Chapter 1

Disappearing Problems? Gender Inequality in Old Age

When we were on the commission we had a lot of people looking at the current distribution of retirees and elderly widows and . . . at the low benefits they get. The issue is, how do you deal with that? Well, that is a disappearing problem . . . That is not going to be happening in the future. That is not the long run.

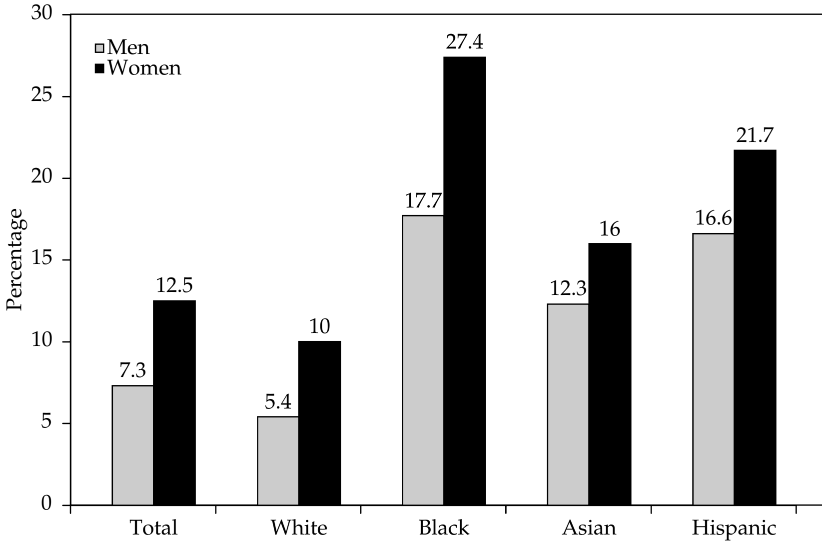
Tom Saving, Public Trustee for Social Security, and member of the President's Commission on Social Security, on how proposed Social Security reform might affect older women, speaking at The University of Texas at Austin, April 21, 2005.

WE HAVE witnessed an incredible decline in poverty among older Americans in recent decades. In the 1950s, 36 percent of those sixty-five and older were poor (U.S. Census Bureau 2004). Today, only 10 percent are poor. This rate is below the 11 percent for adults between eighteen and sixty-four and well below the 18 percent for children (He et al. 2005).

Conventional wisdom is that older people—all older people—are doing well. Variation between older women and older men, however, is pronounced. As figure 1.1 shows, older women are nearly twice as likely to be poor. Higher poverty rates, coupled with the tendency to outlive men by an average of five years, means that 70 percent of all poor older people are women (He et al. 2005). Equally important is the degree of variation among older women by race. The pockets of poverty are most pronounced for older Hispanic and black women: 22 percent of Hispanic and 27 percent of black women are poor in old age. Older black women are two and a half times as likely as older white women, and five times as likely as older white men, to be poor.

Much of the overall improvement in economic and health security among older people has been linked to the post–World War II economic boom, increasing levels of education, expansions in employer-provided benefits, and, in particular, Social Security and Medicare benefits (Estes 2001; Engelhardt and Gruber 2004; Hacker 2002). Improvements in the economic and health status of older women in particular have been linked

Figure 1.1 People Sixty-Five and Older in Poverty, 2003



Source: U.S. Census Bureau 2004, table POV01.
Note: Hispanic includes all races. Civilian noninstitutionalized population.

to improved education, greater presence in the labor force, and more equitable wages (Smeeding, Estes, and Glasse 1999). Despite these improvements, inequality among the aged is pronounced. It may even be growing. Why has it been so persistent? What is the state's role in shaping it?

Our answer to these interrelated questions is straightforward. Times have changed, but the situation for many older—and younger—women has not. The problem is that many of the gains made in the family, the labor market, and the welfare state have been offset by losses in the same realms. Fewer women are marrying and more are raising children on their own (Hartmann, Rose, and Lovell 2006). Our social policies fail to recognize our social trends; couples who are not married, whether gay or straight, operate without much of a safety net. Moreover, increases at the top, in the numbers of women doctors and lawyers, for example, have been offset by lower real wages and limited protections for women at the bottom of the labor market (England 2006). Furthermore, we have not adapted the welfare state to make it more responsive to these changing dynamics. The policy agenda is instead dominated by efforts to decrease the role of government by constraining welfare costs and outsourcing social provision to private corporations. Some argue that strengthening markets will ultimately lead to increased well-being among older people. Others maintain that, to the extent that social policies are being privatized and downsized, the welfare state may in fact be introducing new risks (Hacker 2006, 2002; Estes 2001; Katz Olson 2003; Gilbert 2002).

What is the role of the state in shaping inequality in old age? The answer depends on whom you ask. In recent decades, a growing share of congressional and administrative leaders have supported a series of proposals aimed at retrenching social welfare, privatizing benefits, and using social policies to bolster markets (Hacker 2006, 2002; Yergin and Stanislaw 1998). Indeed, we are in the midst of an era in which the role of the state is being redefined by corporate leaders, conservative policy makers, and think tanks (Gilbert 2002). The pro-market economic philosophy is that welfare state benefits should be reduced and privatized in ways that maximize individual choice, risk, and responsibility. We refer to the policies favored by the coalition of conservative and traditional liberal ideologies as market-friendly welfare policies.[1]

The contrasting philosophy, that welfare state benefits should offset the harsh realities of the market, reduce inequality, and redistribute risk and resources, is now championed mainly by feminists, sociologists, advocates for vulnerable populations, and a small group of liberal policy makers (Hacker 2002; Yergin and Stanislaw 1998; Estes 2001). They emphasize collective, rather than individual, risk and responsibility. We refer to the policies favored by this coalition as family-friendly welfare policies.[2]

In the middle are a growing group of mostly liberal policy makers and academics who favor what is now dubbed a third way. These policies focus on human capital development such as education and training programs that get people into the labor market, and wage and tax incentives that keep them there (Myles and Quadagno 2000; Reich 1999). They emphasize the commodification of all labor, suggesting that "most people should find their 'welfare' *in the market* most of the time" (Myles and Quadagno 2000, 162, emphasis in original). This approach, similar to market-friendly approaches, neglects the incredible amounts of unpaid care work that mostly women perform, and fails to prioritize social supports that facilitate the juggling of unpaid and paid work. From this perspective, it is hard to distinguish market-friendly from third-way policy. Thus, we generally do not address third-way compromises here. They have little relevance for old age policy in the United States, which has long been more heavily commodified than European policy designs.[3]

Our purpose in writing this book is to analyze the impact of the current tendency to retrench or privatize the old age welfare state and to explore the possibilities of the more redistributive modifications needed to address recent sociodemographic trends. Our concern is that our failure to implement responsive changes, coupled with our growing willingness to retrench and privatize, may well prompt inequality in old age to increase.

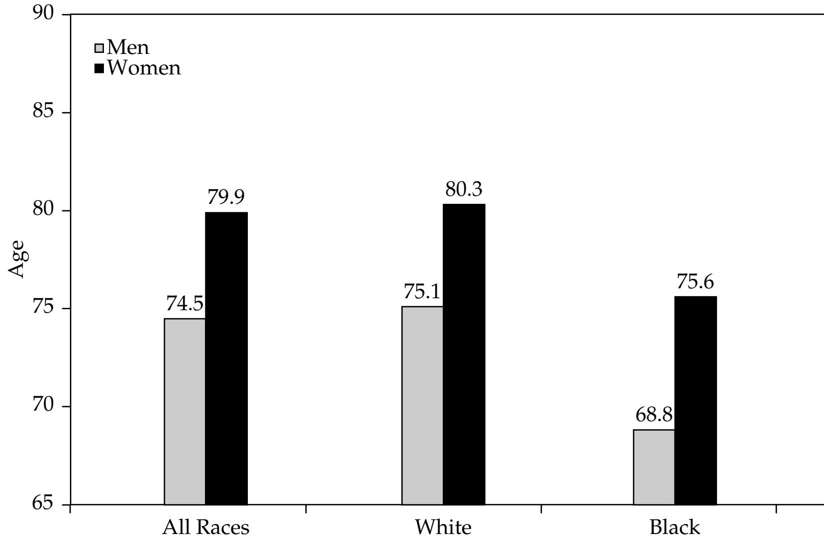
We begin by exploring the causes and consequences of inequality in old age linked to gender, race, class, and marital status. We trace efforts to retrench the welfare state, making it more responsive to markets than families, and suggest that this trend may further entrench inequality. Then we lay out a slate of old age policy reforms that respond to sociodemographic trends. We evaluate policy reforms with one criterion in mind: the degree to which they reduce inequality in old age. The evidence suggests that if we do nothing, gender inequality will be very similar in thirty to forty years. If we continue to adopt market-friendly welfare policies, however, gender inequality in thirty to forty years may well be measurably worse.

Gender Inequality

One fact about old age remains stubbornly true. Being an older woman is a substantially different experience than being an older man (Quadagno 1999; Moody 2002; Sahyoun et al. 2001). Although longer life expectancy is clearly a boon, it is problematic for those who face more of the hardships without adequate resources. Women live longer than men. Figure 1.2 shows life expectancy by gender and race in 2002. For all races, women outlive men by more than five years. Black women outlive black men by nearly seven years. Figure 1.3 shows the impact of women's longer life expectancy on the sex ratio. At age sixty-five to sixty-nine, there are about eighty-six men per 100 women. That rate drops quickly. By age ninety and older, there are only thirty-four men for every 100 women. After age 100, women outnumber men four to one.

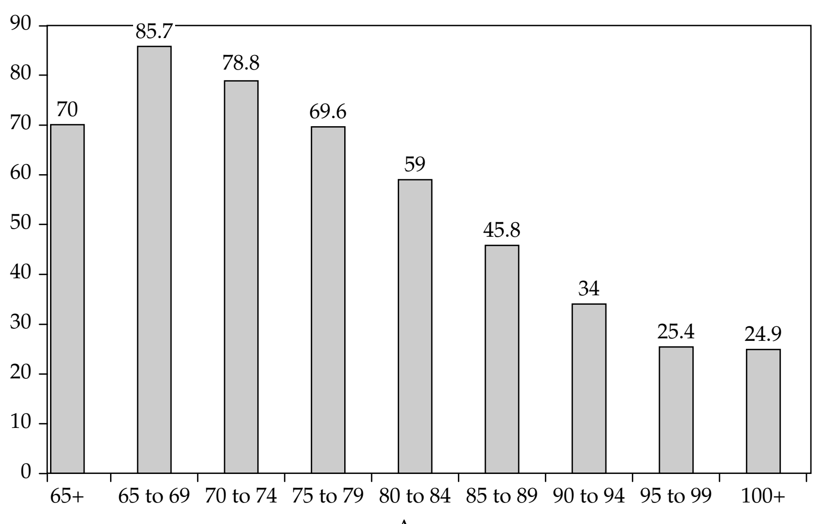
Given that older women outnumber older men in a fairly dramatic way, it is no surprise that they are less likely than older men to be married. Figure 1.4 shows that older women are only about half as likely to be married. Although older men and women are nearly equally likely to be divorced or never married, older men are much more likely to be married and older women are much more likely to be widowed. In the sixty-five to seventy-four age bracket, 78 percent of the men and only 56 percent of the women are married. Among those seventy-five and older, 70 percent of the men and just 31 percent of the women are married. As figure 1.5 shows, older women are thus more than twice as likely as older men to live alone. In fact, 75 percent of all older people who live alone are women (He et al. 2005). Although living alone has its merits, those who do live alone enjoy neither the benefits of two sources of income nor the economies of scale inherent in living together. Indeed, those who live alone are more than four times as likely to be poor as those who live in couples.

Figure 1.2 Life Expectancy, 2002



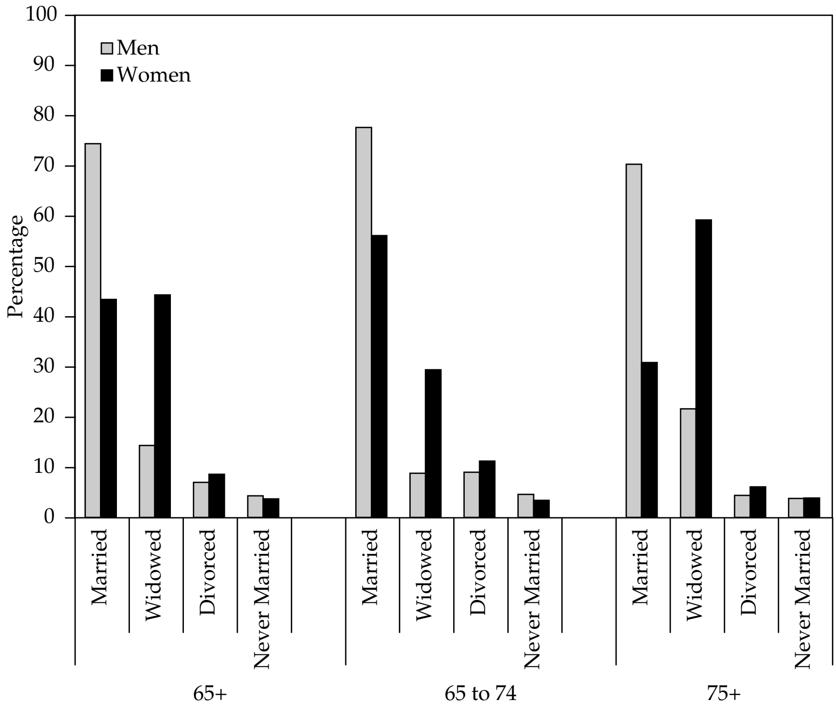
Source: National Center for Health Statistics, 2004, table A.

Figure 1.3 Number of Men per 100 Women, 2000



Sources: U.S. Census Bureau 2005a; He et al. 2005.

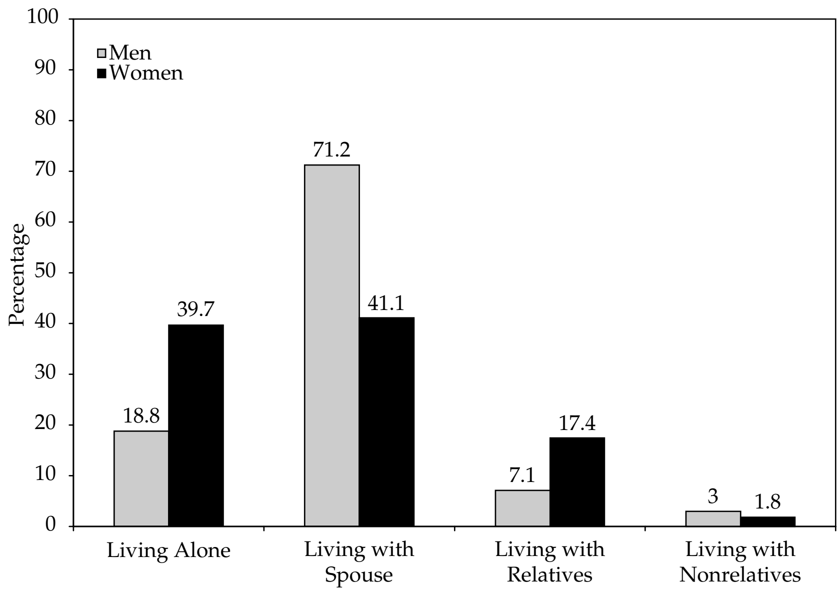
Figure 1.4 Marital Status of Those Sixty-Five and Older, 2003



Source: He et al. 2005, table 6-1.
Note: Civilian noninstitutionalized population.

Older women have fewer financial resources than older men, no matter how you measure them. As we show in chapter 4, women's old age income streams are significantly smaller than men's. Throughout the life course, women earn substantially less than men, and black and Hispanic women earn substantially less than white women (Padavic and Reskin 2002; Blau, Simpson, and Anderson 1998). In old age, the picture is no different. Women's average Social Security benefits are 75 percent of men's (Lee and Shaw 2003). They are only 60 percent as likely as men to receive a private pension and when they do receive one the average size is about half that of men's (McDonnell 2005). Women's lower old age income is linked to lower wages and higher responsibility for care work throughout the life course. Women retain primary responsibility for the care of children and disabled and frail adults, though men have become more involved (Hooyman and Gonyea 1995; Padavic and Reskin 2002). Although care work can be emotionally rewarding, it often takes a toll

Figure 1.5 Living Arrangements of People Sixty-Five and Older, 2003



Source: U.S. Census Bureau 2005b, table 6-3.
Note: Civilian noninstitutionalized population.

on care workers in terms of economic, physical, emotional, and social health. Fully 60 percent of adult women will provide care for a frail relative at some point, truncating their wages, pensions, and savings in the process (Katz Olson 2003).

Older women's health is only slightly worse than older men's, but the consequences of poor health are more pronounced for women because they live longer and have fewer resources (He et al. 2005; Himes 2001). Moreover, the exclusion of long-term care coverage in Medicare makes it more difficult for them to obtain formal health care. Obtaining informal care is also more difficult for them because they are so much less likely to have a spouse as their caregiver. Older women are twice as likely as older men to need a caregiver and twice as likely to be one (Hooyman and Gonyea 1995; National Alliance for Caregiving and AARP 2004). Two-thirds of all older people receiving long-term care in the community are women and three-fourths of those receiving care in nursing homes are (He et al. 2005; Estes 2001). We have summarized these gender differences in old age in table 1.1. The discrepancies noted in this chart have persisted for decades; as we shall see, many are likely to persist for decades more.

Table 1.1 Gender Differences

- Older women are nearly twice as likely to be poor.
- 70 percent of all poor older persons are women.
- Women live more than five years longer than men.
- Older women are only 50 percent as likely to be married.
- Older women account for 75 percent of all older people living alone.
- Older women are only 60 percent as likely as older men to be employed.
- Older women's average public pensions are just 75 percent of older men's.
- Older women are only 60 percent as likely to receive private pensions.
- Older women's private pensions are just 50 percent of men's.
- Older women report worse overall health.
- Older women have more chronic conditions than older men.
- Older women report more functional limitations.
- Older women are twice as likely as older men to need a caregiver.
- Women are twice as likely as men to be a caregiver.
- Older women make up 65 percent of the community-based long-term care population.
- Older women comprise 75 percent of the nursing home population.

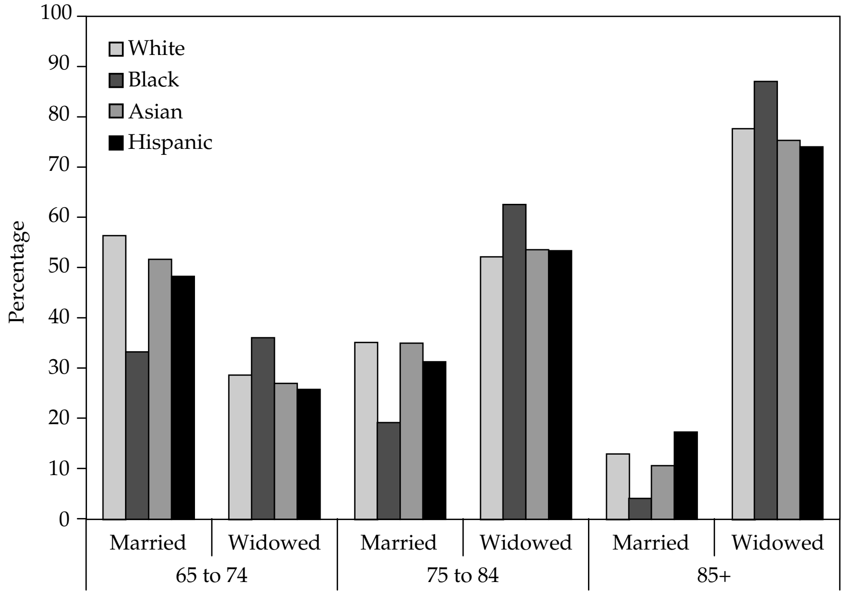
Source: Authors' compilation.

Inequality Linked to Race, Class, and Marital Status

Considerable inequality between men and women is matched by considerable inequality among women. Thus a comprehensive discussion of inequality in old age requires careful attention to inequality due to race, class, and marital status. As figure 1.1 shows, Asians, Hispanics, and blacks are substantially more likely than whites to be poor in old age due to a broad array of economic and social factors. Education levels vary dramatically among the aged by race. Fully 76 percent of older whites have at least a high school degree, versus only 52 percent of older blacks and 36 percent of older Hispanics (He et al. 2005). Across the life course, whites have higher average earnings and lower unemployment rates than blacks and Hispanics. By old age, family incomes are dramatically different. Among families with a household head between sixty-five and sixty-nine, median household incomes of blacks and Hispanics are 57 percent those of whites (He et al. 2005). Lower incomes lead to lower asset accumulation, and older blacks, Hispanics, and Asians are significantly less likely than older whites to own their own homes. In 2001, for example, 83 percent of whites versus 66 percent of blacks, 65 percent of Hispanics, and 63 percent of Asians were homeowners (He et al. 2005).

Older whites, Asians, and Hispanics are much more likely than older blacks to be married. Marital rates for black women, as shown in figure 1.6, are significantly lower than for other groups. Among those age

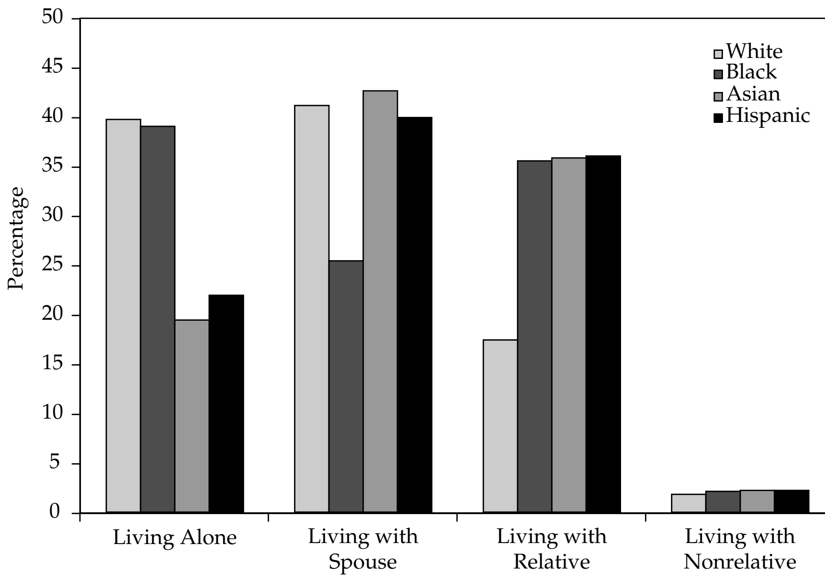
Figure 1.6 Married and Widowed Women Sixty-Five and Older, 2003



Source: He et al. 2005, table 6-2.
Note: Hispanic all races. Civilian noninstitutionalized population. Married spouse present and widowed.

sixty-five to seventy-four, 57 percent of white women—versus 52 percent of Asian, 48 percent of Hispanic, and just 33 percent of black women—are married. By age eighty-five and older, 17 percent of Hispanic, 13 percent of white, 11 percent of Asian, and 4 percent of black women are married. Partly as a result of lower marital rates, black women are by far the least likely to live with a spouse. Among women sixty-five and older, 42 percent of Asian, 41 percent of white, 40 percent of Hispanic, and 25 percent of black women live with a spouse (see figure 1.7). In the process, black women have less access to multiple income streams and to the economies of scale that come with cohabitation. Along with fewer resources, older blacks and Hispanics have worse health. They tend, as we explain in chapter 5, to be sicker throughout old age and to not live as long as their white and Asian counterparts. The intersection of gender, race, class, and marital status becomes clear in figure 1.8. Among older women who are black or Hispanic, and single and living alone, poverty rates are 40 percent.

Figure 1.7 Living Arrangements of Women Sixty-Five and Older, 2003

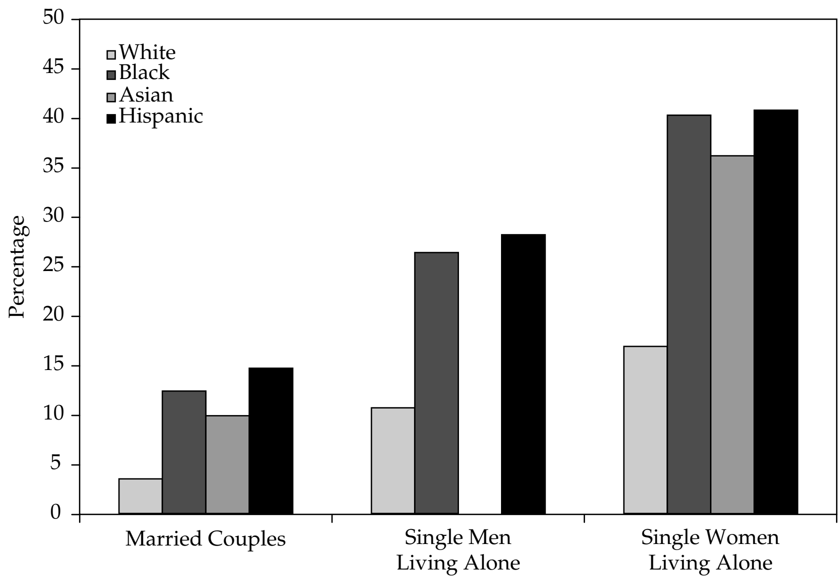


Source: U.S. Census Bureau 2005b, figure 6-4.
Note: Hispanic all races. Civilian noninstitutionalized persons.

Responding to Inequality

Given the existing degree of inequality, the United States could be entertaining, and even implementing, a series of policy changes that would reduce inequality in old age. We are not. In part, inaction is linked to an optimistic political argument that the problem of gender inequality in old age is a disappearing problem (Blau, Brinton, and Grusky 2006; Johnson 1999). Many scholars and policy makers argue that though women who are old today are worse off than older men, their daughters will not be because women's rising education and employment rates may diminish gender inequality with each successive generation. Tom Saving, public trustee for Social Security and member of the President's Commission on Social Security, agreed with this sentiment when he told a University of Texas at Austin audience that the problem of low benefits for older women is a disappearing problem. The result of this optimism is that gender inequality among future generations of older women is receiving relatively little attention in current welfare state debates. Indeed, very few of the debates on the reform of Social Security have even mentioned the impact on spouse and widow programs through which most older women gain benefits.

Figure 1.8 Those Sixty-Five and Older Below the Poverty Line, 2003



Source: DeNavas-Walt, Proctor, and Lee 2005.
Note: Civilian noninstitutionalized persons.

There is some basis to this optimistic perspective. We have witnessed impressive changes in the last several decades, including a significant movement of women into the labor force, a retreat from marriage, numerous expansions and retrenchments of the U.S. welfare state, and a notable decline in poverty among the older Americans. Nonetheless, the scenario for women born in the 1950s, 1960s, and 1970s may look a lot like that of their predecessors because many of the improvements for women have stalled out (England 2006; Hartmann, Rose, and Lovell 2006; McCall 2001). The sources of old age inequality include gender and race discrimination in the labor force, unequal responsibility for care work, and an increasingly outdated benefit structure in our old age welfare programs (Padavic and Reskin 2002; England 2006; Herd 2005b). Indeed, we are in the midst of large demographic and social changes, and yet the policy changes that would make old age welfare programs more responsive are generally not even on the table for discussion (Hacker 2002).

The second, and more complex, political argument hampering the development of a more responsive welfare state is the growing acceptance of the ideology that welfare policies must be market friendly. The basic premise of this market-friendly economic position is that the government should do less and not more. Emphasis on a market-friendly ideology represents a shift in thinking among those who have long criticized welfare spending. Throughout the 1970s, 1980s, and 1990s, the main tactic for reducing welfare spending was to restrict eligibility, tighten means tests, and minimize benefits. Pro-market politicians and economists argued that tax-and-spend government is too burdensome on businesses. During those decades, welfare state debates in the United States shifted away from questions about how we might best expand social benefits to how we might best restrict them (Aaron and Reischauer 1995; Pauly et al. 1991; Yergin and Stanislaw 1998). Such efforts were modestly successful when targeted at poverty-based programs, but created public outcries when aimed at universal social insurance programs such as Social Security and Medicare (Herd 2005a).

By the mid-1990s, opponents of welfare spending changed their tactics and began to emphasize market-friendly policies. Many corporate leaders, politicians, policy makers, and scholars argue that our existing welfare state programs are too costly and therefore unsustainable. Instead of retrenching benefits, however, they now emphasize privatizing them (Herd 2005a). They demand that the government get out of the retirement business and let the market respond to consumer choices and demands for resources such as old age income, health care, and long-term care (Hacker 2002; Pauly et al. 1991). Individuals should be able to make their own choices about what pension or health care plans to buy into, and the government should neither provide nor restrict those choices. From this perspective, the litmus test for welfare state policies is that they should be market friendly in that they mimic, or even buttress, goods and services provided through the market (Quadagno 1999).

Thus the national policy agenda has been redefined by politicians and policy makers who want to constrain or privatize rather than retool universal old age welfare programs. Instead of redistributive universal benefits, they favor programs that emphasize individual choice, risk, and responsibility (Hacker 2006, 2002; Yergin and Stanislaw 1998). In contrast to those who rather unsuccessfully opposed welfare expansion throughout the 1970s and 1980s by demanding a return to means-tested programs targeted at the neediest of the poor, current opponents demand that we replace public welfare programs with privatized programs that place the market center stage (Herd 2005a). These recent efforts may be more successful in part because they are subtle, confusing, and appear initially to be expansions rather than contractions (Hacker 2002, 2006; Pierson 2001; Quadagno 1999).

They may also be more successful because, with the increase in support of market-friendly welfare policy, calls for family-friendly welfare policies that would alleviate old age inequality by expanding redistributive and universal coverage for older people have subsided to a whisper (Myles and Quadagno 2000). Serious policy proposals aimed at expanding welfare state benefits to offset the inequalities created by the market, socialize risk and responsibility for care work, and provide a safety net below which no one would fall, are difficult to pinpoint on the political landscape (Hacker 2002; Yergin and Stanislaw 1998; Estes 2001; Myles and Quadagno 2000). The feminist sociological perspective of using welfare state benefits to reduce inequality is not well represented outside of academia and liberal policy organizations.

Critics of market-friendly welfare policies suggest that the free-market economic approach emphasizes individual risk and responsibility and undermines the philosophy of social risk and collective responsibility. They point out the ironies in the market-friendly approach. Pro-market policy makers criticize high welfare costs but propose solutions that will in fact raise costs (Herd 2005a). Pro-market policy makers criticize government involvement but propose solutions that in fact increase governmental regulatory involvement (Herd and Kingson 2005). Their most serious concern, though, is that market-friendly proposals undermine redistributive features in ways that few Americans seem to understand (Harrington Meyer 1996; Herd 2005a). Instead of shifting benefits from the well off to the most vulnerable, market-friendly programs are more likely to benefit the well off than the poor. Moreover, advocates of family-friendly welfare policies are concerned that the failure to develop and implement responsive new welfare policies, coupled with a growing willingness to retrench and privatize existing programs, may well cause inequality in old age to increase.

From the family-friendly perspective, the U.S. welfare state has failed to expand in ways that would reduce gender and race inequality, and has retrenched in ways that have entrenched inequality in old age. The few programs that embrace redistributive and universal features have been tinkered with, or may soon be tinkered with, in ways that increasingly privatize costs and risks rather than socializing them across the broader population. To be clear, the stakes are high. Our two universal old age programs, Social Security and Medicare, have been proven to reduce poverty and inequality. Pro-market economic policies intend to redefine these programs with privatized programs that have, thus far, proved unsuccessful at reducing poverty, inequality, costs, or government involvement (Korpi and Palme 1998; Engelhardt and Gruber 2004; Moon with Herd 2002).

Here we contrast the market-friendly welfare agenda of retrenchment and privatization with a family-friendly welfare agenda of social expansion, intervention, and insurance. This family-friendly approach builds on work by feminist sociologists such as Joan Acker (2006), Carroll Estes (2001), Nancy Hooyman and Judith Gonyea (1995), Jill Quadagno (1999, 2005), Angela O'Rand and John Henretta (1999), Walter Korpi and Joakim

Palme (1998), and others who take a life course perspective and emphasize a universal social welfare agenda as the best method for reducing old age inequality. Rather than cuts, supporters of family-friendly welfare proposals lay out specific policy proposals aimed at improving the redistributive impact of universal old age programs, thereby reducing old age inequality. On the heels of European scholars such as Korpi and Palme (1998), supporters of family-friendly policies suggest that universal benefits are the most efficient and effective method of improving the physical and fiscal health of marginalized older Americans. From this perspective, our failure to adjust or expand the welfare state has less to do with cost and more to do with redirecting social resources to the market.

Overview

As we assess economic and health instability in old age, we explore variation between older men and older women and among women with respect to race, class, and marital status. Although many scholars emphasize the intersection of gender, race, and class, we stress that it is important to also take marital status into account both because it shapes income and health so dramatically and because the United States has a long-standing tradition of distributing welfare benefits on that basis (Harrington Meyer 1996; McCall 2001; Lorber 2005; England 2006; Herd 2005b). Benefits linked to marital status have provided a vital safety net for women whose retired worker benefits would otherwise be meager. Critics of the benefits, however, point out that marital rates are down, particularly for black women. Moreover, cohabitating partners, whether homosexual or heterosexual, remain unrecognized by most federal and state welfare programs (Harrington Meyer, Wolf, and Himes 2006). Coverage provided by this safety net is thus growing increasingly spotty and may in fact be contributing to, rather than reducing, old age inequality.

Chapter 2 lays out two competing positions on the state's role in shaping old age inequality. Since the late 1970s, the dominant political ideology guiding welfare state development has been a market-friendly approach, which draws on neoconservative and traditional liberal theory and seeks to minimize government supports and regulations while maximizing individual choice, risk, and responsibility. The contrasting family-friendly approach, which draws on feminist life course theory, argues that a universal and redistributive welfare state is needed to lessen the inequalities created by the market and other social institutions. Supporters of family-friendly policies seek social provision aimed at reducing inequality linked to gender, race, class, and marital status.

In the latter half of the chapter, we apply these competing philosophies about the role of the state to three main debates surrounding how social resources should be allocated. First, we address their respective positions on whether welfare benefits should redistribute risk and resources from the well off to the most vulnerable. Should benefits be directly linked to contributions, or be progressive so that those with a lifetime of lower contributions receive a higher replacement rate? The redistributive impact of welfare policies is profoundly shaped by whether benefits are linked to income, employment, marital status, citizenship, or residency. Second, if we do redistribute, should benefits be targeted or universal? Historically, many European counterparts have favored universal benefits, which reduce gender and race inequity, and the United States has favored targeted programs, which tend to increase inequality (Gilbert 2002; Skocpol 1991; Grogan and Patashnik 2003). The tension between the efficiencies of targeting versus the costlier effectiveness of universalism is persistent in policy debates. Third, should benefits be gender neutral or gender targeted? Benefits can be designed to reward either women who embrace the stereotypical male breadwinner role or those who embrace the stereotypical female caregiver role. A consensus is emerging, however, that suggests this is a false dichotomy. The trick is to address gender inequality for various combinations of these roles while simultaneously addressing inequality by race and marital status. Finally, we summarize how privatization has reshaped welfare state debates and redefined the role of the state.

In chapter 3, we set the stage for our discussion of old age inequality by reviewing the factors that have shaped women's financial security over their life courses. We review the literature on inequality in the labor force and in families. We assess the market-friendly perspective that gender and race inequality in various forms of income are linked to weaker education, experience, or ties to the labor force. We also assess the family-friendly perspective that even when women, and particularly minority women, have equal human capital and work records, they tend to have worse outcomes. We find that even though there have been many gains, including rising labor force participation, a shrinking wage gap, and somewhat more equitable division of labor at home, those advances have been offset by losses in the same areas. Gender inequalities remain pervasive across the life course. Moreover, inequalities among women linked to race, class, and marital status contribute to growing inequality in old age. Decreasing rates of marriage, coupled with rising rates of single parenting, mean that more women are juggling paid and unpaid work on their own. A central consequence has been increasing inequality among women throughout the life course. The outlook for future generations of women is not much different than the realities of today—some will accumulate advantages throughout their lives and fare particularly well in old age, and others will accumulate disadvantages and enter old age with relatively few resources.

Chapter 4 explores women's economic resources in old age. We assess gender, race, class, and marital status differences in retirement income, including Social Security, Supplemental Security Income (SSI), private pensions, and savings. We show how demographic trends, particularly the retreat from marriage and the rise in single motherhood, interact with changing policies to increase women's economic vulnerability in retirement. Social Security is the most important source of income for older women. Its progressive benefit structure does a lot to reduce inequality in old age. In fact, for people in the bottom fifth of the earnings distribution, the ratio of benefits to taxes is almost three times as high as it is for those in the top fifth (CBO 2006). Poverty among the elderly would be four times higher if they did not have Social Security (Porter, Larin, and Primus 1999). Still, the program could be made more responsive to changing families. Its retired worker benefits best reward those with long histories of high earnings and its spouse and widow benefits best reward those with long marriages and no work history. Increasing numbers of women, particularly black women, do not fit either mold and they pay a hefty price. To a much lesser extent, SSI plays a role in poor women's income security in old age. Like other income and asset tested programs, SSI generally fails to provide much protection to the poor. In contrast to the large growth in Social Security since its inception, SSI coverage of the aged has shrunk dramatically. Strict asset guidelines that have been in place since the 1980s, coupled with penalties for wages or cohabitation, mean that many poor are ineligible and many who are eligible find it burdensome to apply.

We then explore inequality in private sources of income, particularly pensions and savings. Pensions are both a primary source of private retirement savings and a strong determinant of income security in old age. We show how both the chances of having a private pension and the size of that pension are linked to gender, race, class, and marital status. We also enumerate some of the adverse effects of the shift from defined benefit to defined contribution plans, particularly for poor and less educated women. Although some argue that the portability of defined contribution plans will be beneficial for women, we suggest that the size of women's pensions will continue to be smaller than men's, given occupational segregation and interruptions for child care. We also explore how women's ability to accrue savings and assets is affected by work experiences, race, marital status, and children. As important as they are, women are decidedly less likely than men to establish independent sources of private savings for retirement. Blacks and Hispanics are even less likely than whites to accrue assets such as homes. Ultimately, we show how reliance on market-friendly solutions leads to market-based forms of inequality. Other than Social Security, few family-friendly income benefits are available to soften the blunt forces of the market.

Inequality is therefore growing and will likely continue to grow for future cohorts.

In chapter 5, we turn to health inequality. Too often, assessments of inequality in old age emphasize economic considerations without paying careful attention to the impact of health inequalities. We begin by taking stock of gender, race, and class inequalities in old age health. We then assess the main sources of old age health insurance, Medicare, supplemental insurance, and Medicaid, focusing on their strengths and weaknesses in addressing health inequality. As costs for these programs spiral out of control, the emphasis in Washington is increasingly on cost cutting and cost shifting. We focus on the ways in which cost containment has lead to retrenchments that are increasing inequality in old age. For example, we show how the 1997 Omnibus Reconciliation Act has had pronounced consequences for Medicare recipients, hitting older women, blacks, Hispanics, and the poor hardest. The premiums for Part B have already risen sharply and are expected to continue in an upward direction. Because of the cost-cutting initiative, Medicare beneficiaries' out-of-pocket costs will rise by 94 percent between 1998 and 2025. These expenditures, which usurped 19 percent of older people's incomes in 1998, will usurp 29 percent by 2025 (Moon with Herd 2002).

We then turn our attention to privatization. Although not commonly recognized, the privatization of Medicare has already begun. Many beneficiaries are already in health maintenance organizations (HMOs), which has led to very predictable patient skimming. Congress has also recently shifted more money toward HMOs in the hope that more older Americans will participate in them—despite the fact that they have raised, not lowered, costs. Moreover, the new Medicare prescription drug policy provides coverage not by giving the benefits to the aged through Medicare, but by subsidizing insurance companies to encourage them to offer drug-only insurance packages to older people. Efforts to implement such market-friendly plans prevail even though they have led to higher costs. The market-friendly impetus to act as informed consumers has proven difficult for older people, as Robert Pear reported in the *New York Times,* both because reliable information about the dozens of plan choices is hard to obtain and because decisions must be based on predictions about future health ("Investigators Find Medicare Drug Plans Often Give Incomplete and Incorrect Data," July 11, 2006, p 1). This sort of privatization undermines the universal and redistributive features of the Medicare system and further entrenches gender, race, class, and marital status inequality in old age.

Chapter 6 traces recent market-friendly proposals to retrench and privatize old age welfare state programs. Despite dramatic demographic and social changes, including the decline in marriage, the increase in divorce, greater life expectancy, and women's increased participation in the labor force, our main old age programs are unchanged. The reason is that the policy proposals now on the public agenda are focused not on making our old age programs more responsive to changing families, but on making them more responsive to changing markets. To the extent that market-friendly policies are implemented, they will entrench rather than alleviate gender inequality in old age.

With respect to Social Security, we trace efforts to undermine and preserve this universal entitlement. In contrast to the notion of a fiscal crisis, we point to evidence that modest repairs are all that are needed. We then explore the impact of various proposals on inequality in old age. The bottom line is that recent market-friendly policy proposals do not address the shortcomings of the existing policies. Rather than reducing inequality, we show how these proposals will exacerbate the income problems women face in old age. With respect to health care issues in old age, we argue that the rhetoric of fiscal crisis is correct. Medicare is on the cusp of bankruptcy. Medicaid costs now dominate most state budgets. Efforts to privatize have thus far generally reduced protection and raised costs. We explore the impact of various cost containment proposals, including reducing payments to providers and suppliers, reducing service use, increasing beneficiary cost sharing, raising the beneficiary age, and raising taxes. We then concentrate our analysis on the implications of privatization within Medicare. All of these proposals will reshape access to care and are likely to increase inequality in old age.

In chapter 7, we assess family-friendly social policy alternatives aimed at moving us further toward universality and at reducing inequality in old age. Given that the sources of inequality have not changed substantially, the problem of gender inequality in old age is not a disappearing problem. Thus, Social Security and Medicare will remain enormously important to ensure women's income security in old age. We assess proposals aimed at making these programs more responsive. We also assess family-friendly reform proposals that attend to inequality throughout the life course. The purpose of these programs would be to enable women to reach old age with greater economic, physical, and political strength.

With regard to Social Security, we assess several reform proposals that would address the ways in which Social Security fails women. Most prominent reforms currently on the table disregard the difficulties families have balancing paid and unpaid work. We use a Social Security policy simulation that allows us to see how changes to eligibility and benefit amounts would affect women who retire between 2020 and 2030. We examine the impact of reforms common in Scandinavian welfare states, where poverty rates among older women are the lowest in the world. We find that these reforms, particularly minimum benefits and credits for raising children, would shore up economic security for all, regardless of marital status. We also find that disentangling benefits from marital status is key to reducing inequality, given both that the decline in marital rates is so much more pronounced for blacks and that the federal government continues to refuse to recognize either gay or straight cohabitating couples.

With regard to Medicare, the evidence suggests that minor revisions will not do. In contrast to market-friendly proposals that may work to increase inequality, family-friendly policy proposals call for a single-payer national health insurance program for all ages. From this perspective, the reduction of health inequality in old age is best accomplished by a national health insurance program that is progressively financed, focused on prevention rather than profit, and that is, at least in principle, already quite popular with the majority of Americans. Despite claims that we can not afford a single-payer system, failure to implement universal health insurance has little to do with cost. In fact, a single universal health care system would likely save us money. Given that a move to national health insurance for all ages may not be politically feasible, we also assess a slate of reform measures that will make Medicare more cost effective and more responsive to the changing needs of older Americans.

Finally, because inequality in old age is mainly the cumulative effect of life-long inequality, we turn our attention to programs that might help families balance paid and unpaid work throughout the life course. When we position the United States in the context of European nations, our welfare programs for those in the earlier stages of the life course are quite limited. We lay out the case for the two universal programs that we think would have the greatest egalitarian impact on younger families: universal day care (or PreK) and paid family leave. We then review the strengths and weaknesses of the poverty-based benefits currently in place to provide various levels of support to families: Earned Income Tax Credit (EITC), Temporary Assistance for Needy Families (TANF), and Medicaid. We find that these programs (with the possible exception of the EITC) are politically unpopular, at risk of budgetary cuts, and do too little to help families juggle paid and unpaid work and prepare for the economic and health hardships associated with old age.

The United States is riding a wave of market-friendly welfare revision and our intent is to analyze the implications of this wave. If we continue to emphasize market-friendly rather than family-friendly social policies, the evidence suggests that those with ample resources may be fine, those without may not. Decades of work by social activists to implement family-friendly policies that spread the costs and risks of dependency across the entire population and offset the inequalities that accumulate over the life course may be replaced by market-friendly policies that emphasize individual choice, risk, and responsibility. Such policies are likely to make inequality among the elderly more, rather than less, pronounced (Wray 2005).

It is ironic that policy makers are retrenching and devolving even our universal programs at a time when the vast majority of Americans think we are doing too little for older people. Between 70 and 90 percent of poll respondents report that they would be willing to pay higher taxes to keep universal old age benefits and that they favor universal health insurance for all (AARP 2005; Pew Research Center 2005; Public Agenda 2005; Quadagno 2005; Street and Sittig Cossman 2006; Century Fund 1998). It is not middle-class, working class, or poor people in the United States who favor privatization or devolution or retrenchment. The proponents of market-friendly policies include many conservative politicians, corporate leaders, lobbyists, health insurers, pharmaceutical companies, and other fairly well-off individuals who stand to gain from these policies—who prioritize individual gain over the collective good (Quadagno 2005; Hacker 2006). In stark contrast, the proponents of family-friendly policies prioritize reduced inequality. They favor policies that correspond with family demographics in the twenty-first rather than the nineteenth century; redistribute resources through universal programs in ways that constrain rather than escalate gender, race, class, and marital status inequality; and spread the costs and risks of old age dependency across families rather than concentrating them within families.