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ABSTRACT

The issue explored here is an example of the interface between social research and social policy in the United States. The aging policy debate concerning the economic status of the elderly has tended to focus upon the disadvantaged; it is informed by a relatively selective view of the financial resources of older persons. The result has been policy that is vulnerable to the market attention given to the advantaged elderly by business as the economic status of the elderly improves. Sociological practitioners whose work focuses upon older Americans are in a unique position to understand this policy problem and to address the needs of the elderly on both ends of the economic spectrum.

Applied sociology, the use of sociology in problem-solving (Clark, 1986), finds fertile soil in the vineyards of gerontology. Applied sociologists, accustomed to examining national datasets that outline macro-level social conditions and social change, can be of immense help to the policy and practice communities in gerontology as they struggle with issues of policy analysis and social impact assessment. The focus of this article is to understand the economic diversity in the changing older population in the United States (Taeuber, 1990). A course of action for sociological practitioners is not being recommended in this essay, rather, it is a call to understanding in the policy debate encompassing the economic status issue.

Economic Diversity of the Older Population

The economic status of the elderly is in flux, a result of the general upgrading of retirement income during the past half century (Smeeding, 1990). The changes that resulted from post-war economic expansion, the many amendments to the Social Security Act during the 1960s and 1970s, the federal regulation of pensions in the 1970s, and the increase in investment income during the 1980s have placed at jeopardy older stereotypes of the poor and frail elder, at one time the poster person of old age.

This ambiguity has given rise to newer stereotypes of "greedy geezers," who are benefiting from Social Security and other old age entitlements *at the expense* of the younger generations (Otten, 1987). However, the intergenerational equity debate has not eroded public support for income maintenance programs. Polls show that Social Security continues to enjoy strong support in every age group, partly because younger people realize that the recipients are their own parents or grandparents.

Writing over a decade ago, Hudson (1978) argued that the aged have been a favored social welfare constituency in the United States and have done relatively well in the arena of public policy compared with other population groups whose needs can be argued to be equally pressing. Not all agree. Quinn (1987) noted that poverty rates among the elderly can be manipulated, depending upon one's assumptions about how much, if any, in-kind benefits (such as Medicare and senior discounts) count in one's family income. Quinn also pointed out that there are built in assumptions about family size that may advantage or disadvantage older households in the standard poverty formula depending upon the living arrangements of older persons. Kutza (1981), among others, argued that minority older persons and older women have not shared in the gains experienced by other older people, whereas Nelson (1982) suggested that government programs for the aged have simply perpetuated the existence of socioeconomic differences among elderly people that existed prior to old age.

The applied sociologist attempting to assess the impact of changes in the economic status of the elderly on public opinion, public policy, and age-targeted community services would do well to begin by examining the economic diversity within the older population. Such a study was conducted by Longino and Crown (1991), who analyzed the income and net worth of the population over age 65. Their analysis was based on original tabulations of the 1984 Survey of Income and Program Participation (SIPP), a comparatively new survey produced by the U.S. Bureau of the Census. The SIPP aims to collect the most comprehensive set of income, employment, and asset data on individuals ever attempted on a continuing and nationally-representative basis. Their study reported cross-sectional distributions of income and net worth for older households in 1984.

They found that married couples aged 65-69 had a median income of $20,340, with declining median income for more advanced age categories. The median income of all older married couples was $17,880. Moreover, the median income of nonmarried older persons was about half that of married couples in all age categories. On reflection, this is not particularly surprising since most nonmarried elderly live alone and, consequently, their household size tends to be about half that of married couples.

The study's most striking findings, however, were not the income figures but those for total net worth. The median total net worth of all older married couples was $86,487 in 1984. Average net worth varied from $3,437 in the lowest quintile to $297,442 in the highest. As with income, net worth was highest for the youngest married couples ($92,500), and declined for older cohorts. Also, like income, net worth was substantially lower for nonmarried persons than for married couples. Interestingly, however, the correspondence between income and net worth was not found to be as high as one might expect.

Sources of income varied, of course, between quintiles of net worth, the richest quintile receiving higher proportions from property and business income and the rest receiving the highest proportions of their income from Social Security. Interestingly, earnings contribute about a quarter of the total monthly income to households in each of the wealth groupings.

Longino and Crown (1991) further found that the vast majority of older households, except in the lowest net worth quintile, have asset holdings in their home, their automobile, and in banks. Substantial proportions of households in the upper quintile also have other holdings, especially in stocks and rental property.

Economic Diversity and Old Age Social Policy

Most of the public debate concerning the economic status of the elderly is informed by a relatively limited view of the financial resources of older persons. While there is little doubt that the economic status of older persons in the United States has improved substantially since the 1970s (Crown, 1989), this view is typically limited to the monetary income of older households—an approach criticized by economists because of the relative transitory nature of monetary income. Further, this view is often based on economic improvements in households below or near the poverty line.

The public perception of the economic status of the elderly has changed dramatically in recent years, from images of abject poverty and pet-food dinners to stereotypes of double-dippers and the pension elite (Kart, et al., 1989). It is becoming clear, however, that the true picture of the vast majority of older persons is somewhere between these two extremes.

Both income and net worth vary substantially within the older population. Age differences within the 65+ population are strongly associated with variations in economic status. The older the household, in general, the lower the aggregate level of both monetary income and net worth, although there are variations associated with marital status (Longino and Crown, 1991).

Schultz may well have pinpointed the truth behind the changing perceptions of the elderly (1983:1):

> Looking at [the] new Census Bureau findings and a number of recent studies, one can begin to see the outlines of a very fundamental change with regard to the economic status of the elderly. From a statistical point of view, *the elderly are beginning to look a lot like the rest of the population;* some very rich, lots with adequate income, lots more with very modest incomes (often near poverty), and a significant minority still destitute. This is very different from the past when most were destitute.

Like a blind person describing the entire elephant from his or her selective tactile data, varying characterizations of the economic status of the elderly are likely to reflect an incomplete (or at best a selective) perspective based on partial information. Those who see the elderly as poor may well be looking at the oldest segment of the older population, and especially older widows, while those who prefer to discuss the rich elderly are more likely to be looking at those who are recently retired and younger.

These economic issues become fodder for a battle between parts of the public and the private sector over elderly clients or customers. In order to understand this battle, it is important to appreciate that aging is in this sense socially constructed. The differing interests of the two sectors cause them to define the subject quite dissimilarly and this dissimilarity creates a difficult problem.

The Public/Private Perspectives

The highly respected applied sociologist of aging, Carroll Estes (1979), has referred to the vast array of programs, bureaucracies, providers, interest groups, and industries that serve the elderly as *The Aging Enterprise*. She brings the economic status of the elderly into a sociological, rather than strictly economic, focus by emphasizing the ways that economic data are interpreted *in the interest of* the aging enterprise. She argues that this social-medical-industrial complex does more to meet the needs of the service system than the needs of the elderly. According to Estes, the needs of older persons are, in fact, defined by the system itself. These needs are made compatible with the organization of the American economy.

Estes' book appears to be increasingly prophetic. The public sector, on the one hand, has tilted in the direction of addressing the needs of those in greatest social and economic need. Being age 65 or older, by itself, no longer necessarily qualifies a person to receive many of the services that were initially designated for all older persons. The private sector, on the other hand, has identified a "mature market" that can afford products and services that make their lives more manageable when faced with the functional limitations associated with aging. Geographic concentrations of the upscale elderly are of particular interest to industry (Longino and Crown, 1990). Thus, two very different images of the elderly shape the way that service needs of the elderly are addressed, while the majority of middle-class older Americans are left somewhere in between.

Kaplan and Longino (1991) describe this situation as a "public-private conundrum." This conundrum is a result, in part, of the increasing awareness of the diversity of the older adult population. Government reports regarding the plight of the elderly gloss over the fact that there is a substantial proportion of older persons who are economically advantaged (Kart, et al., 1989). At the same time, advertisements that depict older persons as affluent impinge upon the negative image of older persons as poor and socially disadvantaged, which helps to shape social policy and to mobilize public resources.

Sociological practitioners who focus their professional attention on older Americans certainly will be among those combating the tendency of social policy to see older people as lacking diversity, especially when this simplified view is motivated primarily by self-serving organizational considerations. There is room for both publicly and privately supported service systems to meet the needs of the elderly.

Conclusions

Gelfand and Barresi (1987) describe a tendency among researchers and policy-makers to view age as a leveler. That is, differences that may have existed earlier in life are thought to level off with age. This bias neglects salient issues that differentiate the aging experience of older individuals. Sociological practitioners, especially those who assess the needs of or serve an older population, must avoid such centrist thinking, which neglects the importance of economic diversity among the elderly. Our grounding in sociology should inform us to think in terms of both central tendency and deviations from the mean on all measures. The question remains, however, as to how the diversity of the elderly population, particularly economic diversity, might be addressed.

Overall, then, a number of public and private sector challenges and opportunities are suggested by the economic diversity of the older population in the United States. At a minimum, business and policy leaders should acknowledge the broad range of diversity in the economic status of the elderly, varying by age, by definition of economic status, and by other characteristics. They should also acknowledge that while there are simultaneously those with very high and very low levels of lifetime accumulations of net worth, some 60 percent of older households' net worths are somewhere in the middle, with averages between $32,091 and $111,682 (in 1984 dollars).

While almost all older households report assets in the form of automobile equity, interest-earning accounts in savings institutions, and some stocks, mutual funds, and bonds for all but the wealthiest and poorest older households, the largest asset holding is found in their home equity. As Schulz suggests, the older population mirrors the nation more generally in being largely middle-class. The challenge, then, is to find ways that these resources can be preserved. Public policy should be aimed at encouraging and protecting pensions and stimulating private savings—especially as the nation enters a period of rapid middle-aging as the baby boom matures into its 50s over the next decade (Cutler, 1991).

Finally, perhaps the best illustration of the need to consider the broad range of the middle-class elderly, along with the poor and the wealthy, involves health care generally and long-term care in particular. The Medicaid system will be more likely to provide adequately for the poor if the middle class elderly have broader options for the financing of their own catastrophic medical care and long-term care. Clearly this suggests the need for consideration of both public and private mechanisms. The major revamping of the American way of financing health care in general, perhaps the principal policy debate of the mid-1990s, will inevitably provide a framework for long-term care. It is difficult to be explicit about the outcome of this debate, however, because it is not likely to take concrete form until sometime after the 1992 election.

As a society, we have had some success during the past several years in responding to the poverty of older American's. The task for future years is to respond to the current economic challenges which face elderly households. To do this requires that we must respond, not to outdated or distorted stereotypes, but to the facts of elderly economic status, including the poor, the middle-class, and the wealthy elderly, as we can best discern them. This requires portraying economic status as distributions rather than simply as averages. It also means that in addition to looking at monthly or annual income, we must also conceptualize and measure economic status in terms of assets and wealth —because assets and wealth, along with income, determine the economic behavior of most older individuals and their families.

Recommendations

If old age policy does become more informed and economic diversity is taken more into account, then there will be plenty of room for applied sociologists to work for both the public and private sectors in meeting the needs of older citizens. There will be opportunities such as market research for private industry and service planning for government. Both call for interventionist strategies—they just simply aim at opposite ends of the retirement income and wealth spectrum.

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