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Children in the Urban Environment is a well-edited book. Unlike many edited collections, this one reads well and evenly, so that the reader is not jolted from one writing style to another. The book is an excellent source of information about children's concerns. It can serve as a strong teaching tool for people struggling to understand and intervene in the challenges children face in contemporary society.

Dorinda N. Noble
Louisiana State University


Commonly called "Social Security," the United States' most successful social policy—the Old-Age, Survivors and Disability Insurance program (OASDI)—faces a significant financing problem.

The financing facts are relatively straight-forward. Here, as elsewhere, population aging, increased longevity, and a declining ratio of workers to retirees is putting the nation's largely pay as you go Social Security program "in the red." The best estimates project the combined OASDI trust fund as meeting all its obligations through 2028. Thereafter, anticipated revenues are sufficient to meet three-quarters of estimated trust fund obligations.¹

The interpretation of these facts is more complex. Some—defining the projected shortfall as evidence of impending collapse—see in the financing problem a window of opportunity to advance means-testing and privatization proposals as vehicles for shrinking the public sector. Others—including the author of this review—anticipate the need for moderate benefit reductions and revenue increases, but see no reason to radically alter the basic structure of this program which provides widespread protection to America's families. Still others—like the editors of this volume—are engaged in a serious search for new approaches.

The editors search has produced an excellent collection of essays, intellectually accessible to students and informative to experts and policymakers alike. Importantly, the introduction, authored by James Midgely, discusses the development of Social
Security in the United States and reminds readers that "Social Security" takes other forms throughout the world, reflecting historical circumstances, economic possibilities, politics and cultural traditions. In most nations, the very term "Social Security" is more broadly defined than in the United States, often encompassing approaches to social protection that include all social insurance programs, demogrants, public assistance, provident funds, occupational welfare and other private savings schemes.

As stated in the introductory and concluding chapters, one of the main premises of the volume is that "progressive principles are possible in forms other than social insurance" and that those concerned with advancing these principles have much to learn from the experience of other nations.

Six chapters present a clearly written analysis of the historical development, structure, issues and lessons that follow the experience of nations taking very different paths toward Social Security. Linda Rosenman discusses the Australian approach to income security for the aged which combines a very liberal means-tested Age Pension (58% of older Australians receive it) with a Superannuation Guarantee Charge (a mandated employer contribution toward a privately managed occupational pension) designed to reduce reliance on the Age Pension. She also notes that older Australians have access to highly-subsidized or free health and long-term care and to discounts on taxes, telephone and other services. We learn that receipt of the means-tested Age Pension does not carry stigma, but that "the issue of equity between Age Pensioners and self-funded retirees has become a major issue as the number of older people retiring with employment-based superannuation grows." Michael Sherraden discusses Singapore's Central Provident Fund, a compulsory form of state-sponsored savings accounts which can be used for retirement, purchasing a home, health care, education and investment, and which is often credited with serving as an engine of economic and housing development. Sherraden suggests that this approach provides an important form of individual and societal asset accumulation and that Western welfare states should give more attention to asset building. In discussing Hong Kong's Social Security system which relies on its means tested Comprehensive Social Security Assistance Scheme and a universally-available Social Security Allowance Scheme to
protect the poor, the aged and the disabled, K.L. Tang reminds readers that a demogrant can be an effective supplement when used in conjunction with social insurance or public assistance.

Silvia Borzutzky discusses Chile’s comprehensive privatization of its approach to Social Security under the authoritarian Pinochet regime, suggesting that this approach which established a system of privately managed pension funds was designed to reinforce a radical free market ideology among the populace. She observes that the system magnifies existing economic inequalities and that it “is unworkable in other more democratic societies.” Mathew Owen and Frank Field discuss the evolution of Britain’s two tier approach which includes a universal flat benefit and a payment based either on earnings-related contributions into the state pension scheme or an employment-based occupational scheme or “I.R.A.-like “personal pension plans.” While recognizing significant short-comings of the current approaches, they advocate providing progressive and widespread protection through an expansion of private protections, including a mandatory universal occupationally-based pension for all workers. Franz von Benda-Beckmann, Hans GsScaronnger and James Midgely discuss the four pillars of Keyna’s indigenous Social Security, including provision based on individual efforts, membership in families, neighborhoods and other networks, membership in self-help and mutual aid groups, and benefits provided by nongovernmental organizations. They suggest that effective Social Security policy should seek to integrate with and facilitate the indigenous system and that “First World nations” would benefit from wider knowledge of the experience of “Third World nations” with indigenous systems of support.

Although the introductory chapter and Michael Sherraden’s concluding chapters are both valuable and thought-provoking, I disagree with a key assertion—that social insurance approaches, most particularly OASDI, are dated and unsustainable, given demographic change and a shift toward an information as opposed to an industrially-based economy. I do not think the book gives sufficient attention to the extraordinary achievements of the existing program, nor do they provide enough information for the reader to develop their own opinion about more traditional reform options under discussion (e.g., benefit formula changes,
further taxation of benefits, extending coverage to all new state and local workers, retirement age increases, etc.). While acknowledging that a shift toward an asset-based approach might be harmful to the poor, Michael Sherraden says this need not occur if progressives promote policies that meet the needs of all members of society. While unquestionably well-intentioned, this view does not address the real politics of Social Security reform. In advocating the “end of Social Security as we know it,” good intentions notwithstanding, there is much risk that low and even middle income persons will not benefit from a new approach. In putting aside a system that does more to protect against poverty and maintain incomes than any other social program or tax provision, there is much danger that—given the U.S. context—adopting asset-building approaches to Social Security reform would prove the maxim that “the pursuit of the perfect is the enemy of the good.”

In sum, while disagreeing with some of the arguments advanced, I think the editors, James Midgely and Michael Sherraden, have compiled an excellent volume and made an important contribution to the Social Security literature and the forthcoming debate about the future of Social Security.

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Note

1. Under intermediate assumptions as reported in the 1997 trustees report, the combined OASDI trust fund is estimated to be able to meet its commitments until 2029. However, it is not in actuarial balance for the 75 year period over which long-range estimates are made. Tax returns (payroll tax receipts and receipts from taxation of benefits) will be exceeded by outlays in 2012. Total income, including interest earnings, is expected to exceed expenditures through about 2018 and the combined OASDI trust fund is able to meet its commitments through 2029. Under the most commonly-accepted intermediate assumptions there is a projected 2.23 percent of payroll short-fall (−5.54 percent of payroll shortfall under the high cost assumptions and a +0.21 percent of payroll surplus under the low cost assumptions.) This deficit represents a roughly 14 percent shortfall over the 75-year estimating period; a 25% shortfall after 2028. Since the deficit years fall in the middle and end of the estimating period, the short-falls in the out years are substantially larger than suggested by the overall 2.23 percent of payroll estimate (i.e., −4.88 percent of payroll from 2047–2071).