*Estimated non-institutional population, April 1949.

the country. It is our opinion that since Illinois has a rather large percentage of elderly people in its population it provides a good sounding board for analysis of the relation between Old Age Assistance and Old Age and Survivors Insurance.

Principal sources of income for older people through public agencies are the Old Age and Survivors' Insurance program, and the Old Age Assistance program. OASI is a contributory social insurance system financed by a payroll tax on wages. Employer and employee contribute equally. Disbursements are made through the Federal Security Agency. Although the OASI program was designed originally to become the primary insurance against economic insecurity in old age, it was recognized that the OAA program (financed by federal and state funds in Illinois) would carry most of the load of providing income for the needy aged and their dependents during the years immediately following the passage of the Social Security Act in 1935. It was assumed that as OASI expanded in coverage, OAP would become the residual program. In TABLE XV we see the relationship between OASI and OAP in Illinois during the last decade. In this period the proportion of the population 65 and over receiving payments through these two programs increased from 25.3% in June 1940 to 36.3% in December 1949. When we look at the relative importance of the two programs, however, we find that aged beneficiaries of OASI amounted to only 1% of the State's aged population in 1940, whereas by the end of 1949, this group equalled the number of recipients of OAP. Since that time the number of OASI beneficiaries has exceeded the number of Old Age Pensioners.

4 Community Project for the Aged in Chicago, A Plan of Community
### TABLE XV

**COMPARISON OF OAP AND OASI PROGRAMS: 1940-1949**  
**State of Illinois**

<table>
<thead>
<tr>
<th>Item</th>
<th>June 1940</th>
<th>June 1947</th>
<th>June 1949</th>
<th>Dec. 1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 65</td>
<td>658,000</td>
<td>678,000</td>
<td>698,000</td>
<td>703,000</td>
</tr>
<tr>
<td>Number of aged receiving OAP or OASI</td>
<td>143,749</td>
<td>203,763</td>
<td>246,545</td>
<td>258,507</td>
</tr>
<tr>
<td>Number receiving OASI*</td>
<td>5,458</td>
<td>77,268</td>
<td>118,472</td>
<td>129,322</td>
</tr>
<tr>
<td>Number receiving OAP</td>
<td>138,291</td>
<td>126,495</td>
<td>128,073</td>
<td>129,185</td>
</tr>
<tr>
<td>Percent of aged population receiving OAP or OASI</td>
<td>25.3</td>
<td>30.1</td>
<td>35.3</td>
<td>36.8</td>
</tr>
<tr>
<td>Percent receiving OASI</td>
<td>1.0</td>
<td>11.4</td>
<td>17.0</td>
<td>18.4</td>
</tr>
<tr>
<td>Percent receiving OAP</td>
<td>24.3</td>
<td>18.7</td>
<td>18.3</td>
<td>18.4</td>
</tr>
<tr>
<td>Amount paid to aged in OAP and OASI</td>
<td>$3,016,185</td>
<td>$6,734,239</td>
<td>$8,906,862</td>
<td>$9,171,317</td>
</tr>
<tr>
<td>Amount through OASI</td>
<td>117,709</td>
<td>1,729,242</td>
<td>2,770,992</td>
<td>3,055,432</td>
</tr>
<tr>
<td>Amount through OAP</td>
<td>2,898,476</td>
<td>5,004,997</td>
<td>6,135,870</td>
<td>6,115,885</td>
</tr>
</tbody>
</table>

* Includes retired wage earners, wives, widows, parents (all 65 and over)

In considering the amount of money paid out to older people through these two programs, we find that, although the average OASI payment has increased, the total amount of old age pension payments at the end of 1949 was approximately twice the amount paid out in OASI. Payments through these two programs exceeded nine million dollars a month. (See TABLE XV).

From this analysis we may conclude that the average OASI grant to an aged beneficiary has been far from sufficient for subsistence without additional income. In spite of this, the amount of duplication between recipients of OAP and OASI beneficiaries is small. In June 1948, 6% of those on OAP were receiving OASI benefits. 5

Effect of Social Security Amendments of 1950

Public Law 734, approved August 28, 1950, provided for liberalizing the OASI program, made possible a Federal-State financed program of assistance for needy persons 18 and over who are permanently and totally disabled, and improved certain provisions affecting aid to the blind and old age assistance. 6

These amendments will, to some extent, correct the imbalance between OASI and OAP. Changes in OASI include extension of coverage to ten million additional workers (two million voluntarily) and increase the benefits paid.

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5 Ibid, p. 65.

6 See PL 734, HR 6000, Title III, and Title XIV.
For those already retired, primary benefits were raised more than three-fourths, on the average. Nationally, this means that the average monthly primary benefits will rise from about $26 to $46. It was estimated that in Illinois, payments of OASI would increase from $4,147,376 in August to $7,478,731 in September. The maximum family benefit was increased from $85 to $150 a month and the minimum primary benefit was increased from $10 to $20.

Particularly significant is the fact that quarters of coverage earned before 1951 may be counted toward the coverage requirement. A person 62 or over on the effective date of the law will be insured at age 65 if he had six quarters of coverage at any time.

Under PL 734, the Federal Government can share in the cost of payments to recipients of OAP, and Aid to the Blind and the permanently and totally disabled who live in public medical institutions and can share in direct payments to medical practitioners for OAP recipients if these payments are within the $50 Federal maximum for an individual monthly grant.

Even with these liberalized provisions, it is apparent that the older urban resident will require other resources to maintain an adequate standard of living.

Railroad Retirement Act

When the fiscal year 1948-1949 closed, 356,000 monthly retirement and survivors benefits were being paid an increase of more than 10 percent

during the year. The aggregate monthly amount was $22,500,000. The 224,400 retirement annuitants on the rolls on June 30, 1949, were drawing an average of $81.61 monthly, and the 9,800 former carrier pensioners, $71.21.

On June 30, 1949, 121,900 monthly survivor benefits were being paid an increase of 20 percent for the year, to 63,400 aged widows, 12,700 widowed mothers, 40,500 children, 1,000 parents and 4,400 survivor annuitants, averaging $29.36, $27.07, $16.69, $16.13 and $39.77, respectively. 8

The Railroads had pensions early, but there was union agitation for a plan established by law and administered by a governmental body. The first Act was passed in 1934 but subsequently held unconstitutional; in 1935 a similar Act was passed and was not contested. It provides for joint payments by management and workers which are substantially higher than the social security tax. The benefits, however, are more liberal and there are provisions for disability annuities.

Private Pension Plans

Private pension plans are assuming an extremely important role in the economic planning for the older person. Legislative action, as we have pointed out, can provide simply a floor of security. This foundation must be supplemented from other sources. Many workers turn to OAP as the last resort because they feel that it is charity and by its acceptance embrace an admission of failure. Retirement plans in industry provide income as a matter

of right and as such constitute our following discussion.

**Business Aspects of Private Pension Plans**

Private pension plans are financed out of the operating expense of the company and as such are reflected in the cost of the commodity produced. Pension plans may be regarded by the employer as a reward for long service, deferred compensation, or a method of removing superannuated personnel from the payroll. 9

Whatever the rationale used, adequate pension plans are not merely a drain on potential profits but do result in definite advantages. Reduction in turnover, improved employee morale, attraction of a better type of worker, and creating favorable public relations are but a few points which could be mentioned. 10

The Federal Government has been a factor in molding the thinking of private industry in terms of providing systematically for the old age of its people. As we mentioned above the government took the initiative with the Social Security Act effective in 1937. 11

Aside from providing a moral impetus to pension plans the government

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also subsidizes qualified plans by making them a deductible expense from corporate income tax. 12 The increase in the number of qualified plans points to the tangible monetary benefits that can be derived by adhering to the standards of the Internal Revenue Code. 13 A pension may be a certain percentage of income less Social Security, so that in effect the business has to purchase a pension only on that amount in addition to Social Security.

**TABLE XVI**

**THE GROWTH OF PENSION AND PROFIT-SHARING PLANS**

<table>
<thead>
<tr>
<th>Period of Establishment</th>
<th>Number of Qualified Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to 1940</td>
<td>659</td>
</tr>
<tr>
<td>1940 to Sept. 1942</td>
<td>1947</td>
</tr>
<tr>
<td>Oct. 1942 to June 1950</td>
<td>13829</td>
</tr>
</tbody>
</table>


---

12 See Sections 165a and 23p of the Internal Revenue Code.

"The provisions of the 1942 Revenue Act dealing with employee retirement plans probably have had greater social than revenue significance. The Act forced a more uniform treatment of employees covered under a plan and eliminated many discretionary, if not discriminatory practices in plan provisions and operation." Cecil Bronston, *Round Table Discussion Employee Retirement Plan*, Continental Illinois Nat'l Bank, Mar. 15, 1950. p. 7.

13 Economic advantages resulting from qualifying a pension plan:

1. Contributions to a qualified plan result in tax deductions.
2. The interest accumulates tax-free in a qualified plan. Benefits are paid from contributions plus compound interest earned on the contributions. If the funds are accumulated and invested under an unqualified plan the 38% corporate income tax will reduce a 2 1/2% interest rate to 1.55%.

Union Views on Pensions

The unions consider that pensions are a legitimate charge on industry. But it is felt that the first responsibility to provide adequate insurance lies with the federal government. In the face of legislative inaction the unions have chosen to supplement federal programs by securing through collective bargaining private plans of assistance for American workers under their jurisdiction. (See TABLE XVII).

TABLE XVII

Table: Extent by Union Affiliation of 5,100,000 Workers Covered by Pension Plans

<table>
<thead>
<tr>
<th>Unions</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIO</td>
<td>56%</td>
</tr>
<tr>
<td>AFL</td>
<td>25</td>
</tr>
<tr>
<td>Independent</td>
<td>18</td>
</tr>
<tr>
<td>Not Reporting</td>
<td>1</td>
</tr>
</tbody>
</table>


The over-all union approach to the problem of old age financial security embodies three primary factors; 1) there should be available employment for all who can and want to work, 2) the major part of retirement income should be provided through contributions to a social insurance system, 3) supplementary plans should be geared to the needs of industry. 15

14 CIO Dept. of Research, "Pension Gains", Economic Outlook, X (1949), 91.

Plans under collective Bargaining

There are several salient points leading up to the rise of collectively bargained plans. The Amalgamated Clothing Workers in 1929 bargained with employers concerning the financing of benefit funds. This is only an isolated instance, however; the major advances came during World War II when, because of the wage freeze, employment was made attractive through generous pension plans.

John L. Lewis, in 1946, concluded an agreement with Secretary of Interior Krug to a royalty tonnage to support a pension plan. The success of Lewis led more unions to demand pension plans and thus precluded an eventual collision between management and labor on this issue. 16 The struggle ended in favor of the unions with the findings in the Inland Steel case. 17 Since 1948, the date of the decision, the extent of coverage under collectively bargained plans has more than double, involving approximately 5,100,000 workers. Sixty percent of the agreements have retirement provisions. 18

Employer Attitudes on Collectively Bargained Pension Plans

Farsighted employers do not oppose welfare plans. However, they


17 Inland Steel Co. v. NLGB., Sept. 23, 1948, 21 LRRM 1310
Certiorary denied by the Supreme Court of the U. S., 336 U. S. 960; 24 LRRM 2019 (1949).

think that a slip-shod program hastily and illadvisedly entered into is worse than no program at all. They feel also that of necessity a plan must be tailored to meet the needs of a concern. Some other plan, just because it looks good on paper should not be quickly adopted.

Many employers feel handicapped by union demands to secure a voice in running programs, particularly those of the non-contributory variety. Union inexperience in such matters is a distinct hindrance.

**Pension and Public Opinion**

In recent years a great deal of public attention has been focused on the subject of economic security in old age. This steady upsurge of interest has caused big strides toward collective security through union and management action coupled with governmental legislation. The trend is growing, and management's careful consideration of this aspect of public relations is of utmost importance. 19

**Types of Pension Plans**

**Basic Principles**

The successful operation of any pension plan is incumbent upon two elementary facts; 1) the plan must be tailored to fit the needs of the company. It is generally accepted that the successful fulfillment of any employee retirement plan depends on the profitable operation of the company

19 "There is nothing that will create better public relations for a company in a community than a sizeable group of contented retired workers, who, after spending the better part of their life with the company, feel that they have been well cared for." Kettering, *Pension Plans*, p. 3.
which has created it, 20 2) the provisions of the plan should provide ade-
quate benefits for the covered workers.

Unfunded Plans

An unfunded plan, as the name implies, is one which is not support-
ed by an irrevocable trust nor underwritten by an insurance company. This
throws the entire cost of retirement on current earnings. A special surplus
account may or may not be provided. Generally there is no contractual ob-
ligation of an employer to pay such a pension and it is apportioned out to
employees on a paternalistic need basis. The history of these plans for the
most part has proved unsatisfactory and they are not encouraged. 21

Funded Plans

In a funded plan, the employer, and in some cases jointly with the
employee, contribute a certain sum periodically to an administrative agency
with a view of paying benefits to qualified employees after sufficient funds
have been accumulated. The two most important methods of funding are; 1)
self-administered or trusteee plans, and 2) insured plans.

Pension Benefit Formulas

There are three types of accepted pension formulas. These may be
varied, or combined in a great many ways; 1) "unit purchase" plans may be

20 Bronston, Round Table Discussion, p. 3.

21 Arthur J. Meuche, Successful Pension Planning, (Prentice-Hall,

Paul W. Cook, Pension Problems in Small Business, (Presented to
described as a method under which a fixed annuity is purchased for each year of credited service to retirement date. \(^22\) 2) "money purchase" plans are a method under which the contributions are fixed but the benefits vary depending on what the contributions will purchase at the time of retirement. \(^23\) 3) "flat benefit" plan is a pension computed on a flat percentage of the employee's earnings. The benefit is uniform regardless of period of credited service.

**Funding Methods**

**Insured Plans**

**Individual:** An individual policy insured plan is one under which the contributions are made to a trustee, and in turn, the trustee purchases an individual contract for each eligible employee. The usual contract provides for an annuity to begin at retirement age. Employers of small groups find the individual insurance policies the ideal medium. They offer the advantage of annual level premiums and substantial death benefits. \(^24\)

**Group Annuity:** Group annuities, as we know them today, are about thirty years old. Their operation is comparable to group insurance. Under

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\(^22\) "This is a formula which puts maximum emphasis on years of service with the company. It is most favorable to the younger employees for future service pension but is past service pensions are included it is adequate for older employees." Cook, *Pension Problems*, p. 7.

\(^23\) "Under this plan there is no way for an employee to know how much pension he will receive, because each year’s contribution purchases the amount of annuity available at the participant’s attained age." *Ibid.*, p. 8.

\(^24\) Meuch, *Successful Pension Planning*, p. 57-58.
standard group annuity contract, there is purchased for each employee each year an annuity unit to become payable upon retirement, the amount of entitlement being determined by the year's service and salary. For example, if an employee earns $4,000 during the year and his pension is computed at the rate of 1% of earnings for each year of service, he is entitled to a credit of $40 per year toward his pension. The employer pays a premium which will provide an annuity of $40 for life, beginning at retirement age. The following year if the employees' earnings are $5,000 the employer must buy another annuity, this time for $50. The annual premium for each employee rises individually from year to year. This, however, would not necessarily apply to the whole covered group, unless its average age or the general level of earnings rise.

The premiums are discounted for mortality, and for interest at a rate of about 2 or 2 1/4%. Because of the mortality discount the employer does not receive a refund at the death of a participant before or after his retirement date. If the employee becomes separated from the service of his employer before the participant has a vested interest in his pension, the employer generally becomes entitled to a credit less a surrender charge of about 4% of total contributions.

Employers who select group annuities as the funding medium for their plan do so primarily for two reasons; 1) the insurance company provides an all-inclusive service covering investment, actuarial and administrative phases, 2) the insurance company guarantees the payments of annuities actual-
ly purchased. 25

The insurance company adds an expense loading to the net premiums, generally eight percent. The company bases its premiums on very conservative assumptions as to mortality and interest to protect itself against unforeseen contingencies. 26

**TABLE XVIII**

**INSURED PENSION PLANS IN THE UNITED STATES IN FORCE WITH LIFE INSURANCE COMPANIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Group Annuities</th>
<th>Individual policy pension plans</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>770</td>
<td>420</td>
<td>340</td>
<td>1530</td>
</tr>
<tr>
<td>Number of plans</td>
<td>575,000</td>
<td>15,000</td>
<td>111,000</td>
<td>700,000</td>
</tr>
<tr>
<td>Number of persons covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1945</td>
<td>1580</td>
<td>4360</td>
<td>760</td>
<td>6700</td>
</tr>
<tr>
<td>Number of plans</td>
<td>1,150,000</td>
<td>220,000</td>
<td>150,000</td>
<td>1,520,000</td>
</tr>
<tr>
<td>Number of persons covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>2250</td>
<td>7040</td>
<td>1360</td>
<td>10,650</td>
</tr>
<tr>
<td>Number of plans</td>
<td>1,800,000</td>
<td>450,000</td>
<td>300,000</td>
<td>2,550,000</td>
</tr>
<tr>
<td>Number of persons covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950 (Mid-year)</td>
<td>2320</td>
<td>7040</td>
<td>1420</td>
<td>11,010</td>
</tr>
<tr>
<td>Number of plans</td>
<td>1,975,000</td>
<td>450,000</td>
<td>350,000</td>
<td>2,775,000</td>
</tr>
<tr>
<td>Number of persons covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Deposit Administration:

Deposit administration is a form of group annuity and may be used when at least 500 or more, frequently 1,000 employees are to be covered.

25 Ibid. 50-51.

26 Hugh O'Neill, Modern Pension Plans, (Prentice-Hall, 1947), Chap. VI.
Instead of immediate purchase of annuity units for the covered employees, the insurance company holds and invests the funds, and when an employee reaches retirement age an annuity is purchased for him. This type of plan represents an attempt to combine the advantages of group annuities with certain advantages of the trusteed plan. Deposit administration provides much of the flexibility formerly available only in a trusteed plan and it also makes available the same service offered by insurance companies.

Self-administered or Trusteed Plan

Some of the oldest plans have used this funding method, and it has increased considerably in popularity since the amendment of the Internal Revenue Code in 1942.

Briefly, the operation of the plan is as follows. There is no guarantee of annuities by an outsider, i.e., an insurance company, under the trusteed method of funding. The employer must depend on the judgment of a consulting actuary and investment advisors for the soundness of his plan. The actuary makes initial cost estimates in such the same manner that an insurance company determines its net premiums. From time to time, he tests his estimates against the actual experience of the plan. The contributions recommended by him are deposited in a trust fund which is invested in accordance with the terms of a trust agreement. Pensions are paid from this fund as they become due. 27

Several definite advantages may be pointed to regarding self-ad-

27 For further discussion of self-administered plans see: O'Neil, Modern Pension Plans, Chap. VIII.
ministered plans; 1) as recent trends have indicated, private insurance companies are pricing themselves out of the most important pension plans in the country. The tangibly lower cost of self-administered plans is probably one of the most important reasons for their wide adoption, 2) again a high degree of flexibility is available in trusted plans as is found in no other, for instance a wide variety of funding procedures is possible. Turnover may be discounted or pensions may be based on final instead of average earnings of participants if so desired, 3) disability benefits may be provided, 4) other cost advantages could arise from favorable experience that is reflected immediately and automatically in the trusted plan. Under insured plans, time is conserved waiting for a dividend to be declared.

TABLE XIX

CROSS SECTION OF FUNDING METHOD FOR 217 SELECTED PLANS

| Percentage of plans by method of funding; classed by number of participants |
|----------------------------------|----------|----------|----------|----------|----------|----------|
| Number of Participants          | 5000     | 1000     | 500      | 200      | Total plans |
| & to                            | over     | 5000     | 1000     | 100      |
| Pension Trust                   | 46%      | 53%      | 48%      | 34%      | 46%      |
| Group annuity                   | 27       | 28       | 24       | 56       | 33       |
| Deposit Admin                   | 3        | 5        | 9        | --       | 4        |
| Comb of Pension Trust           |          |          |          |          |          |
| & Insurance Methods             | 5        | 6        | 9        | 2        | 5        |
| Group Permanent                 | 2        | 1        | --       | --       | 1        |
| Individual                      |          |          |          |          |          |
| Comb. of Insurance               |          |          |          |          |          |
| Methods                         | --       | 4        | --       | 2        | 2        |
| Unfunded                        | 17       | 1        | 4        | --       | 5        |
| Number of Plans                 | 41       | 80       | 46       | 50       | 217      |

Costs

There are an enormous number of facets to the topic of pension costs and a discussion of them all is outside the realm of this paper. I will restrict myself to the problem of past service liability. The employees for whom past service benefits usually are purchased are those who are: 1) at retirement age when the plan is established, or 2) those who are entitled under the plan to past service credits at the time of establishment but who have one or more years of service prior to normal retirement. 28

A typical formula for the computation of the benefits for past service may be 3/4 of 1/2 of basic monthly compensation on the date when first eligible for each completed year of qualified past service. 29

The cost incurred may be discharged by the employer through amortization over some reasonable period such as 10, 20 or 30 years. 30

Inflation and Pensions

The calculation of pension costs and provisions for meeting them are meaningless except on the hypothesis of money whose buying power does not change much over a period of years.

During an inflationary period, the distinction between nominal and real wages and pensions becomes exceptionally important for both active and


29 Cook, *Pension Problems in Small Business*, p. 7

30 "Of the $69 million annual General Motors' pension cost, $21 million is attributable to past service and is amortized over a thirty year period". Beatrice Brower, *Trends in Employee Benefit Plans* (Conference Board Management Record, 1950), p. 151.
retired workers. In time of war there is much talk of wage and price controls and of forced savings in order to close the inflationary gap. These methods are difficult to introduce and to enforce. In a society, which has operated in the main on the basis of automatic economic adjustments, such as those of competitive prices and of an open market, the system of adjusting wage rates to move in accordance with the movement in the cost of living, is an attempt to control or at least to circumvent inflation by maintaining a fairly stable rate of real wages. The retired workers need such a stabilization of their real pensions even more than the active workers need to have their wages stabilized, because the pensions are at best meager comparison with the wages. 31

TABLE XX

PURCHASING VALUE OF THE DOLLAR: BY CONSUMER PRICE INDEX
(The January 1939 Dollar=100 cents)

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1909</td>
<td>158.0</td>
</tr>
<tr>
<td>1919</td>
<td>82.2</td>
</tr>
<tr>
<td>1929</td>
<td>83.9</td>
</tr>
<tr>
<td>1939</td>
<td>100.2</td>
</tr>
<tr>
<td>1949</td>
<td>59.1</td>
</tr>
</tbody>
</table>

Source: The Institute of Life Insurance, Chart #9-50 (Division of Statistics and Research, 1950).

It remains to be seen whether such a stabilization will come in the real income of the retired workers as well as in the real income of the active

---

workers by means of collective bargaining between the employers and the
unions of their employees. 32

Contributory vs. Non-Contributory Plans

This subject is an extremely controversial phase of pension plann-
ing. Generally speaking, the contributory variety of pension plans is more
desirable, but history has shown no consistent movement in that direction.
During the thirties nearly all the plans were on a joint contributory basis.
War brought another change in attitude toward employee contributions. Sec-
tion 165a of the Internal Revenue Code encouraged the installation of non-
contributory plans. During the years 1943-1947 the drift toward contributory
plans was again evident, however, the recommendations of the 1949 Steel Fact-
finding board may well reverse the trend.

TABLE XXI

TRENDS OF NONCONTRIBUTORY PLANS DURING AND FOLLOWING THE WAR PERIOD SHOWN
BY YEAR-TO-YEAR ANALYSIS OF NEW PLANS: 1943 TO 1950

<table>
<thead>
<tr>
<th>Year of Adoption</th>
<th>Number of Plans</th>
<th>Number of noncontributory</th>
<th>Percent noncontributory</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>26</td>
<td>22</td>
<td>85%</td>
</tr>
<tr>
<td>1944</td>
<td>67</td>
<td>38</td>
<td>57%</td>
</tr>
<tr>
<td>1945</td>
<td>52</td>
<td>21</td>
<td>40%</td>
</tr>
<tr>
<td>1946</td>
<td>55</td>
<td>27</td>
<td>49%</td>
</tr>
<tr>
<td>1947</td>
<td>33</td>
<td>10</td>
<td>30%</td>
</tr>
<tr>
<td>1948</td>
<td>63</td>
<td>21</td>
<td>33%</td>
</tr>
<tr>
<td>1949-50</td>
<td>37</td>
<td>13</td>
<td>35%</td>
</tr>
<tr>
<td>total</td>
<td>333</td>
<td>152</td>
<td>46%</td>
</tr>
</tbody>
</table>


32 Office of Director of Research, "Company-Union Agreement and Unilateral Pension Systems" (US Railroad Retirement Board, 1951), pp. 4-5.

For further discussion of the dollar devaluation related to pension
Noncontributory pension plans are fairer to employees under the present tax laws, because employee contribution, even to a qualified plan are not deductible from income tax. On the other hand, contributory plans offer an ideal vehicle for employee thrift. Another advantage of contributory plans is that they can provide more satisfactory benefits and are less apt to fail during a depression. Finally, the contributory plan is more in keeping with the American tradition of individual self-sufficiency and is not paternalistic as many believe the noncontributory plan to be. 33

Level of Benefits

Those who have had considerable experience with pension plans feel that for the worker in the lower wage groups, a combined annuity from the government plan and the private plan of approximately 50% of final pay is about right. For the middle income group a rate between 40% and 45% would be adequate, with lower percentages for the higher salary group. 34 It is important however, that such benefits always be determined with some relation to length of service and amount of salary.

Supplementary Benefits

Private industry, in formulating their pension plans must decide...
whether the plan will be confined exclusively to retirement benefits or whether other features such as vesting rights, death benefits and disability pensions should also be included. Under any consideration, the inclusion of the "live, die or quit" clauses in a plan will up the cost. Obviously, it is the employer who must arrive at a plan which will best fit the needs of the employee, plus a tailored plan to fit the characteristics of the company.

Inclusion of a vesting right enables the employee to change jobs without sacrificing pension credits already accumulated. It is also a valuable protection to older workers whose service may be terminated because of technical changes or other unavoidable causes. Eligibility for vesting rights usually is contingent upon years of service, most frequently 15 years or less. 35

Plan Administration

A pension plan is generally administered by a pension committee, composed of representatives of management and labor. The significance of the pension committee may be summarized in a quote from the Continental Illinois National Bank's discussion of retirement plans:

Perhaps the committee touches the human relations in a pension plan to a greater degree than any other member of the pension team. It makes the discretionary decisions that involve personalities. In a manner of speaking, it translates the terms of the plan into living action. In many modern plans, the committee is wholly representative of the employer and includes persons having some or all of these backgrounds: personnel; financial; production; legal; management; and plant worker. Even though committee members may all be appointed by the employer, the committee has at least a measure of independent status and

legal responsibility, and in the evolution of things it is tending to become completely independent. 36

Conclusion

The complicated interaction of economic and social stimuli in our society has created a quest for financial security among adult workers that is unprecedented in history. This phenomena is particularly apparent in the ranks of the superannuated worker, where arising out of social demands, a myriad of programs both private and legislative has been promulgated to care for the old employee in his declining years.

We have discussed these measures in their major forms and have concluded that while they are extremely important factors in the solution of the economic problem, they fail in many respects.

We have shown that OASI was originally conceived to supply the main source of economic security in old age. But even with the increase in the primary benefit amount, OASI has fallen short of its intended goal. Instead OAP has assumed the responsibility and will continue to carry the largest part of the financial burden. In any case OAP has the stigma of charity and its acceptance has been unsavory to the American worker.

Private pensions are limited in their scope and include a minor portion of the American working population. Further, they are subject to change and do not embody the air of permanence. Labor conditions vary as do economic conditions and a plan that might have served to cement a collectively bargained agreement could change with a decline in the bargaining

36 Bronston, Roundtable Discussion, p. 69.
power of a union. Then pensions are affected enormously by the purchasing power of the dollar. A plan formulated under certain economic conditions might be vitiated in a few years under changed conditions. The results could be extremely difficult for the recipients of the annuities and the company sponsoring the plan.

We feel that the "mechanisms" upon which we have treated, play important roles in closing the security gap for certain types of workers--those not able or willing to work beyond retirement age. But we also feel that they have placed a disagreeable necessity of retirement upon those able and willing to work. We will discuss, in the next Chapter, employment as the true solution for the income maintenance of the older worker.
CHAPTER VI

INCOME MAINTENANCE
(Cont.)

EMPLOYMENT

In primitive societies the exchange of useful activity for food, shelter, and clothing is usually more or less taken for granted. As men ages in these groups he not infrequently shifts from one pattern of activities to another. When his capacity to perform such activities disappears, there emerge cultural variations in different societies. These range from veneration and respect to complete abandonment since he cannot produce anything that the group considers valuable. Whatever the society's treatment of its aged may be, the group motivation is usually simple and widely accepted.

The attitudes of our own sophisticated society are less rational and more complex. Probably never before has aging man, while he is capable of some kind of useful activity, been so frequently denied an opportunity to exchange his work for the essentials of living.

Why is this so? To a substantial degree, because of the basic attitudes and beliefs concerning the aged which we discussed in Chapter I and Chapter III. In addition, a large part of the difficulty grows out of the enlargement of American productive organizations. Fewer and fewer jobs are available outside the framework of an organizational pattern. Therefore, the
attitude toward manpower prevailing in the organizations, whether they be corporations, unions or governmental units, becomes of ever increasing importance to the individual. 1 The purpose of this Chapter is to analyze the possibility of employment as a fundamental solution to the economic problem of the older worker.

Aging of the Labor Force

Accompanying the aging of the population of the United States has come a consequent aging of the labor force. In 1890, about one-fourth of the working population was aged 45 or over. Today, this age group constitutes over a third of the labor force. The proportion is likely to increase significantly in future years. (See TABLE II).

Concomitant with these trends are the lengthening of the total amount of time spent as a participant in the labor force. A 20 year old male worker in 1975 will probably have an average life expectancy of more than 10 years greater than his counterpart had in 1900; however, on the basis of prewar trends, the average period of time he can expect to spend in retirement may rise from less than three years in 1900 to as high as 10 years by 1975. But if the more favorable 1947 pattern of labor force participation continues, he can expect about seven years in retirement and a correspondingly greater gain in the period of working life. 2

1 Community Project, A Plan of Community Services. P. 15.

TABLE XXII

TOTAL LIFE EXPECTANCY AND LABOR FORCE LIFE EXPECTANCY: MALES 1900, 1940, 1947, 1975

<table>
<thead>
<tr>
<th>Year</th>
<th>At age 20</th>
<th></th>
<th>At age 60</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average number of remaining years of Life Labor Force Difference Particip.</td>
<td>Average number of remaining years of Life Labor Force Difference Particip.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1900*</td>
<td>41.8 39.0 2.8</td>
<td>14.1 11.0 3.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>46.8 41.2 5.5</td>
<td>15.1 9.2 5.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>48.2 42.8 5.4</td>
<td>15.6 9.9 5.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>52.7 42.8 9.9</td>
<td>16.8 7.9 8.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>52.7 42.8 9.9</td>
<td>16.8 10.5 6.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>52.7 45.9 6.8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*White Males
A. Assumes continued decline in labor force participation for men 55 years and over based on 1920 to 1940 trends.
B. Assumes labor force participation rates at 1947 levels.


Changes in the Labor Force Participation of Older Persons

The rise in the proportion of older persons in the labor force has been somewhat slower than in the population as a whole. This has resulted from the declining trend in labor force participation among older men, 55 years and over and, particularly, among men past 65. (See TABLE XXIII).

In 1890, about two-thirds of all men aged 65 and over were in the labor force; by 1940, this proportion had dropped to slightly over two-fifths. A number of industrial and occupational trends contributed to the long-term decline in employment opportunities for older men. Superimposed upon these trends were the effects of the depression of the 1930's, which largely accounted for the particularly sharp drop in labor force participation among men.
65 years and over, between 1930 and 1940. 3

TABLE XXIII

PERCENT OF PERSONS AGED 45 YEARS AND OVER IN THE LABOR FORCE, 1870-1950.

| Age and Sex | 1950 Apr | 1945 Apr | 1940 Apr | 1940 Apr | 1930 Jan | 1920 June | 1900 June | 1890
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 and over</td>
<td>78.5</td>
<td>82.6</td>
<td>78.8</td>
<td>77.7</td>
<td>82.5</td>
<td>83.2</td>
<td>84.3</td>
<td>86.7</td>
</tr>
<tr>
<td>45-54</td>
<td>94.6</td>
<td>97.4</td>
<td>93.7</td>
<td>92.7</td>
<td>93.8</td>
<td>93.5</td>
<td>92.8</td>
<td>93.9</td>
</tr>
<tr>
<td>55-64</td>
<td>85.1</td>
<td>88.4</td>
<td>85.7</td>
<td>84.6</td>
<td>86.5</td>
<td>86.3</td>
<td>86.1</td>
<td>89.0</td>
</tr>
<tr>
<td>65 &amp; over</td>
<td>54.0</td>
<td>49.9</td>
<td>43.4</td>
<td>42.2</td>
<td>54.0</td>
<td>55.6</td>
<td>63.2</td>
<td>68.2</td>
</tr>
</tbody>
</table>

| Women       |         |         |         |         |         |         |         |      |
| 45 and over | 26.2    | 26.3    | 17.7    | 16.3    | 15.4    | 14.3    | 12.3    | 11.1 |
| 45-54       | 36.9    | 36.4    | 24.2    | 22.4    | 21.7    | 19.7    | 17.9    | 14.2 |
| 55-64       | 27.3    | 27.4    | 17.8    | 16.6    | 15.3    | 14.3    | 12.6    | 11.8 |
| 65 & over   | 9.5     | 9.4     | 6.7     | 6.0     | 7.3     | 7.3     | 8.3     | 7.6  |


Older Workers' Employment Status

The relative proportions of older workers in various industries and occupations, offer a guide as to the types of work for which they may be best suited. Differences in age distribution by industry or occupation may also be due to a wide range of other factors, such as past employment trends, the proportion of women employed, and the amount of training or experience required in the given field of work. 4

3 Department of Labor, Fact Book, p. 5.

4 Analysis has proven that over 65 percent of all industrial jobs can be learned to a point of satisfactory performance in one week to ten days. This being so, it is not surprising to find that job order for such workers to fill these positions will consistently de-emphasize experience in favor of youth and vigor. Edward Corsi, "Employment Problems of Older Persons," in
A large proportion of employed older workers are found among farmers, and somewhat less among service workers, farm proprietors and managers. Relatively low percentages of older workers are found among farm laborers, clerical workers and sales workers. In industry large percentages of older workers are found in iron and steel manufacturing, leather, lumber and apparel. Self-employment rises in relative importance as age increases. (See Table XXIV.)

Changes in the occupational and industrial distribution of employment in the United States, over a period of decades, have had the effect of restricting employment opportunities of older workers. The shift from a rural to a highly industrial economy is reflected in the long-term decline of farm employment and in the expansion of such occupations as semi-skilled operatives and clerical and sales workers. These shifts have operated to the disadvantage of the older worker. 5

**Effect of Depression on the Older Worker**

The most important obstacle to the employment of older workers is restricted business activity. An economy which is operating at full capacity can provide jobs for those able and willing to work. When such employment slackens off the first to suffer are older workers in unskilled

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New York Joint Legislative committee report. (Legislative Document #32, 1949) p. 73.

fields and then in skilled fields. 6

If we eliminate from our calculations all self-employment, we find that 19.2 percent of male workers 45 years of age and over were unemployed in 1940 compared to 14.6 percent of all those 25-44 years of age. Among the group 65 years of age and over the unemployment experience amounted to 18.4 percent. 7

TABLE XXIV

AGE DISTRIBUTION OF EMPLOYED PERSONS, BY CLASS OF WORKER APRIL 1950

<table>
<thead>
<tr>
<th>Age group</th>
<th>Total Wage or Salary Workers</th>
<th>Self-employed Worker</th>
<th>Unpaid family worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, 14 &amp; over</td>
<td>58,668 46,381</td>
<td>10,614</td>
<td>1,675</td>
</tr>
<tr>
<td>14-44</td>
<td>37,800 31,705</td>
<td>4,840</td>
<td>1,259</td>
</tr>
<tr>
<td>45 &amp; over</td>
<td>20,872 14,679</td>
<td>5,776</td>
<td>422</td>
</tr>
<tr>
<td>65 &amp; over</td>
<td>2,891 1,587</td>
<td>1,242</td>
<td>64</td>
</tr>
</tbody>
</table>

Percent distribution

<table>
<thead>
<tr>
<th>Age group</th>
<th>Total</th>
<th>Wage or Salary</th>
<th>Self-employed</th>
<th>Unpaid family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, 14 &amp; over</td>
<td>100.0</td>
<td>79.0</td>
<td>18.1</td>
<td>2.9</td>
</tr>
<tr>
<td>14-44</td>
<td>100.0</td>
<td>83.9</td>
<td>12.8</td>
<td>3.3</td>
</tr>
<tr>
<td>45 &amp; over</td>
<td>100.0</td>
<td>70.3</td>
<td>27.7</td>
<td>2.0</td>
</tr>
<tr>
<td>45-64</td>
<td>100.0</td>
<td>72.9</td>
<td>25.2</td>
<td>2.0</td>
</tr>
<tr>
<td>65 &amp; over</td>
<td>100.0</td>
<td>54.8</td>
<td>43.0</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Note: Detail does not necessarily add to group totals due to rounding.


The Retirement Problem

Background

The pressures of the depression gave rise to a social program for

6 A study of employment practices in Rochester, New York indicates that in this city a larger number of older people in relation to younger are seeking jobs with fewer job opportunities open to them. See "Older Workers in Rochester, New York," The Labor Market, VII (1949), p. 38.

the aged. The entire program rested on two assumptions which are now of
doubtful validity; 1) if older workers who had reached the age of 65 could
be induced to leave the labor force, not only would these individuals be
better off, but more opportunities would be open for younger men, 2) implic­

cit in this program was that the availability of old age benefits would
give each older worker an opportunity to choose between work and retirement,
the thinking was that the worker would accept the retirement option. 8

Present retirement practices in conjunction with the increasing
number of older people lead to mass dependency, loss of production and pur­
chasing power, and increased taxation. All of these are regarded unfavorab­
ly by American business; still there is probably no more difficult task in
this field than to secure reconsideration of arbitrary retirement policies
on the part of management and labor.

The New York State Joint Legislative Committee points to five
shortcomings in current employment practices regarding the aged; 1) wide­
scale prejudice against hiring workers over forty-five, 2) compulsory re­
tirement of workers at sixty-five without regard to their ability to work,
need to work, or desire to work, 3) lack of job-counseling facilities in
government or industry, 4) inadequacy of existing industrial pension plans
which sometimes thwart the employment of the elderly, and provide little
protection for the old person who wishes to change employment before retire­
ment before retirement age, 5) lack of job analysis or classification work

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8 William H. Stead, "Trends of Employment in Relation to the Pro­
in industry to fit elderly workers into jobs they can do profitably. 9

**Employer's Attitude toward Older Workers**

The usual objections to the employment of older people are echoed in the oppositions to altering retirement ages. Employers typically assert they cannot hire older workers because; 1) they are not as productive as younger workers, 2) they will not be satisfied with positions that are less important and rewarding than their previous jobs, 3) they will not be included in the company pension plan long enough to have an adequate pension when they retire, 4) they will have higher accident rates, 5) they have high absentee experience and 6) higher insurance rates. 10

Although points one and two may be valid for certain occupations and certain older workers, there is evidence that these objections are not universally applicable. As to point three, the length of time an older worker will remain in a particular job is to some extent governed by company policy as well as by the workers' physical and mental condition.

Regarding points four and five, a Bureau of Labor Statistics study of work-injury and absenteeism experience, by age, indicates that in these respects older workers, as a group, fare relatively well. Industrial accident rates, on the average, were lower for workers 45 years and over, than for younger workers, although, once injured, the older worker took longer to recover. Older workers were also absent less frequently, with the lowest

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10 Community Project, *A Plan of Community Services*, p. 58.
absenteeism rates among workers 55-64 years of age. 11

The assets and liabilities of older workers might be briefly summarized as follows: Older workers have a smaller labor turnover, their output usually equals that of younger workers, they have fewer industrial accidents, they tend to be more responsible, mature and stable and are particularly valuable where little supervision is required. On the other hand, there is greater loss of time because of illness. Older workers may be somewhat less adaptable to sudden changes in certain types of employment, and with increasing age, they have less muscular strength and agility. 12

In spite of the many observations and studies conducted to prove that the older worker can be a tangible asset to an employer, there remains a deep seated prejudice in the minds of management as to the efficacy of retaining older employees on their staffs. Generally the older person is the last hired and the first fired in most employment situations.

Union approach to Retirement Problem

Unions have tackled the employment problem through the use of seniority. They try to insure the worker his job by preference when it comes to layoffs. 13 The unions are in a rather anomalous situation, on one hand


13 Ewan Clague, Address, before the Institute on Problems of Old Age, University of Chicago, Aug. 11, 1949, p. 4.
they attempt to secure the worker job tenure and on the other hand they press for retirement benefits. These two aspects are being reconciled, however, in new union moves to incorporate a more flexible retirement policy in recently negotiated plans. 14

TABLE XXV

WORK, INJURY AND ABSENTEEISM RATES IN MANUFACTURING INDUSTRIES BY AGE GROUP 1945

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Disabling injuries Frequency rate 1/</th>
<th>Average days</th>
<th>Absenteeism rate 2/</th>
</tr>
</thead>
<tbody>
<tr>
<td>All age groups</td>
<td>9.7</td>
<td>14.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Under 20</td>
<td>19.8</td>
<td>4.0</td>
<td>5.5</td>
</tr>
<tr>
<td>20-24</td>
<td>4.0</td>
<td>23.4</td>
<td>4.9</td>
</tr>
<tr>
<td>25-29</td>
<td>9.2</td>
<td>13.3</td>
<td>4.3</td>
</tr>
<tr>
<td>30-34</td>
<td>9.0</td>
<td>6.5</td>
<td>3.6</td>
</tr>
<tr>
<td>35-39</td>
<td>11.4</td>
<td>9.0</td>
<td>3.4</td>
</tr>
<tr>
<td>40-44</td>
<td>12.4</td>
<td>16.5</td>
<td>3.5</td>
</tr>
<tr>
<td>45-49</td>
<td>9.8</td>
<td>19.4</td>
<td>3.4</td>
</tr>
<tr>
<td>50-54</td>
<td>7.8</td>
<td>16.2</td>
<td>3.3</td>
</tr>
<tr>
<td>55-59</td>
<td>10.1</td>
<td>19.1</td>
<td>2.8</td>
</tr>
<tr>
<td>60-64</td>
<td>9.5</td>
<td>16.2</td>
<td>2.9</td>
</tr>
<tr>
<td>65-69</td>
<td>9.1</td>
<td>12.4</td>
<td>3.3</td>
</tr>
<tr>
<td>70-74</td>
<td>4.9</td>
<td>15.0</td>
<td>3.2</td>
</tr>
</tbody>
</table>

1/ Per million hours worked.
2/ Number of days lost per 100 work days.


Worker's Attitude toward Compulsory Retirement

The workers are the least satisfied of any group with the present emphasis on compulsory retirement. It is a conservative estimate that the

14 An example of this is the type of plan negotiated by UAW and Ford. Normal retirement at age 65, automatic retirement at age 68; service beyond age 65 is not credited towards benefits. There is discretionary retirement by company after age 65 for inability to perform assigned work efficiently. Bureau of Labor Statistics, Digest of Selected Plans, p. 18.
labor force is 1.5 million smaller than it would be if the workers rather than the employers usually determined the time of retirement and that the loss of output from premature retirements is over $5 billion a year. 15

Would more liberal pensions cause more men to want to retire? The answer most probably would be "No". The sense of participation that men derive from working offsets the leisure freedom gained from retirement and this is even more true today since the great increase in leisure time makes retirement less attractive.

Only about five percent of 2,380 men receiving old-age benefits, who were visited by representatives of OASI in 1941-42, said they retired and filed for benefits because they wished to do so and while they were in good health. More than half of the men reported that they were laid off by their employers, about a third stated that they had quit working because of illness or failing health. 16 (See TABLE XXVI).

Discussion

Three questions must be raised in regard to retirement; 1) the effect of compulsory retirement upon aged persons who were psychologically unprepared


G. S. Johnson cautions against condemnation of compulsory plans because of statistical surveys, for dissatisfied retired persons are likely to be more vocal than satisfied ones. G. S. Johnson, "Is a Compulsory Retirement Age Ever Justified?" Journal of Gerontology, VI (July 1951), p. 263.
for retirement, 2) the growing economic burden of support of aged persons, 3) the effect upon society and the economy of the lost productivity of many workers forced or encouraged to retire. 17

**TABLE XXVI**

**REASON FOR TERMINATION OF LAST EMPLOYMENT, MALE OLD-AGE INSURANCE BENEFICIARIES, 1940-1947**

<table>
<thead>
<tr>
<th>Reason</th>
<th>1940 entitlements 7 large cities</th>
<th>1941-42 12 middle cities</th>
<th>Boston Phila &amp; sized cities</th>
<th>Baltimore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>2,380</td>
<td>567</td>
<td>341</td>
<td>218</td>
</tr>
<tr>
<td>Total %</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Lost Job</td>
<td>55.7</td>
<td>46.2</td>
<td>25.5</td>
<td>53.2</td>
</tr>
<tr>
<td>Quit Job</td>
<td>44.2</td>
<td>53.8</td>
<td>74.5</td>
<td>46.8</td>
</tr>
<tr>
<td>Health</td>
<td>33.8</td>
<td>41.1</td>
<td>64.8</td>
<td>34.9</td>
</tr>
<tr>
<td>Wished to retire</td>
<td>4.7</td>
<td>5.6</td>
<td>4.1</td>
<td>5.5</td>
</tr>
<tr>
<td>Other reasons</td>
<td>5.8</td>
<td>7.1</td>
<td>5.6</td>
<td>6.4</td>
</tr>
</tbody>
</table>


Retirement for all workers should not be at an arbitrary age but should be determined by ability or inability to continue as a productive worker. This might suggest establishment within a company an impartial panel to evaluate older workers periodically from the standpoint of health, productivity, emotional attitudes and personal factors.

Reconsideration of attitudes on the employment of the older worker would also include a positive program of placement within industry emphasizing an evaluation of the workers experience, skills and physical capacities in

relation to demands of the job. 18

Sumner Slichter feels that the time has come to halt the tendency for employers to retire men at an earlier and earlier age. The best way to do this is to give employers incentives to not retire fit workers before the age of 70. The incentive may be in terms of a reward, (ie) assume an average pension of $75 per month. An employer who keeps a man until 70 instead of 65 will save the pension fund $4,500. An employer could be rewarded by giving him a rebate of one-third of the resulting saving to the pension fund. 19

The retirement problem is a thorny conflict between interest groups. The present emphasis on compulsory retirement is placing a large portion of our productive population on the dependent list. This situation is deplorable, not only from a social point of view, but is opposite to good sense when we consider the current trends of the labor force in relation to national production.

In 1940 the labor force was computed at 47,520,000 workers, employed and unemployed. From 1940-1947 this labor force had increased 22.1 percent to 58,030,000. It included many "over-age" workers who had returned to industry during the same period.

18 Ewan Clague suggests retraining allowances to support the worker and his family at minimum standards for a year or so while the worker is learning a new occupation. Clague, Address, p. 8.

In 1940 the Industrial Production Index was 125, based on 1935-39 as 100. By 1947 this index had increased on the average of 4 percent per year since 1920. Allowing for unknown retarding factors, it seems plausible to accept an industrial production increase of 2 percent per year as a conservative estimate for the future over the long range. On this basis, there could be a conservative increase in industrial production of 25 percent by 1960. The elements of availability of a sufficient labor force, the productivity of the employed workers as well as the ingenuity of management will be the determinants of the increased production. The last two elements are outside the scope of this discussion.

It is estimated that the total civilian labor force will have increased by 9.4 percent in 1960 over 1947. This forecast indicates that by 1960 there will be a gain of 1,287,000 people within the age group 20-44, from which industry by preference recruits its new employees today. This gain will come in yearly increments which means that during the 13 year period from 1947 to 1960 the total increase will be effected on an average of 99,000 per year. This is almost an ineffectual addition. Out of that group approximately 51.4 percent will be women. Of these, on a basis of present experience, only 39.5 percent can be considered in the labor force. Therefore, the female labor increment is narrowed to 264,000 by 1960.

The balance of the total increment, 626,000 men in the 20-44 age

20 Of course all the assumptions preclude "normal" times. The effects of the current international crisis on our labor force is discussed in "Ahead: Biggest Boom in History," U.S. New and World Report (August 31, 1951), p. 20.
bracket will be reduced to 94 percent or 582,000 which will be considered as employable. Now both the men and women in the preferred age groups total 825,000 by 1960. This number must be apportioned among all of agriculture, industry, trade, government, service and military occupations. Industry's needs alone will approximate 3,000,000 people and they obviously cannot be obtained from the preferred group. 21 We must draw the conclusion that in spite of the humanitarian, economic or social desirability of employment for the older worker, industry, by the very course of events, will have to provide for the assimilation of ever increasing numbers of people who were formerly retired at age 65.

The constructive long-run solution of the problem is the development of jobs and occupations which can be adequately filled by older workers. The major attack must come from within industry, which provides the vast proportion of employment for the labor force. Needed is a desire for adjustment on the part of the older worker, and his acceptance of different types of work after a process of retraining, plus community facilities and agencies necessary for adequate placement service and educational opportunities. 22


22 Ewan Clague, Aging and Employability, Address before the Charles A. Fisher Memorial Institute on Aging, (University of Michigan, July 22, 1948), p. 8-9

For counselling and placement techniques see: New York State Employment Service, Employment Problems of Older Workers in New York State, (mimeographed report, August 1950).


CHAPTER VII

THE POLITICAL SIGNIFICANCE OF OLD AGE

The struggle of groups and classes within the state has provided the dynamic core of history. In ancient times the plebeians battled against the patricians. In the Middle Ages kings contended against churchmen, nobles and burghers against kings, and the peasantry against both. In early modern times the kings and bourgeoisie united to crush out feudalism, but soon the middle class was opposing the absolute monarchs with the aid of the proletariat. In the present we witness great social change in the making by political movements acting ostensibly in the name of the proletariat.

To carry on this conflict of classes within the state, appropriate organs were necessary. Participation in legislation was found to be the most effective mode of social and political conflict. In the process of participation in legislation and carrying on class conflict within the state, political parties came to be the most popular organs after the rise of representative government. Gumpowicz was one of the first sociologists to conceive of the political party as an "Interest-group". The greater the number of mutual interests which any party can muster, the stronger and more enduring will be the party. Usually, common material interests constitute the strongest party bond, but uniform traditions and beliefs also solidify party organization and activity.
Albion Woodbury Small says of the state in his General Sociology:

Without affirming that either conflict or conjunction of interests is the essence of the social process, we may say that, in form, the social process is incessant reaction of persons prompted by interests that in part conflict with the interests of their fellows, and in part comport with the interests of others. The ratio of the conflict and of the harmony is also infinitely variable. We must at the outset disarm the prejudice that States are merely political organizations. The modern State is both a political organization and an economic system, but it is much more. The State is a microcosm of the whole human process. 1

The concept of interest groups within the political structure of government is important because the strength of the social interests corresponds, in a general way, to the importance of the interests concerned and because any society which opposes or suppresses important social interests cannot hope to maintain for long their sovereignty against ideologies which claim support of these interests.

It is difficult to point to any period in history where the aged represented a significant pressure group in governmental structure. Certainly there have existed and do exist today, governments which are composed of individuals well past the mid-point of life. Governmental prerogatives seem almost a vested right of the elders, but mass movements for the enactment of legislation specifically designed for the betterment of the old acting as a pressure group is surely unique. The possibility of the growth of a gerontocracy 2 is in the realm of pure speculation, however, with trends leaning

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2 Gerontocracy is a coined word meaning the control of government by the old, run for the express purpose of providing benefits for the older members of the population.
heavily towards the rapid increase in the proportion of the aged in the population, a tendency in that direction would not be impossible.

The aged members of our population by weight of proportion will become a growing political force backing their demands with votes for constituents who will support legislation favorable to them. The Townsend Movement, which is perhaps the first of its kind, illustrates the wide acceptance that such an appeal could have. Dr. Townsend was an unknown physician in 1933, when the petition to Congress for old age pensions of $200 a month was first circulated. Within a little over two years, he had become the leader of an organized movement claiming more than 3,500,000 paid members, who contributed more than $1,000,000 to the cause. It was a movement powerful enough to be recognized as a definite political factor, because it was pledged to active participation in the coming congressional campaigns. No economic scheme which awakens such swift response should be lightly dismissed, and merits some discussion.

Dr. Townsend was retired at the time of the crash in 1929. He lost all his savings and was forced to return to work and was employed to supervise the care of indigent elderly persons in Long Beach, California. He felt indignant at the plight of old people forced into degradation through no fault of their own. With a few dollars of his own money, he printed his first petition for a pension to be circulated and signed by interested parties. The

3 Membership in the Townsend movement was purchased for ten cents per person.
The undersigned citizens of the United States request you to introduce in the Congress of the United States at your earliest opportunity the following bills and use your utmost effort to obtain their passage into law:

First: A bill obligating the government of the United States to pay every citizen of said government whose record is free of habitual criminality and who has attained the age of sixty years, a monthly pension of $200 until the end of his or her life, upon the sole conditions that he or she retires from all further business or profession for gain, and agrees under oath to spend the entire amount of the pension within the confines of the United States during the current month in which it is received.

Second: A bill creating a Nation-wide Federal Transaction Sales Tax calculated at a rate sufficiently high to produce the revenue necessary to meet the requirements of Bill #1.

It is obvious that the passage of these acts and the beginning of their operation will discharge the Nation's obligation to a class of her citizens deserving this reward for past services, and at the same time place immediate buying power in the hands of the general public, thus stimulating every avenue of commerce and trade. A quick cure for this depression and a sure prevention of recurring ones. 4

Dr. Townsend's petition summarizes the essential elements of the plan. Needless to say enormous criticism was leveled at the scheme. 5 But in spite of all, support of the plan was terrific. In a special election for a congressman in the Third Michigan District, Verner W. Main, running as an


advocate of the Townsend Plan, defeated four opponents in the Republican primary, and then won the election by a two to one plurality. 6 The Townsend movement began to receive serious attention politically when, in Oregon the recall was applied to Howard Merriam, a state legislator, who had refused to vote for a legislative memorial to Congress endorsing the plan.

The Old Age Revolving Pensions Plan is embodied in the official bill of the Townsend movement introduced in the House of Representatives April 1, 1935, by John S. McGroarty of California. 7 The Bill was defeated but fifty-two votes were cast in favor of it.

The next phase of the Townsend saga was the role it played in the Presidential election of 1936.

Townsend claimed, at the beginning of the Roosevelt and Landon campaigns, that there were 7,000 Townsend Clubs with a membership of 3,500,000 organized by congressional districts. Theoretically, with such a potent force, Dr. Townsend felt that the organizations gave him the balance of power between the two parties. If one candidate of either party endorsed the Plan and his opponent did not, the Townsend sentiment might decide the election. The formation of a third party for this election was an off-again-

6 It must be said that Mr. Main owes his nomination to his endorsement of the Townsend Plan, but his election as a Republican was a foregone victory without the Townsend issue since a Democratic candidate had not been elected from this district since 1898. Townsend Crusade, p. 11

7 See. The Revised McGroarty Bill, 74th Congress 1st Session HR 7154.
on-again affair, for a time the idea was frankly entertained by promoters, but then abandoned. The leaders announced that they wished simply to elect Congressmen pledged to support the bill. According to the New York Times of January 12, 1936, the Townsend movement in the Northwest was strong enough to pick and choose congressional victors from Oregon, Washington, Idaho, Nevada and California. Townsend's first formal position in this election was to work through the Republican and Democratic parties to further their own schemes. 8

The Townsend Fabian strategy did an abrupt about face when he allied himself with Coughlin and Long to form the Union Party. They ran William Lemke as presidential candidate. 9 The Party platform consisted of a variety of proposals, each reflecting the chief interests of the party's founders. Briefly it demanded Coughlin's social justice, Long's monetary reformations and Townsend's old age security.

Mid-year of 1936 the Townsend plan came under the fire of congressional investigating committees. Many hearings were held and Dr. Townsend was arraigned for fraud. In spite of the dire predictions of the outcome of the November 1936 election, the Union Party succeeded in polling only one percent of the total votes cast. 10

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10 For analysis of the position of the Third Party (Union Party) in relation to the 1936 Campaign and election see: Newsweek VII (June 27, 1936), p. 7.
After the major eclat of 1936, the Townsend movement declined in importance. The main reason for the twelve years of relative inactivity was the prosperous state of the nation brought about by the New Deal recovery program and World War II. The recession following the war caused renewed demands for old age security in the form of the Townsend Plan. This time the crusade was carried on by Townsend's son, Robert C. Townsend.

In 1948 the organization of the Independent Progressive Party gave the Townsendites an opportunity to submit their program to a new political group. True to their policy of welding together all the unhappy minorities, the communist dominated Progressive party, ostensibly through the efforts of Dr. Townsend, adopted a resolution calling for pensions of $100 a month to retired persons at age 60.

Recently, in the Second Session of the 81st Congress, John A. Blatnik, of Minnesota, introduced an article in the Congressional Record written for the Townsend National Weekly which was dramatically titled Korean War Tests Role of Aged; Will They Be Casualties Too? The aged are referred to as being casualties much the same as the losses in Korea and the only remedy for their plight is the Townsend Plan. 11

The significance of the Townsend Plan does not lie in the proposals of providing a pension for the aged. Its economic assumptions are both fallacious and unrealistic. The true importance of the movement is the political lesson it teaches. When the masses are ready to believe the economic and

socially impossible, that is an ominous political fact. In this sense, the
danger is not Dr. Townsend, but the millions who accept his plan. The con-
cept which lies behind the phrase "bread and circuses" is a fundamental polit-
tical tenet. People who are hungry, oppressed, economically insecure will
be only too glad to follow any who will offer them a simple and immediate sol-
ution of their problems. As such "the masses" have the power to be a potent
political force.

The aged, as an interest-group, are growing in importance as a seg-
ment of our population and will press their demands with growing vigor. It
is our duty to recognize and not ignore them, for humanitarian reasons, and
also to thwart undesirable political elements.
CHAPTER VIII
SUMMARY AND CONCLUSION

The growing numbers of aged in our society are creating problems that must be dealt with in the realm of the social sciences. The aging process can no longer be thought of as simply a physiological process, but as entailing economic, social and political consequences of great magnitude. We have endeavored to point out the forces that gave rise to these problems.

In the primitive, Chinese and Irish cultural patterns we find that the aged have their own unique role to play. Age is associated with great esteem or reverence brought about by knowledge of tribal rituals or traditions. These cultural patterns may be used to draw a comparison with our own attitudes toward the aged members of our society. We may generally feel that old age is a period of retirement, not only from economic enterprise, but also from active social participation in group life. This most probably can be attributed to our traditional "accent on youth". Little concern has been given, until the last two decades, to the needs of our elders.

During the earlier years of our national history, the aged were ignored because they constituted a very insignificant part of our population. Today their numbers are increasing to such an extent that they no longer can be treated with indifference. The shift toward the older ages has been brought about in three ways, the decline in the birth rate, falling off of
immigration, and advance in medical science, which has enabled more people to reach old age. These factors are of a nature which will cause them to operate for a long time. The difficulties of old age dependency will become more acute if sole reliance for the support of the aged becomes the burden of ever decreasing proportions of younger productive members of society.

Urbanization and industrialization has caused basic transformations in the position of the aged. The transition from land and craft to the job as the occupational locus, the development of the conjugal family, and rise of a mobile, rapidly changing society, are pointed to as the three factors of urbanization which have acted to cause change in the status of the aged.

The problems concomittant with aging which were traditionally solved in the home are now left to outside agencies for solution, or go unsolved. The conjugal family has placed as much a taboo on the elders living with their children as other societies have stressed the importance of the entire family living together as a unit.

The problems of adjustment in old age now fall to society to handle. Suitable housing is important from the standpoint of providing the old person with an environment conducive to participation in social activities, and avoidance of isolation.

Old age is a period of increased leisure. Old people express the need for some type of activity well into advanced age. Very little work has been done in the field of providing for their need.

The education for life concept should be employed when we consider
this phase of old age adjustment. We must train not only for personal adjustment to old age, but also to instill an intelligent understanding of older people in the younger members of the population. Retraining workers to assume new jobs in industry also is a consideration bearing great merit.

So that all the services devised for the aged might be coordinated, a system of community planning must be developed, utilizing a community center where the older person can find the opportunity to make new friends and to find mental stimulation necessary to aid in his own personal problems of adjustment.

The social problems of the aged are of extreme importance not only to the individual, but to the fiber of the society as a whole. In spite of their importance these problems have been dealt with most inadequately. The great need in this field is research into specific areas before any remedial steps are taken.

Of the most immediate urgency to people in our society is the threat of economic insecurity. This is most acutely felt by aged people when their capacity for producing economic values has waned. Various mechanisms are used to cope with this situation. Old Age and Survivors Insurance is a contributory government plan essentially devised to provide a "floor" of benefits on which other sources of income would be supplemented. Since OASI is financed by joint contributions of the worker and the employer, benefits are received under it as a matter of right. Old Age Pension is jointly financed by the Federal Government and the State. Individuals receive benefits under this plan after passing a needs test, they have no vested right as a
result of contributions. The multitude of private pension plans can be considered only in their broadest aspects. The Internal Revenue Code as amended provides tax deductions for qualified plans which has contributed greatly to the growth of private pension plans with more inclusive coverage for workers.

Private plans may be unfunded or "pay-as-you-go", or they may be funded by an insurance company or an irrevocable trust usually administered by a bank. Both types of plans have their advantages and short-comings, but most important the private pension plan should be geared to the needs of the company establishing it.

It is a mistake to think that government plans and private plans are a panacea for the economic difficulties of the older worker. During inflationary periods their benefits cannot approximate spiraling costs, during a depression the existence of private plans is tenuous.

Work has been the traditional method for providing the necessities of life. The structure and philosophy of American productive organizations has gone far in closing the door of employment to the older worker, and so in spite of the general aging of the population, the proportion of men 65 and over in the labor force is less now than in 1890.

The reason for this situation is the thinking towards compulsory retirement. The economic program for the aged during the depression rested on two assumptions which are now subject to doubt. It was felt that the individual 65 and over would be better off if induced to leave the labor force and room would then be available for younger workers, also that given
the opportunity with adequate retirement benefits, the worker would be only too glad to retire. Studies have proven just the opposite. The individual is the least willing to retire. Business wishes the older person out, to make room for younger more vital people. They consider the older worker as somewhat of a liability. Unions are just now reconciling their seniority demands with their demands for retirement plans. Many of the recently negotiated plans contain more flexible retirement provisions.

The trends of the labor force in relation to national production indicates that jobs must be devised for old people so that they can take up the slack caused by the birth of people in the preferred employment age groups. This precludes a program of retraining, placement and counseling service, plus a desire on the part of the individual worker to assume a position more in keeping with his capacities.

There is probably no other area in the whole field of needs of the aged with such important social and economic consequences, as the matter of continued useful employment. On the economic side the extent to which elderly people are retained as productive members of society determines to a large degree the burden of maintenance on the younger sections of the community. If we continue our present retirement policies we will have approximately twenty percent of our potentially productive population in a dependent category. With this loss of manpower and the drain of resources necessary for their support, it is inconceivable that we could maintain our present standard of living.

It is a possibility that combined interests of the aged would be
strong enough to weld them together as a politically significant force. The power of interest groups, particularly in a representative government, should never be underestimated. The folly of the Townsend Plan was accepted by millions because they believed it offered a solution to depressed old people and the economic situation generally. Townsend's importance comes not from his economic and social program but as an example of the element that we wish to avoid in politics. He made the unsound and the unworkable seem to be a reality to masses of people, as such he was a dangerous force. It is better to take immediate cognizance of an unpleasant fact and try to remedy it in a sane and logical manner than to face the possibility of having a completely impossible scheme imposed upon our society.
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