

Women's Life Cycle & Economic Insecurity

*Problems &
Proposals*

Edited by
Martha N. Ozawa

Women's Life Cycle **and** **Economic Insecurity**

PROBLEMS AND PROPOSALS

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PREFACE AND ACKNOWLEDGMENTS

The idea of mounting a book on the life cycle and economic insecurity of women originated in a collaborative effort between Dr. Hideo Ibe of the Japan Foundation for Research and Development of Pension Schemes and myself. He and I established an intellectual dialogue and a collaborative relationship in 1984, when we became members of the Japan-U.S. Comparative-Study Group on Social Welfare, initiated and sponsored by the foundation and the Japan Committee of the International Conference on Social Welfare. It soon became apparent to us that both the United States and Japan are facing an emerging social problem of women's economic insecurity in the midst of growing affluence. Therefore, we decided to put together a book that would focus on this problem in the two countries. That book, *Women's Life Cycle: Japan-U.S. Comparison in Income Maintenance (Woman's Life Cycle: Shotoku Hoshou no Nichibei Hikaku)*, which contains articles by Japanese and American authors, was published in Japanese in January 1989 by Tokyo University Press.

The present book includes chapters 2 through 8 from the original Japanese book with minor modifications to place them in a more purely U.S. context. Conclusions drawn and recommendations derived from these chapters are also targeted to the U.S. situation.

This book was supported by funds from various sources. The Japan Foundation for Research and Development of Pension Schemes supported, in part, the expenses incurred in writing the chapters for this book. The chapter, "Women, Mothers, and Work," written by James P. Smith, was also supported, in part, by the National Institute of Child Health and Human Development. Partial support for the chapter "Causes and Consequences of Teenage Pregnancy and Childbearing" came from the Ford Foundation, the Robert Wood Johnson Foundation, and the Office of Adolescent Pregnancy, U.S. Department of Health and Human Services. In writing this chapter, its authors, Frank F. Furstenberg, Jr., and J. Brooks-Gunn, express their appreciation to L. H. Aiken

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I wish to thank Tokyo University Press and the Japan Foundation for Research and Development of Pension Schemes for permitting me to use part of the original Japanese book to mount the present book. I wish to thank Dean Shanti Khinduka of the George Warren Brown School of Social Work, Washington University, for providing me with clerical support and computer facilities. Finally, I wish to thank Wendy Almeleh of Great Neck, New York, for editorial assistance for the introduction and the concluding chapters.

Any views expressed in the chapters are those of the respective authors and do not represent the official position or policy of the foundations and agencies that supported the book or the institutions with which the authors are affiliated. I alone am responsible for the conclusions and recommendations made in the final chapter.

WOMEN'S LIFE CYCLE
AND
ECONOMIC INSECURITY

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1 INTRODUCTION: AN OVERVIEW

Martha N. Ozawa

Something extraordinary is happening to American women. Although their individual economic capability has never been as great as it is today, their economic well-being in relation to that of men has been slipping. We hear increasingly about the phenomenon of the feminization of poverty. We also hear about an increasing proportion of children who are living in poverty, a fact closely related to the growing economic impoverishment of women in relation to that of men. What is happening? How are these phenomena related to each other? More specifically, why is it that women's economic position is deteriorating although their individual earning capability is growing?

This book is about women's life cycle and the growing economic insecurity that the events in their life cycle create. By illustrating what life-cycle events women go through and how these events cause women's economic insecurity, I believe I can explain why and how women's economic position is deteriorating in relation to that of men.

This book argues that the current economic condition of American women is a product of two divergent forces: women's growing economic capability, as evidenced by their greater labor force participation and their penetration—albeit slowly—into better-paying jobs, on the one hand, and women's loss of the economic benefit derived from sharing households with men, either by their choice or for reasons beyond their control, on the other hand. The net result is that women's economic lot is deteriorating in comparison to that of men. This situation is indeed paradoxical, but seems easy to understand. In years past, when women did not work outside the home but shared financial resources with the men they married, their economic condition stayed the same as that of men, as long as both men and women were alive and lived together. Thus, technically, the poverty rates of men and women were the same.

But during the past forty years, the economic condition of women

has diverted from that of men. As a result, more women suffer from poverty than do men. James P. Smith, a contributing author of this book, estimates that the 1940 poverty rates for men and women were the same—34 percent—but the 1980 poverty rates were 7 percent for men and 11 percent for women. What happened? Although women's progress in the labor market has paralleled the transformation of the United States into an increasingly service-oriented economy, women have had to endure a growing number of social problems, such as teenage pregnancy and childbearing and divorce. The adverse economic effects of these social problems have more than offset the economic progress women have made in the labor market.¹ Then, too, women are also "suffering" from what appears to be social progress—that is, the growing life expectancy of the U.S. population, which results in more years of widowhood. Thus, more women than men die poor.

This dynamic socioeconomic condition is directly and adversely affecting the economic well-being of American children. Since children normally go with women when a family is struck by significant life-cycle events such as birth to a teenage girl and divorce, children's economic plight often occurs in tandem with the economic predicament of women.

What we are seeing is an emergence of a new type of economic insecurity that plagues one demographic group (women) in contrast to another (men). This economic insecurity is quite different from the traditional one, which was caused simply by economic forces. In the traditional type of economic insecurity, all persons were adversely affected by economic downturns, and all persons were relieved by economic upturns. In the new type of economic insecurity that women are facing, economic growth alone would not alleviate their plight. Indeed, women's relative economic position is declining in spite of the general economic growth and in spite of their own individual achievement in the labor market. The determining factor is social, not economic: the weakening tie between men and women as a result of the increasing incidence of childbearing out of wedlock (whether by teenagers or by adults), divorce, and the growing likelihood that women will become widows.

The growing economic plight of women is shaping the income distribution as well as the composition of poor people in a way we have never seen before. According to a series of studies by Sheldon Danziger, the growing inequality of income is largely explained by demographic factors.² That is, the increasing number of households headed by women is causing the distribution of income to become more unequal. Also, on the poverty front an increasing proportion of poor peo-

ple are living in households headed by women.³ In short, more and more women are staying at the bottom of the economic ladder.

Women's economic problems have profound ramifications. They are directly related to the future of American children—the future of American human capital. Currently, one in every five children lives only with his or her mother and over one-half of all children (six in every ten white children and eight in every ten black children) who were born in the 1980s are expected to live only with their mothers before they reach adulthood.⁴ A series of studies by McLanahan indicated that children who grow up in female-headed households are more likely than are other children to drop out of school, to become single heads of households themselves, and to live in poverty in their adulthood, and depend on welfare.⁵

The deteriorating economic conditions and changing living arrangements of women may be related to the decline in the physical, mental, and intellectual condition of American children in general. The National Council of Organizations for Children and Youth and the U.S. Congress Select Committee on Children, Youth, and Families reported that both the physical and mental health problems of American children as a whole increased during the past two decades.⁶ The National Commission on Excellence in Education stated that for the first time in American history, the educational skills of the current generation of children will not surpass, will not equal, and will not even approach those of their parents.⁷ As though to validate the commission's assertion, the Congressional Budget Office reported that the average scores on scholastic achievement tests of school children started declining in the mid-1960s and hit bottom in the late 1970s.⁸

The economic plight of women has national ramifications. Thus, understanding how women's economic insecurity is created and finding its solutions are important for policymakers, academics, and concerned citizens.

To demonstrate how women's life-cycle experiences determine their economic status, the chapters in this book trace each phase of women's life cycle. The contributing authors explain how American women are educated and how ineffectively they are prepared for well-paying jobs; how they perform in the labor market later on; how teenage pregnancy and childbearing cause many women to lose the opportunity to be educated to their full potential; how badly divorce—and female headship in general—affect the economic status of women; how women fare under inheritance laws as daughters and wives and how fairly (or unfairly) these laws treat women who provide primary care to their husbands and ailing parents; how women in old age and widowhood are treated under the social security program and pension programs; and

how women go through the experience of providing and later receiving long-term care and the economic impact of this experience.

These are the specific issues that the contributing authors address in their respective chapters. In so doing, they argue that the life cycle of women has a series of built-in obstacles to the achievement of an economic sufficiency that is comparable to that of men. They illustrate how obstacles in each phase of life hurt women economically. They also explain how values, expectations, and the norm regarding women's work have changed and how these changes are mitigating or aggravating barriers to women's economic independence. When appropriate, they offer their recommendations on social policies and programs to deal with the problems they identified in their chapters.

EDUCATIONAL PREPARATION OF AMERICAN WOMEN

Shirley M. Clark (chapter 2) argues that the seeds for differential economic achievement between men and women are cast in their early childhood—possibly as early as age 2½. Parents develop different expectations for boys and girls. Because they assume that girls cannot deal with the threats of the social and physical environment, they raise their daughters to believe that it is natural for girls to seek protection, supervision, and love from those close to them. But since parents do not expect that boys will need protection, they raise their sons to be protectors, supervisors, lovers, and, most important, achievers.

Parents also expect girls and boys to develop different personality characteristics. They want girls to be “feminine”: neat, passive, dependent, nurturing, domestic, conforming, and obedient. They want boys to be “masculine”: independent, risk taking, and responsible. Clark argues that the parents' socialization of their children is decisive in the formation of the characters of boys and girls.

At school, Clark further explains, teachers (predominantly women) take over what parents (mostly mothers) have done at home. The teachers tend to expect less from girls in academic achievement than from boys and they assume that girls will enter different academic or vocational fields from those of boys. Furthermore, teachers tend to emphasize to girls the importance of learning human-relation skills, while they tend to instill in the minds of boys the importance of achievement. Since educational preparation is directly linked to the types of jobs that boys and girls will have later on, the gender-based social stratification in the world of work originates in the school years.

A key factor that determines future occupational choices for boys and girls, Clark argues, is enrollment in courses on mathematics, which she calls a “filter” subject. Not taking mathematics for an adequate number of years forecloses, to a great extent, opportunities to pursue

certain areas of academic and occupational interest. Thus, women's fate is cast in high school because few girls take enough mathematics courses at school.

The pattern of socialization and of interaction with faculty members while in college compounds the situation. In the fields in which men predominate, such as engineering and sciences—and, to a great degree, in law and medicine—few faculty members take an aggressive, supportive role in encouraging women to obtain graduate degrees.

Given the pattern of socialization at home and at school, which is not conducive to women's educational achievement, it is remarkable that nonetheless American women are making considerable progress in attaining graduate and professional degrees in male-dominated fields. (Clark reports the increasing proportion of degrees obtained by women in law, medicine, and engineering.) One may attribute the recent progress in this regard to the economic forces of the marketplace. As was mentioned earlier, the service industry is becoming a larger part of the marketplace, and manufacturing will be increasingly high-tech; both tend to create a greater demand for female labor.

WOMEN, MOTHERS, AND WORK

Economic forces appear to be the most important factor in the surge in labor force participation of women in the twentieth century, according to James P. Smith (chapter 3). The growing demand for female workers in the service sector and the availability of increasingly well educated women has further heightened women's participation, as have such socioeconomic changes as the improvement in working conditions, the decrease in farming, and the nuclearization of the family. Smith contends that economic changes have brought about attitudinal changes as well. In earlier days, work outside the home was considered acceptable for uneducated women, not for educated women. Now, it is considered not only socially acceptable but desirable.

Smith draws parallels to Japan to strengthen his argument that it was mainly economic forces that pulled women out of the home and into the labor market. He contends that in spite of cultural and other differences, the increase of women in the Japanese labor force after World War II has been similar to the increase of women in the American labor force that has taken place in this century. The only difference is that economic changes that are pulling women into the labor market have occurred faster in Japan than in the United States.

On the basis of his and his colleagues' research at the RAND Corporation, Smith indicates that marriage and childbearing have become less of a deterrent to women's work outside the home and will con-

tinue to be so in the future. Thus, women's rate of participation in the labor force will increase even more in the future.

Although the presence of children at home no longer deters American women from working, it has a negative impact on women's wages and years of employment during their lifetime. As Smith indicates, at age 30, a woman with three children earns, on average, only 77 percent of the wages earned by a woman with no children. Furthermore, women with three children typically lose 5.5 years of labor-market work. They lose these years at a crucial time in their life cycle, when other workers are developing job-related skills. All this indicates that childbearing and child rearing place women at an economic disadvantage in comparison to women without children and to men.

What about the impact of children on women's ability to save? Since information on the assets of individuals is not normally available, one cannot answer this question. However, Smith's analysis of the financial assets of families is illuminating. Smith shows that having a baby early in a marriage considerably decreases the family's net worth—an average of \$1,181 in the year of birth. However, families who have a baby later in the marriage manage to save some; their net worth increases by \$325 in the year of birth. Hence, Smith's analysis shows that families who have babies early forgo opportunities to save. It may be true also that families that have children later in the marriage cannot save as much as can families with no children. Moreover, one has to add to Smith's analysis college and other expenses that parents are expected to incur until the child reaches adulthood. These expenses will further erode the parents' opportunity to save. Thus, having children has a negative impact on the assets of families, which in turn probably has an adverse effect on women's economic well-being later in their life cycle, especially when they become widows.

Smith's argument that, in general, women's wages have been going up relative to those of men is contrary to the widespread belief that women's wages have stayed persistently at about 60 percent of men's wages for decades. The problem with this conventional wisdom, Smith notes, is that this wage differential is based on the wages *only* of working women. What one needs to realize is the tremendous increase in the proportion of working women. Thus, it is more meaningful to compare the average earnings of *all* women (including both working and nonworking women) with the average earnings of *all* men. On this basis, Smith concludes that women's wages grew 20 percent faster than did men's wages in the past sixty years.

In such an economic environment, Smith contends, staying at home is becoming too high a price for women to pay in the form of forgone earnings. Highly educated women will face this predicament more severely than will other women in the future. Therefore, Smith predicts,

women will continue to adapt to changing labor-market conditions by further decreasing the number of children they bear unless society intervenes to reverse the trend in women's economic behavior.

ADOLESCENT PREGNANCY AND CHILDBEARING

Among all the events in the life cycle of women, teenage pregnancy and childbearing probably have one of the most adverse effects on the development of women's economic capability. These problems are discussed by Frank F. Furstenberg, Jr., and J. Brooks-Gunn (chapter 4).

Despite the devastating impact of pregnancy and childbearing on the future development of adolescent girls, these girls seem to venture into these activities rather casually. According to Furstenberg and Brooks-Gunn, American adolescents are simply behaving "naturally" in an environment flooded with media messages that it is normal for teenagers to engage in sexual intercourse. The youth environment is heavily influenced by the changing norms among adults with regard to extramarital sexual activities and the declining value attached to the institution of marriage. Many adolescents who have and keep their babies are not much different from adult women who get divorced, raise their children alone, and have sexual relationships without remarriage. Both cases involve the same life processes: engaging in extramarital sexual intercourse and raising children alone.

The public has not accepted adolescent sexual activities as an inevitable reality or expressed interest in finding a viable means to prevent the adverse effects of such activities. Thus, the public has not established a clear consensus about the importance of the use of contraceptive measures by adolescents. American adolescents' failure to use contraception consistently is the primary reason for their high rate of pregnancy in comparison to the rate of European teenagers.

The U.S. public and policymakers seem immobilized in the face of conflicting values and pressures from different constituencies. First, many conservative churchgoers believe that the institution of the family is so important that public policy should be directed toward discouraging adolescent sexual activities altogether, a view that is, of course, unrealistic in the United States. Second, some believe that encouraging the use of contraceptive measures would encourage more sexual activities, and some Catholics object to most contraceptive measures on religious grounds. Third, people who support the right-to-life movement firmly object to abortion to terminate pregnancy. Responding to pressures from conservative groups, the Reagan administration cut back heavily on expenditures for family planning and other counseling services for adolescents.

In this confused social and political environment, every year over 1

million adolescent girls become pregnant, out of wedlock in the majority of cases. Many of them do not use a contraceptive device for as long as one year after they initiate sexual intercourse. As a result, about half of them resort to abortion to terminate their pregnancy. Nine out of ten adolescents who deliver babies choose to raise them on their own, often becoming dependent on public assistance; only one out of ten such adolescents gives up her baby for adoption.

There is a considerable difference in the sexual behavior of black and white adolescents. Blacks initiate sexual activities earlier than do whites, and their rates of pregnancy and childbirth are higher than those of whites. Their rate of illegitimacy is higher as well.

The educational and later economic impact of adolescent pregnancy and childbearing is devastating, Furstenberg and Brooks-Gunn report. Teenage mothers are much more likely to drop out of high school. Having decided to raise their children, they go on welfare as a transitional measure at least. Many of these mothers attempt to return to school and catch up with their peers who did not go through the trauma of teenage pregnancy and childbearing, but they do not succeed in doing so.

In spite of heavy opposition from conservative groups, many communities have tried both preventive and ameliorative programs. However, Furstenberg and Brooks-Gunn do not have an optimistic prognosis about the effect of such programs because of the societal ambivalence about or hostility toward adolescents' use of contraception and abortion. Furstenberg and Brooks-Gunn also discuss the difficulty in serving adolescent mothers. Not only do these mothers (and *their* mothers) have educational and economic deficits, they are often not motivated to make use of programs in the community. They simply do not have the commitment, the ability, or the necessary support to go back to school and to care for their young children at the same time. In the meantime, out-of-wedlock teenage pregnancy and childbearing continue unabated, foreclosing educational and job opportunities for a considerable number of adolescent girls in the United States.

DIVORCE, FEMALE HEADSHIP, AND CHILD SUPPORT

Divorce is another important cause of economic insecurity of women. Currently, there is one divorce for each two marriages in the United States. According to Irwin Garfinkel, Sara McLanahan, and Dorothy Watson (chapter 5), 2.7 million families are headed by divorced women.

Divorce causes psychological and economic anguish to all family members. However, the problem of single-parent families in the United States does not stem from divorce alone. More and more families are headed by women who have never married or who are separated (54