A NEW APPROACH TO AGE AND WORK

Eugene Steuerle and Christopher Spiro

OUR LIVES DIFFER VASTLY FROM THOSE OF Americans who lived 100 years ago. The U.S. economy, once rooted in agriculture and manufacturing, has evolved into a service- and technology-based economy. Advances in biomedical science have dramatically improved health care. Changes in these and other work-related areas continue to accelerate, but ideas regarding retirement have not kept pace. Despite Americans’ ability to live and work longer, their notions of when and how to retire are still influenced by the relatively inflexible policies that governed retirement 50 years ago.

Before this century, few people lived beyond what we now consider retirement age. As late as 1900, less than 5 percent of the population was 65 or older. Even at age 65 or 70, most people were not retired. In an agricultural economy, they shared in the family’s work for their entire lives.

The notion that all workers should be able to retire went hand in hand with the rise of industrialization. In a manufacturing economy, physically demanding jobs forced older people to stop working when their strength waned. In addition, because the industrial economy separated generations of families, workers needed enough income to sustain themselves independently in old age. Retiring from work, with income set aside, became a national reality.

Financing retirement grew more challenging as people began to live longer. Between 1940 and today, larger proportions of the population lived to age 65 and beyond. The life span for 65-year-olds increased an average of almost five years. As improvements in health care contributed to longevity, national wealth supported longer retirements. After accounting for inflationary effects, real income per person has increased fivefold since the beginning of the 20th century. In 1932, only 15 percent of workers were eligible for retirement pension coverage, but pensions quickly came to be viewed as a necessity for workers. Today, virtually all workers are covered by public or private pensions, and the institutions that make retirement possible—pensions and health care—absorb ever-growing shares of the national wealth.

With the move to a services- and technology-based economy, jobs have become less physically demanding than they were earlier in the century. Moreover, improved health care has enabled people to remain vital much later into old age. Yet the average retirement age for men declined from almost 70 in 1940 to just under 64 in 1996. The current retirement system overlooks the potential of a vast number of older people who now spend close to one-third of their adult lives uninvolved in marketplace productivity. For the younger generation, the system requires that an ever-rising share of income be used to finance these long retirements.

A rigid concept of how age and work relate to each other may be perpetuating this outdated system. In U.S. society, each age is seen as having certain appropriate functions: Education is for the young, leisure is for the elderly, and work is for those in between. Rigid adherence to social structure, often referred to as “age-differentiated,” may no longer be sustainable or desirable. For one thing, it is based on past needs. The physical demands on workers 50 years ago made leisure in old age a necessity, while work’s demand for physically robust individuals relegated education to developmental years.
A more flexible model is needed to meet today's needs. Everywhere, individuals are trying to move beyond the traditional patterns—adults attending community colleges, the young seeking apprenticeships, older people looking for volunteer or part-time work, middle-aged workers trying to find time away from their jobs to raise their children. What Matilda White Riley, a leading scholar on aging, calls an “age-integrated” social structure more accurately reflects these changing patterns and offers new possibilities beyond the current, outdated retirement system (figure 1).

Today, work needs to accommodate longer lives and a looser notion of age-appropriate social roles. Future generations may have entirely different needs, and only they can decide what those will be. Longer retirements could remain a priority, but that policy should not be determined now. We should strive to make institutions flexible enough to accommodate alternative work patterns, changing demands, and new possibilities—whatever they turn out to be.

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FIGURE 1.
Two Approaches to Age and Work

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