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Social Security, the Middle Class and Gender Equality

Creating a middle class benefit

EARLY AMENDMENTS

- 1939 – pay out benefits sooner, add dependent benefits
- 1950 – increase benefits 77%, extend coverage, allow tax rate to rise
- 1956 – disability insurance, women retire at 62
- 1961 – men retire at 62

COMPETING FOR VOTES 1968-74

- 1968 – 13% increase
- 1969 – 15% increase
- 1971 – 10% increase
- 1972 – 20% increase and COLA

Protecting Women in Social Security

- 1939 – spouse benefit of 50%, widow 75%
- 1961 – widow's benefit increased to 82%
- 1972 – widow's benefit 100%
- 1965 – divorcees eligible for spouse benefit if married 20 years
- 1977 – marriage duration reduced to 10 years

Restructuring Public Spending

- In 1970s the era of expansion slowed.
- Rising public budgets and population aging put pressure on social insurance systems everywhere
- Social insurance systems based on industrial economy and presumed a male breadwinner family structure also needed to be retooled to meet new social needs

Changing Economies and Families

- Service-oriented economies
- Dual-earner households
- Rising divorce rates
- More out-of-wedlock births and single parent households

Responses to Change

- Sweden encouraged dual earners families
 - New tax structure
 - Generous parental leaves
 - Universal day care
 - Policies to encourage fathers to care for children
- France added subsidies and services for dual earner families.
- Great Britain created unpaid work allowance but not for married women.

Family and Medical Leave Act of 1993

- Employees can take job-protected unpaid leave
 - For serious illness
 - To care for family member
- Many gaps
 - Leave is unpaid
 - Only for businesses with fewer than 50 workers
 - Does not apply to minor illness
 - No Social Security credits earned

Is privatization the solution?

- **Since access to earnings-related benefits is based on employment history, these plans are of limited help to women and others who have had little or low-paid labor market experience. In OECD countries with earnings-related benefits, old women living alone have a much higher poverty rate than other groups.**
- (World Bank 1994)

Effect of privatization

- No increase in coverage
- No improvements for women
 - Women receive lower pay than men
 - Women have higher unemployment rates
 - Women participate more in informal sector
 - Women can retire earlier but then have fewer years to save