

Programs speak to American values

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Posted: August 9, 2012

BerkshireEagle.com

NORTH ADAMS

This July 30 marked the 47th anniversary of the passage of the 1965 Medicare amendment to the Social Security Act of 1935, which created our Medicare and Medicaid systems. Next week, August 14 marks the 77th anniversary of the Social Security Act itself.

These landmarks are towering reminders of a profound truth about the United States: while we honor individual effort and achievement, we also value our traditional practice of coming together to support our neighbors in need -- whether in raising a barn, weathering a health crisis that threatens to impoverish us, or managing to live decently in retirement. As our nation has grown, we have come to understand that our community is most secure when our national resources are widely shared.

Before the Social Security Act, poverty among the elderly was rampant. While there are no official poverty-rate data before the 1960s, most seniors had little or no retirement savings and had to rely on charity and help from children to survive in old age. This became even more challenging during the Great Depression when steep unemployment put even those children into severe crisis.

But by 1959, when the Census Bureau first reported it, the senior poverty rate had declined to 35 percent, and, by 2010, the latest figures show that only 9 percent of elder-headed households were officially in poverty. There is little doubt that Social Security benefits are the main reason that many of our elders are struggling less -- though too many of them still struggle.

As Social Security benefits and coverage grew through the 1940s and 1950s, life expectancy grew as well, along with the costs of health care for our older neighbors. It became clear that reducing senior poverty would have to include a means of reducing their health-care costs. This led to the introduction of Medicare, the system that provides for lower-cost health care to those 65 and older, as well as to those of any age with end-stage kidney disease. Literally a life-saver, Medicare has become an extremely popular program; even those who argue against other federal government involvement in their lives don't want this insurance to be withdrawn.

Neither of these programs is perfect. For instance, Social Security benefits for women tend to be significantly lower than those of men because their lifetime earnings tend to be lower. This is due primarily to two facts: there is a persistent wage gap between men and women who work full-time year-round, and the fact that women continue to bear primary responsibility for family care means that their ability to earn wages is often compromised by family demands. This is problematic because women are significantly less likely to have private pensions than men, making them more dependent on their Social Security benefits. In addition, women's greater longevity means they will be dependent on Social Security for more years than men and are more likely to outlive any savings that they might have accrued. Nevertheless, these benefits provide a vital life support for American seniors, male and female.

But while the big-business enemies of social supports argue that they should be severely restricted, there are relatively simple modifications that would put both programs on a track to sustainability. For Social Security, for example, eliminating the cap (currently \$110,000) on taxable earnings would nearly completely eliminate the funding gap the trustees project for the foreseeable future, as well as make the payroll tax much more equitable. And extending Medicare coverage to all residents would provide the program with the leverage to reduce costs for pharmaceuticals and other out-of-control treatments, saving taxpayers billions.

Let's take the occasion of these anniversaries to celebrate the fact that many years ago, Americans joined together to solve problems that affect us all. With very minor adjustments, both of these programs can continue to support our elders into the indefinite future. Happy anniversary!

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