

## A Brief History of the Aging Network

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Aging in society was never really the issue that it is today. In America's society of farms, people worked until they were finally unable to, much like Grandpa Walton did at the farm and sawmill we watched on TV. Although there were some veterans' benefits following the Revolutionary War, it was only following the Civil War that former soldiers coming home with war related disabilities were finally offered the comfort of Soldier's Homes for those who needed continual care. Orphans, widows and indigents had already received some help, and under the Civil War Pension system, returning warriors were to be included. But people were not living long enough, at least in large enough numbers, to induce a government system of caring for the aged. That is, at least until industrialization took hold, and until the nation had faced economic depression, the need to stimulate the economy and provide a security net for our citizens.

For the ancient Greeks economic security took the form of amphorae of olive oil. Olive oil was very nutritious and could be stored for relatively long periods. To provide for themselves in times of need the Greeks stockpiled olive oil and this was their form of economic security.

In medieval Europe, the feudal system was the basis of economic security, with the feudal lord responsible for the economic survival of the serfs working on the estate. The feudal lord had economic security as long as there was a steady supply of serfs to work the estate, and the serfs had economic security only so long as they were fit enough to provide their labor. During the Middle Ages the idea of charity as a formal economic arrangement also appeared for the first time.

Family members and relatives have always felt some degree of responsibility to one another, and to the extent that the family had resources to draw upon, this was often a source of economic security, especially for the aged or infirm. And land itself was an important form of economic security for those who owned it or who lived on farms.

These then are the traditional sources of economic security: assets; labor; family; and charity.

### The Rise of Formal Systems of Economic Security

As societies grew in economic and social complexity, and as isolated farms gave way to cities and villages, Europe witnessed the development of formal organizations of various types that sought to protect the economic security of their members. Probably the earliest of these organizations were *guilds* formed during the Middle Ages by merchants or craftsmen. Individuals who had a common trade or business banded together into mutual aid societies, or guilds. These guilds regulated production and employment and they also provided a range of benefits to their members including financial help in times of poverty or illness and contributions to help defray the expenses when a member died.

Out of the tradition of the guilds emerged the *friendly societies*. These organizations began appearing in England in the 16th century. Again organized around a common trade or business, the friendly societies would evolve into what we now call *fraternal organizations* and were the forerunners of modern trade unions.

In addition to the types of economic security provided by the guilds, the fraternal organizations and some trade unions would begin the practice of providing actuarially-based life insurance to their members. The friendly societies and the fraternal organizations would grow

dramatically following the Industrial Revolution. By the beginning of the 19th century one of out every nine Englishmen belonged to one of these organizations.

Among early U.S. fraternal organizations that we are familiar with even into the present day were: the Freemasons (which came to America in 1730); the Odd Fellows (1819); Benevolent and Protective Order of Elks (1868); Loyal Order of Moose (1888); and the Fraternal Order of Eagles (1898).

### **The English "Poor Laws"**

As the state began to assume responsibility for economic security, the English began the development of a series of "Poor Laws" adopted to provide help to the poor, as the problem of economic security was seen primarily as a problem afflicting the poor.

The English Poor Law of 1601 was the first systematic codification of English ideas about the responsibility of the state to provide for the welfare of its citizens. It provided for taxation to fund relief activities; it distinguished between the "deserving" and the "undeserving" poor; relief was local and community controlled; and almshouses were eventually established to house those on relief. The law was at once both generous and harsh. Generous in that it acknowledged the government's duty to provide for the welfare of the poor, but harsh in that it viewed the poor as highly undesirable characters and treated them accordingly.

There were a series of changes and "reforms" of the "Poor Laws" over the years, but this essential structure was the tradition the pilgrims brought with them when they journeyed to the New World.

### **Economic Security in America**

When the English-speaking colonists arrived in the New World they brought with them the ideas and customs they knew in England, including the "Poor Laws." The first colonial poor laws were fashioned after those of the Poor Law of 1601. They featured local taxation to support the destitute; they discriminated between the "worthy" and the "unworthy" poor; and all relief was a local responsibility. No public institutions for the poor or standardized eligibility criteria would exist for nearly a century. It was up to local town elders to decide who was worthy of support and how that support would be provided.

As colonial America grew more complex, diverse and mobile, the localized systems of poor relief were strained. The result was some limited movement to state financing and the creation of almshouses and poorhouses to "contain" the problem. For much of the 18th and 19th centuries most poverty relief was provided in the almshouses and poorhouses. Relief was made as unpleasant as possible in order to "discourage" dependency. Those receiving relief could lose their personal property, the right to vote, the right to move, and in some cases were required to wear a large "P" on their clothing to announce their status.

Support outside the institutions was called "outdoor relief" and was looked upon with distrust by most citizens. It was felt that "outdoor relief" made things too easy on the poor who should be discouraged from the habit of poverty in every way possible. Nevertheless, since it was expensive to build and operate the poor houses, and since it was relatively easy to dispense cash or in-kind support, some outdoor relief did emerge. Even so, prevailing American attitudes toward poverty relief were always skeptical and the role of government was kept to the minimum. So much so that by as late as 1915 at most only 25% of the money spent on outdoor relief was from public funds.

## Old Age in Colonial America

Although the need for economic security affects all ages and classes of society, one particularly acute aspect of this need is the problem of old age and the possibility of retirement after a long life of labor. Retirement, a feature of life we now take so much for granted, was not always readily available, and it was a struggle to develop adequate systems of retirement.

One of the first people to propose a scheme for retirement security that is recognizable as a forerunner of modern social insurance was Revolutionary War figure Thomas Paine. His last great pamphlet, published in the winter of 1795, was a controversial call for the establishment of a public system of economic security for the new nation. Entitled, Agrarian Justice, it called for the creation of a system whereby those inheriting property would pay a 10% inheritance tax to create a special fund out of which a one-time stipend of 15 pounds sterling would be paid to each citizen upon attaining age 21, to give them a start in life, and annual benefits of 10 pounds sterling to be paid to every person age 50 and older, to guard against poverty in old-age.

## Civil War Pensions: America's First "Social Security" Program

Although Social Security did not really arrive in America until 1935, there was one important precursor, that offered something we could recognize as a social security program, to one special segment of the American population. Following the Civil War, there were hundreds of thousands of widows and orphans, and hundreds of thousands of disabled veterans. In fact, immediately following the Civil War a much higher proportion of the population was disabled or survivors of deceased breadwinners than at any time in America's history. This led to the development of a generous pension program, with interesting similarities to later developments in Social Security. (The first national pension program for soldiers was actually passed in early 1776, prior even to the signing of the Declaration of Independence. Throughout America's ante-bellum period pensions of limited types were paid to veterans of America's various wars. But it was with the creation of Civil War pensions that a full-fledged pension system developed in America for the first time.)

The Civil War Pension program began shortly after the start of the War, with the first legislation in 1862 providing for benefits linked to disabilities "incurred as a direct consequence of . . . military duty." Widows and orphans could receive pensions equal in amount to that which would have been payable to their deceased soldier if he had been disabled. In 1890 the link with service-connected disability was broken, and any disabled Civil War veteran qualified for benefits. In 1906, old-age was made a sufficient qualification for benefits. So that by 1910, Civil War veterans and their survivors enjoyed a program of disability, survivors and old-age benefits similar in some ways to the later Social Security programs. By 1910, over 90% of the remaining Civil War veterans were receiving benefits under this program, although they constituted barely .6% of the total U.S. population of that era. Civil War pensions were also an asset that attracted young wives to elderly veterans whose pensions they could inherit as the widow of a war veteran. Indeed, there were still surviving widows of Civil War veterans receiving Civil War pensions as late as 1999!

In the aggregate, military pensions were an important source of economic security in the early years of the nation. In 1893, for example, the \$165 million spent on military pensions was the largest single expenditure ever made by the federal government. In 1894 military pensions accounted for 37% of the entire federal budget. Such a large federal expenditure could not help but engender some criticism. The process of awarding pensions, which was administered locally, was amenable to political patronage and other forms of corruption. Also, a robust legal

specialty sprung up of lawyers who specialized in helping would-be recipients secure potential pensions. Over time, these developments led to skepticism about the program and to concerns that it was rife with fraud, waste and abuse. Whether these concerns were valid, is hard to say. The recognized authority on this period, Professor Theda Skocpol, has studied the question and has concluded:

*"After poring over Annual Reports of Commissioners of Pensions to find any possible systematic statistics, I have reluctantly concluded that nothing exact can be said about the proportions of illegitimate pensioners or expenditures. We can only speculate that some (undetermined) thousands, or conceivably tens of thousands, of the nearly one million pensioners in 1910 were bogus. Perhaps aided by dishonest pension attorneys, these men and women had exploited the loose and locally rooted application system to obtain fraudulent pensions or--in most cases, I suspect--overly generous benefits."* (From, "Protecting Soldiers and Mothers," by Theda Skocpol, Harvard University Press, 1992. pg. 145.)

But these figures based on the federal budget exaggerate the role of military pensions in providing overall economic security since the federal government's share of the economy was much smaller in earlier times. Also, there were features of the system which meant that many veterans did not receive any benefits. For example, former Confederate soldiers and their families were barred from receiving Civil War pensions. So in 1910 the per capita average military pension expenditure for residents of Ohio was \$3.36 and for Indiana it was \$3.90. By contrast, the per capita average for the Southern states was less than 50 cents (it was 17 cents in South Carolina).

Despite the fact that America had a "social security" program in the form of Civil War pensions since 1862, this precedent did not extend itself to the general society. The expansion of these types of benefit programs to the general population, under Social Security, would have to await additional social and historical developments.

## **The Company Pension**

Prior to the rise of company pension plans, paternalistic companies sometimes "graduated" older workers to token jobs at reduced pay. A few paid some form of retirement stipend—but only if the company was so inclined, since there were no rights to any kind of retirement benefit. Most older workers were simply dismissed when their productive years were behind them.

One of the first formal company pension plans for industrial workers was introduced in 1882 by the Alfred Dolge Company, a builder of pianos and organs. Dolge withheld 1% of each workers' pay and placed it into a pension fund, to which the company added 6% interest each year. Dolge viewed providing for older workers as being a business cost like any other, arguing that just as his company had to provide for the depreciation of its machinery, he should also "provide for the depreciation of his employees." Despite Mr. Dolge's progressive ideas and his best intentions, the plan proved largely unsuccessful since it required a worker to spend many years in continuous employment with the company, and labor mobility, then as now, meant that relatively few workers spend their whole working career with one company. Not only was the Dolge Plan one of the first formal company pension systems in industrial America, it was also one of the first to disappear when the company went out of business a few years later.

The biggest problem with company-provided pensions was that in the early decades of this century, the percentage of workers anticipating an employment-related pension from their company or their union was only slightly more than 2%. Indeed, in 1900 there were a total of five companies in the United States (including Dolge) offering their industrial workers company-

sponsored pensions. So the company pension was an option not available to most Americans during the time prior to the advent of Social Security. Although we now have 401K plans and Individual Retirement Accounts and other employment-related pensions, the use of these forms of economic security is low. Even today, less than half of America's workers are covered by any type of employment-related pension program (other than Social Security).

On June 8, 1934, President Franklin D. Roosevelt, in a message to the Congress, announced his intention to provide a program for Social Security. Subsequently, the President created by Executive Order the Committee on Economic Security, which was composed of Frances Perkins, Secretary of Labor, Chairwoman; Henry Morgenthau, Jr., Secretary of the Treasury; Henry A. Wallace, Secretary of Agriculture; Homer S. Cummings, Attorney General; and Harry L. Hopkins, Federal Emergency Relief Administrator. The committee was instructed to study the entire problem of economic insecurity and to make recommendations that would serve as the basis for legislative consideration by the Congress. In early January 1935, the Committee made its report to the President, and on January 17 the President introduced the report to both Houses of Congress for simultaneous consideration. Each House passed its own version, but eventually the differences were resolved and the Social Security Act was signed into law on August 14, 1935. In addition to several provisions for general welfare, the new Act created a social insurance program designed to pay retired workers age 65 or older a continuing income after retirement.

The Social Security Act of 1935 was the first full-scale government effort to care for older workers. In its provision of a safety net for workers in an industrialized society, it also allowed workers to truly retire. This then enabled younger workers to enter the workforce, allowing the Social Security System to act as an economic stimulus of sorts.

Yet, it was another 30 years before the Federal Government realized that more needed to be done to protect senior citizens and keep them from falling into poverty. The Great Society of Lyndon Johnson gave us Medicare, Medicaid and the Older Americans Act to help keep senior citizens above the poverty level, and to assist elders in maintaining some semblance of a way of life.

Certainly, it was the Older Americans Act of 1965 that set up the aging network (somewhat as we know it!) and provided funding to support services that would help seniors, aged 60 and over, to remain in their homes and communities. Yet, it took another 7 years, under Richard Nixon, that Title III C of the Act was given to us to establish the nutrition program, offering congregate and home delivered meals. In the last 30 years, nearly 6 billion meals have been served, many to folks in your communities by the Montachusett Opportunity Council Elder Nutrition Program. Title III C offers a balanced meal, and just as important, an opportunity to gather with friends at a meal site, or receive a visit from a "meals-on-wheels" volunteer. This is a program that has saved lives, both with nutrition and with a friendly face.

And, in the year 2000, the Clinton Administration amended the Older Americans Act to include Title III E, the National Family Caregivers Support Program. This program aims to train and educate those who care for elders who may be family, friend or neighbor. It can, and does, provide support, respite and care management assistance for caregivers of any age. The Caregiver Support program also seeks to assist grandparents who care for their grandchildren, or for older parents who care for their disabled adult children. These Federal funds, combined with State home care funds, are helping to build unique programs throughout the Commonwealth of Massachusetts. Here in Central Mass, the Area Agency is working with

ASAPs, such as Montachusett Home Care Corporation, to make the Caregiver Support Program work for you and for those you care about.

From the Civil War era to the present, important legislation has been put into place to offer security, health and a sense of well-being to our senior population. In fact, the Older Americans Act offers what is called the "Declaration of Ten Objectives for Older Americans." These Ten Objectives offer a glimpse of what the Great Society had hoped to give to our senior citizens. The Declaration states:

## DECLARATION OF TEN OBJECTIVES FOR OLDER AMERICANS\*

The Congress hereby finds and declares that, in keeping with the traditional American concept of the inherent dignity of the individual in our democratic society, the older people of our Nation are entitled to, and it is the joint and several duty and responsibility of the government of the United States and of the several States and their political subdivisions to assist our older people to secure equal opportunity to the full and free enjoyment of the following objectives:

1. An adequate income in retirement in accordance with the American standard of living.
2. The best possible physical and mental health which science can make available and without regard to economic status.
3. Suitable housing, independently selected, designed and located with reference to special needs and available at costs which older citizens can afford.
4. Full restorative services for those who require Institutional care.
5. Opportunity for employment with no discriminatory personnel practices because of age.
6. Retirement in health, honor, dignity--after years of contribution to the economy.
7. Pursuit of meaningful activity within the widest range of civic, cultural, and recreational opportunities.
8. Efficient community services, including access to low-cost transportation, which provide a choice in supported living arrangements and social assistance in a coordinated manner and which are readily available when needed.
9. Immediate benefit from proven research knowledge which can sustain and improve health and happiness.
10. Freedom, independence, and the free exercise of individual initiative in planning and managing their own lives.

As wonderful as these objectives are, as great as they sound, and even though much progress has been made since the mid-sixties, how far are we from actualizing these objectives? How much further do we need to proceed in order to achieve them? And, how will we finance the services we need to bring them about?

If there is one thing we have learned in the elder network, particularly within the last year, it's that we cannot take government funding for granted. Declining State revenues have sent human services agencies scrambling. Public money is at a premium. Tighter Federal funding will probably not be far behind. Even as we prosecute the necessary war against terror, deficit spending in Washington is growing. The choice between guns and butter has not been this evident since the Second World War. Yet, here is the irony for those of us in elder services. So many of the people that we are seeking to help now in the 21st century fought in World War II, and belong to what Tom Brokaw has called "The Greatest Generation." The oldest of the old in 2002 sought to protect our freedoms. They were promised the blessings of liberty, and the

benefits of our way of life. Yet, for so many of them, the promises now seem hollow, and the benefits empty.

We who care about elders and the quality of their lives need to continue our work on three "fronts" in order to help make good on these promises.

The first "front" is to continue to educate legislators about the lives and needs of senior citizens. There are elected officials who believe that there are enough services for elders, and that public funds are better used elsewhere. This may set up generational warfare that serves no one. It would be my hope that we seek to provide services for elders, for children, and for all of us in between who need them.

The second "front" is the search for private and foundation funding. Elder service providers need to leverage our current public funds and services to gain greater recognition from private and community foundations. Here in Central Massachusetts, both The Health Foundation of Central Massachusetts and the Greater Worcester Community Foundation have been sensitive to the needs of seniors and their caregivers. The Health Foundation has provided a grant to Central Mass Agency on Aging and some collaborators to establish an Internet site that will offer outreach and support for caregivers. This will not duplicate the services under the Older Americans Act, and in fact will assist in reaching out particularly to working caregivers so that they will come to better understand services that are available. Greater Worcester Community Foundation has, for the last several years, offered supplemental funding for the regional SHINE program, a free counseling service for Medicare beneficiaries. Additionally, banks and other entities have supported various programs. Yet, let us not forget that elder services are not as attractive as services to other segments of the population. Competition for private funds is fierce, and we cannot give up on the journey.

The third "front" is our day-to-day service to our senior citizens. As service providers, each day should see our efforts to bring the best possible services to elders, whether at senior centers, meal sites, nursing facilities or in their homes. More and more, outcome measures are being required and scrutinized. And so we look not only at how much service is being offered, how many hours are spent in service or how many meals are served. What we needed are answers to questions like: Are our senior citizens safer and more secure than before? Are their homes better to live in? ***How much better are their lives today than yesterday?***

This is a daunting task, yet no more daunting than trying to attempt virtually the same scenario in caring for other adults with mental or physical disabilities, or for children who are disabled or underprivileged. Neither, however, is it a less important task than these others. After all, our seniors today are our "greatest generation" thus far in our history.

Each year, the President of the United States designates May as Older Americans Month. This year, the theme for Older Americans Month is "America: A Community for All Ages." Yes, the United States of America is a community that welcomes all ages. And well we should be. So we who have been given the opportunity to serve senior citizens should continue to work on their behalf, to continue to work to make the message heard, and continue to ensure that our greatest generation can maintain independence, dignity and health after years of contribution to the national economy.

***\*Information for this paper was culled from the Social Security Administration website, the Veterans Affairs website, the Administration on Aging website, and information provided by Robert Hudson and Catherine Fellenz.***