

Industrial Relations Center

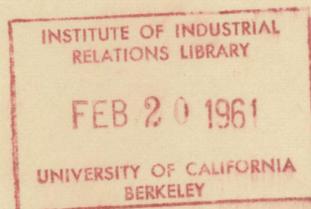
*Old age
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SELECTED READINGS

ON

PROBLEMS OF THE AGED AND AGING



**Prepared for the
Institute on The Older Worker
December 6, 1960**

UNIVERSITY OF HAWAII • HONOLULU 14, HAWAII

PREFACE

One of the most dramatic challenges facing America today is: How will the Nation meet the problems of its older worker who now has a longer life expectancy, but who at the same time is pressured into early retirement, partly because of rapid technological changes in industry, however inadequately prepared he may be for retirement? There are many problems in this area of concern and they reach out and touch not only industry and labor, but all of us, directly or indirectly--the young with aged parents to support; the middle aged who find their employment opportunities becoming circumscribed; those about to step into the strange and somewhat uneasy world of retirement; and the aged themselves who, having reached the alleged "golden years," find them not so golden but rather tarnished.

The following group of readings was prepared for the Institute on the Older Worker sponsored by the State Interim Commission on Aging and the School of Social Work and the Industrial Relations Center of the University of Hawaii. They are related to the subject areas included within the scope of the Institute and present some of the objectives, accomplishments and thoughts of government, civic, industry and labor groups in the areas of retirement, employment and economic security and facilities for the care of the elderly.

A selected bibliography is also included. It cites references to discussions pertaining to the physiological, psychological, social and economic aspects of aging, preretirement education and retirement planning. The bibliography does not attempt to present an exhaustive list of references. Those interested in more detailed references are urged to consult the works cited in the last section of the bibliography entitled "Bibliographies."

Special acknowledgement is extended to Miss Joyce A. Matsumoto who assisted in the preparation of the readings and bibliography and to Mrs. Norma F. Nekota and Mrs. Betty Lee for the extra care in the clerical and typing work. The cover was designed by Mrs. Mary M. Tachibana.

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THE AGED AND AGING IN THE UNITED STATES:
A NATIONAL PROBLEM*

The pages that follow describe in considerable detail one of the most dramatic stories -- and challenges -- of 20th century America. This is the story of the men and women who, having reached and passed the age of 65, find themselves arbitrarily classed as "aged". Today, they number approximately 16 million persons, or 9 percent of the population. But they are not the only participants in this story. There are the millions whom we call "aging" and other millions who have aged parents and close relatives. In short, this is a story of all America.

The challenge is how America will act to meet the problems that the process of aging and our modern civilization create. The problems are many, and they, too, reach out and touch all Americans. There is the young couple with aged parents to support; the middle aged who find employment opportunities closing to them; those about to step over the threshold into the strange and uneasy world of retirement; and the aged themselves who, having reached the alleged "golden years", find them a badly tarnished imitation.

It is no longer possible, as it once may have been expedient, to ignore or shrug off these problems and the urgent need to solve them. The 16 million Americans who are over 65 will become 20 million just 15 years from now. Additionally, the life expectancy beyond age 65 is increasing. Obviously, this is not a trend that will halt or reverse itself. America, in fact, is faced with a new "population explosion" at the other end of life's cycle.

The responsibility of seeking solutions to the many problems that are inherent in this population explosion is not one that can be handily assigned. It is no more the sole responsibility of the Federal Government than it is of the town where an aged person happens to reside. Rather, the challenging task is a matter of joint responsibility, utilizing all levels of government, private organizations, and individuals. Only through this partnership approach can we hope, in time, to solve the problems of aging.

The Subcommittee on Problems of the Aged and Aging was established by the Senate Committee on Labor and Public Welfare with the assignment to conduct a complete study of the problems and needs of the aging, the programs of various agencies in meeting their needs, and the extent to which additional Federal programs should be undertaken to help solve the problems of America's senior citizens. In carrying out this assignment, the subcommittee felt it had an additional duty of helping to focus national attention on these problems and, to arouse national interest in solving them.

It was self-evident that the major problems of the aged and aging fall generally into such broad categories as financial, medical, housing, employment, and meaningful use of leisure time. Yet, even knowing the scope of the problems in a general way hardly prepared the subcommittee for the gigantic, complex

* Summary and recommendations of the Subcommittee on Problems of the Aged and Aging to the Committee on Labor and Public Welfare, U. S. Senate, 86th Cong., 2nd Sess., 1960. See: The Aged and Aging in the United States: A National Problem, Committee Print Report, pursuant to S. Res. 65 (86th Cong., 1st Sess.), pp. 1-10.

range of problems and their intricate relation to one another that would be uncovered.

For 8 months, the subcommittee served as a collection agency for information, as an investigator of conditions, as a sounding board for ideas and recommendations, and frequently as a sort of father confessor to the aged themselves. The subcommittee conducted hearings in Washington and in seven cities across the Nation. It gathered testimony from the experts, public officials, organizations, and individuals. At its field hearings, the subcommittee instituted the "town meeting" where elderly Americans were given the opportunity to personally relate their problems, their hopes, and their fears. Visits were made to older people in nursing homes, housing projects, senior centers, homes for the aged, and retirement hotels.

It was, overall, an enlightening experience and a sobering and humbling one when the magnitude of the problems emerged. Perhaps the greatest difficulty of the subcommittee following completion of its survey was in attempting to isolate the problems and assign them recommendations and priorities for action. Thus, recognizing the limitations of even its own intensive study, the subcommittee herewith presents a summary of the major problems of the aged and aging, and its recommendations for priority action.

Recommendations

I. FINANCING THE PROVISION OF HEALTH SERVICES

The No. 1 problem of America's senior citizens is how to meet the costs of health care at a time when income is lowest and potential or actual disability at its highest. Its solution should have top priority for legislative consideration in 1960.

The record of the subcommittee is replete with poignant and often tragic testimony from local officials and from senior citizens themselves, on their concern for medical, hospital, and drug bills which either cannot be met out of income, or would wipe out small savings or other liquid assets. Many older people testified that they could manage to live respectably on their modest incomes if they could eliminate the impact of heavy health costs.

Recent increases in the numbers of the aged with commercial and nonprofit insurance have been marked, but the Department of Health, Education, and Welfare has pointed out that by 1965 at least 8 million aged persons will not have any type of health insurance -- including 2 million who will receive their medical care under a means test through old-age assistance.

1. As its first recommendation for action in 1960, the subcommittee recommends that legislation be enacted to expand the system of old-age, survivors, and disability insurance to include health service benefits for all persons eligible for OASDI.

Such a solution to the problem of financing health service costs, takes account of the following crucial points:

First, it would meet the financial requirements of as many of those at present retired as possible, without reducing them to a pauperized state.

Second, it takes into account the fact that practically the entire younger and middle generations are now covered by OASDI; they too will one day reach

retirement age and will expect to be adequately covered by health insurance. Small premium payments during their working lives can provide paid-up health insurance on retirement.

Third, the use of the social security system for retirement income is a well-established American principle and now covers almost 10 million aged beneficiaries. Its extension to include the financing of medical care for older persons would be relatively inexpensive to administer.

In the administration of the program consideration may be given to the employment of private, nonprofit health insurance groups and to cooperative arrangements with State and local health and welfare agencies.

The benefits to be considered under such a system of financing should include diagnostic and preventive health services, treatment for acute and chronic illness, and rehabilitative services.

The prevention of illness, its early diagnosis, and a restoration to health are the primary goals of an adequate health service. Diagnostic services and home care programs under supervision can be effective in reducing the high cost of hospitalization and institutionalization. A new, emphatic approach to organized home care services, particularly for chronic illnesses and for preventive efforts may reverse the rapidly rising costs of hospitalization as well as improve the health of America's older citizens.

II. EMPLOYMENT OPPORTUNITIES

The No. 1 problem of those between the ages of 40 and 64 is assurance of equal opportunity for employment in accord with their full capacities. These are the men and women who feel job discrimination because of age, but who are not yet eligible for social security benefits. Data developed by the U. S. Department of Labor and in the subcommittee hearings provide ample evidence of discrimination in employment because of age, even in periods of general high employment, and of the irrelevant nature of such discrimination. The experience is a degrading one for the individual, and a several billion dollar loss to the economy.

The subcommittee has given considerable attention to the desirability of prohibiting on a national basis discrimination in employment because of age. Seven States have enacted such laws.

2. In general, the subcommittee is of the opinion that this is an area for current State attention and it urges the States to consider at their next sessions legislation to outlaw such discrimination.

However, the subcommittee does assert a Federal responsibility in this sphere, in regard to employment practices by employers with Federal contracts and subcontracts. The Federal Government is in the anomalous position of taking leadership to break down age discrimination in industry when at the same time it may be purchasing goods and services from firms discriminating against older job applicants.

3. Therefore, the subcommittee recommends enactment of legislation requiring contractors and subcontractors of the U. S. Government to review their personnel policies and eliminate all forms of employment of discrimination based on age.

The subcommittee has been impressed throughout its study with the fact that many retired persons over 65 seek meaningful part-time work in their communities without success, while at the same time critical shortages exist in the area of health and community services. These include important occupations such as practical nursing, non-professional work in hospitals, senior center leadership, and homemaker services. The subcommittee believes that great contributions can be made by senior citizens in this area of human services through good recruitment, careful training, and proper compensation.

4. Therefore, the subcommittee recommends the establishment of a senior citizens service training program for the purpose of recruiting and training willing and able older persons to serve in specified community activities, the personnel for which are otherwise in short supply.

In addition to these measures, the subcommittee recommends --

(a) A substantial expansion in the programs of the Department of Labor and the Department of Commerce to provide education and research information to employers and labor organizations on the abilities of workers over 45 and on the need for full utilization of our manpower resources.

(b) Added investment by the U. S. Employment Service in cooperation with Vocational Education in its important special programs for older workers. These efforts should include funds and personnel for special job counseling services for older applicants; training and retraining of older workers for occupations in scarce supply; advice to employers on effective methods of job reclassification to use fully the capacities of older workers.

(c) Continuance of the leadership shown by the U. S. Civil Service Commission in eliminating age discrimination in Federal employment. Further advances can be made in developing "tapering off" programs, redesigning positions to meet older worker capacities, counseling and retraining older workers, and instituting retirement preparation programs.

III. AN ADEQUATE INCOME

A major problem for millions of older persons throughout the Nation is how to maintain a decent, independent American standard of living on an income below or barely at the subsistence level. The studies of the subcommittee, and pages of eloquent testimony show that at least half of the aged -- approximately 8 million people -- cannot afford, today, decent housing, proper nutrition, adequate medical care, preventive or acute, or necessary recreation.

Some of the relevant data developed by the subcommittee in this report are as follows:

Taking all aged individuals (including those employed full-time), almost 60 percent had less than \$1,000 money income in 1958. Another 20 percent were in the \$1,000 to \$2,000 range.

The average income for an over-65 family is about half that of all families.

In 1959 about two out of five aged spending units (37 percent) had liquid assets of \$200 or less. Two out of three had less than \$2,000 in liquid assets to handle any emergencies or to cover daily living expenses.

The average benefit for a person presently on social security is \$72 per month, and \$82 for those currently retiring. The average benefit for retired couples is \$120 per month. An aged widow now on the benefit rolls subsist on an average of \$56 per month.

The average monthly payment under old-age assistance (October 1959) was \$65, with a range among the States of \$20 to \$110.

From either the standpoint of income adequacy to meet a decent level of living, or of relationship of retirement income to previous earnings, OASDI benefits are far below an acceptable level for older Americans living in our day and age. Income from other sources is highly limited. Detailed information on this subject is summarized in chapter III.

Given the national will to meet the income problem, the Nation's economy has the capacity to meet it now, and increasingly so in the future. In recommending raises in social security benefits, the subcommittee wishes at the same time to emphasize that progress in other areas, such as health service costs, housing, and the like, also affect the income picture.

5. Specifically, the subcommittee recommends a substantial increase in benefits under old-age insurance for all beneficiaries and a raise in the minimum benefit from \$33 to at least \$50 per month.

The adoption of this recommendation will be a step in the direction of two important objectives:

(a) A substantial increase in benefits for all beneficiaries is in keeping with the principle that retirement income should be much closer to previous earnings than is now the case, if America's senior citizens are to live decently and independently.

(b) By raising the minimum benefit we recognize and do something about reducing the gap between retirement income and the amount necessary for modest American living.

As a means of providing more adequate retirement benefits for the younger and middle generations when they retire, as well as for those presently retired, the taxable earnings base should be increased to at least \$6,000.

6. To provide protection for the purchasing power of retirement income, the subcommittee recommends study of proposals to issue Government constant purchasing power bonds for retirement purposes.

While wage increases provide protection against cost-of-living rises during the work life of men and women, pension plans ordinarily do not. It has been proposed that such protection could be provided through Government action by issuing Government bonds, redeemable at an amount adjusted to account for increases in the cost of living. By investing in such bonds, pension funds and retirement annuity companies would be able to adjust pension benefits to increases in living costs. Further, individuals could purchase such bonds for retirement purposes. Those bonds redeemed before a stipulated age of the beneficiary might carry only a given interest rate, and not the purchasing power provision. The subcommittee believes that this proposal merits careful study and consideration.

IV. HOUSING THE ELDERLY

The provision of safe, sanitary, and congenial housing at a rental which older persons can afford is a major unmet need of the elderly. The housing needs of older persons are diverse and varied and range from retirement houses to retirement hotels, from public low-rent housing to cooperative-type facilities, from living in the city to residing in the suburbs or running a farm. However,

the retired aged have common problems which include low income, a need for meaningful social activity to avoid loneliness and frustration, and diminution of physical capacity as the aging process takes place. Whatever type of housing program is undertaken for the elderly, whether through public or private auspices, these three common problems must be solved.

The subcommittee found that the Housing Act of 1956 and the major advance made by the Housing Act of 1959 provided the basis for a bold national effort in housing for the elderly. However, an assessment of actual accomplishments in relation to the volume of need indicates limited action. Basic data are set forth in chapter VI.

In brief, the subcommittee found that:

A higher percentage of the elderly, especially of those who rent, live in substandard dwellings than is the case for the rest of the population.

They often own and live in houses either too old and too big for them or rent single rooms too small for them in rooming houses.

A sizable proportion of older people live with children or other relatives often because of necessity rather than choice.

Over two-thirds of the elderly either live alone or with a spouse or other relative in a two person household. An especially large proportion of aged women who have outlived their husbands are living alone.

In addition to the current picture of generally low income among the elderly, the projections of rising proportions of those over 75 in the next 15 years will intensify the housing problem.

Many elderly couples have small assets or income just above the limits for eligibility for public housing, but not sufficient for decent, suitable private housing at current costs.

Thus, despite the beginning success of a broadened program of public housing for the elderly, the bulk of America's senior citizens will continue to live in unsuitable structures until supply begins to meet demand within their financial limitations. The elderly require a special allocation of public housing.

7. The subcommittee, therefore, recommends that: The Congress consider in 1960 legislation authorizing for a minimum of 5 years an addition to the total authorization for federally aided public housing of 10,000 units per year for housing the low income elderly.

The Congress took a major step forward in 1959 in authorizing a \$50 million direct loan program to assist private, nonprofit corporations to provide housing and related facilities for the elderly. The subcommittee feels, however, that the \$50 million authorization, which was not even appropriated last year, is at best a negligible revolving fund in relation to the need.

8. The subcommittee recommends that the authorization should be raised to the original proposal of \$100 million and should be appropriated for use in fiscal year 1960, and the Federal agencies requested to act quickly on this program. In subsequent years additional appropriations should be made as applications warrant.

In any comprehensive housing program for senior citizens, plans should include provision for community services to assist the aged to live independently and congenially as long as possible and to provide necessary facilities when infirmities finally do develop.

A basic minimum opportunity for medical aid, counseling services, social and religious activities should be available in the neighborhood or easily accessible by transportation. If these facilities are not provided, the community suffers as well as the aged.

9. The subcommittee, therefore, recommends that provision for such essential health and social services be required in plans for multiple-housing developments involving direct Federal loans to nonprofit groups for housing the elderly. With respect to private sales and rental housing, the subcommittee recommends consideration of these services for inclusion in the amount eligible for FHA mortgage insurance.

V. IMPROVING THE NATION'S NURSING HOMES

The critical problem of the convalescent and chronically sick aged is the lack of medical care and restorative services in nursing homes. The subcommittee heard extensive testimony on the conditions and problems of commercial and non-profit nursing homes and inspected them at first hand in various cities. Factual studies of nursing homes as a national phenomenon were conducted by the staff and are summarized in chapter VII.

On the basis of this evidence, the subcommittee found that the large majority of nursing homes provide no more than bare custodial care, generally directed by untrained personnel, thereby consigning hundreds of thousands of patients to pitiable vegetation. Some of the salient data include:

Nearly half the patients in nursing homes can be largely rehabilitated.

Two out of every five skilled nursing-home beds are considered "not acceptable" under Hill-Burton standards; 257,030 additional beds are needed to replace the not-acceptable ones and fill urgent, unmet needs.

Nursing personnel in most homes lack proper professional training and supervision.

Routine care includes little recreational activity, few physician visits, and no restorative services.

The median age of patients is now 80 years -- two thirds women. In 20 years the problem will intensify as the total number of aged over 85 in the population doubles.

Present payments for patients under old-age assistance are insufficient to cover the costs of registered nursing service, routine medical care, rehabilitative and recreational activity.

The subcommittee feels that the supervision of nursing homes is primarily a State and local responsibility. A Federal responsibility emanates from three major sources: Public assistance grants; Hill-Burton grants for construction of nonprofit and public nursing homes; and FHA mortgage insurance for private construction under the Housing Act of 1959.

The subcommittee finds that the Congress has taken some major legislative steps to improve the physical plant of nursing homes under Hill-Burton Act grants, and the Housing Act of 1959.

It recommends that in 1960 action be taken to upgrade substantially the quality of care and rehabilitation in nursing homes.

10. The subcommittee, therefore, proposes that the Department of Health, Education, and Welfare develop suggested minimum standards for patient care in nursing homes designed to restore and maintain to a maximum degree the physical

and mental independence of patients. These minimum standards should be considered as a "floor" for State standards in their supervision of nursing homes, public and private, which care for patients receiving Federal public assistance grants.

The subcommittee is aware that this proposal will require financial investment.

It, therefore, recommends that the Congress consider adoption of a program of financial assistance to nursing homes which meet the minimum standards for medical and restorative services. The Department of Health, Education, and Welfare should be requested to develop a suggested plan and formula for this assistance program.

VI. BROADER APPLICATION OF PRESENT KNOWLEDGE

A major problem of America's senior citizens is how to benefit now from the considerable body of knowledge already accumulated for sustaining their health and independence.

Throughout the course of its hearings and investigations, the subcommittee was greatly impressed with the knowledge gained through a number of forward-looking experiments in screening for early detection of disease, in organized home-care programs, in centralized referral and counseling services, and in programs of multipurpose activity and social centers.

These research and experimental efforts have provided convincing evidence that coordinated community services led by trained personnel can improve and sustain physical and mental health. They enable older persons to continue as self-sufficient, integrated members of their families and communities. For those affected by long-term chronic illness they help restore physical, emotional, social, and economic resources.

From a strictly financial point of view, the subcommittee was presented with documentary evidence of substantial savings achieved from these experiments:

Community services of varied kinds have conserved the health of significant numbers of older persons who otherwise would have required expensive hospitalization or institutionalization.

Programs of organized home medical care for patients who do not require specialized hospital attention have saved from one-third to one-half hospital operating costs.

Preventive and home service experiments have relieved in many instances excessive need for beds and have made huge capital outlay for institutional facilities unnecessary.

The subcommittee feels that the principles demonstrated in these experimental efforts in a few parts of the country can be extended to many other areas where they are urgently needed. Federal agencies, particularly the U. S. Public Health Service, can be more active in making the information available to States and communities and in providing technical assistance and consultation to them.

The subcommittee suggests that in this field consideration be given to the mechanism traditionally used in our Federal system, namely, that of stimulative grants to improve the health of our people.

11. Project grants to State and local groups, together with necessary funds for technical assistance, should be provided for demonstration programs to expand, as well as evaluate, organized community services for health screening, counseling and referral, homemaker and home-care services, activity and social centers.

Encouragement should also be given in these programs to demonstrations in the training of professional and lay persons who are devoting time and energy to helping senior citizens find and maintain their recognized place in the community. The newness of the problem, combined with its rapidly increasing magnitude, makes current shortages inevitable. But extensive training of personnel, both academic and inservice, can overcome them.

VII. A. U. S. OFFICE OF THE AGING

A major need of America's aged and aging is a central agency in the Federal establishment to represent them and their problems. As of now there is no single office legislatively authorized to serve as a clear point of contact for expressing the views, needs, grievances, and desires of the elderly.

Witnesses before the subcommittee pointed to the great need filled when the Children's Bureau was created as a spokesman and a focus for children's problems everywhere. It was pointed out that much of the advance in reducing child mortality and thereby lengthening life expectancy can be attributed to the educational, consultative, and stimulatory role undertaken by the Children's Bureau.

The subcommittee feels that an agency to serve the aged and the aging is required today.

13. It recommends that legislation be considered in 1960 to establish a U. S. Office of the Aging concerned full time with the full range of problems of America's senior citizens.

The aged of this Nation have been buffeted from agency to agency, from committee to council in a separatist, fragmented fashion. They are ready for and require a high level, congressionally created agency concerned with the interrelationship of their problems and speaking out for them.

At the present time individual departments of the executive branch carry out certain responsibilities for the aging within their particular spheres. A small special staff on aging attempts, through committee activity, to stimulate an interest in aging among the various bureaus and offices of the Department of Health, Education, and Welfare and to undertake internal informational services. A Federal Council on Aging was formed as an interdepartmental committee for discussion and coordination of problems of the aging among the interested departments and agencies. It is not, however, a full-time agency and faces the problems inherent in all interdepartmental committees. In total, aside from the collection and disbursement activities in the Bureau of Old Age and Survivors Insurance and the administration of grants within the old age assistance program, there is no agency which has sufficient funds, personnel, and authority to devote full time to a national problem involving 16 million people over 65 and 49 million over 45.

The subcommittee is aware that a number of similar proposals were offered both in the House of Representatives and in the Senate in previous years. They are laudable attempts to meet an urgent need. The subcommittee has benefited greatly from these earlier studies and any future progress will be based on them.

The creation of a U. S. Office of the Aging will not automatically solve the problems of senior citizens. It should not be visualized as a substitute for action on such matters as financing medical care, increasing social security benefits, meeting the housing needs. It will, however, establish on a permanent basis an agency with authority to undertake positive action nationally and develop cooperative relations with States and local communities in programs for the aging.

The U. S. Office of the Aging should work closely with similar State and local agencies, making available information, consultative services, professional assistance of all kinds in developing community programs for older persons. It could make funds available through grants-in-aid to comparable agencies in the States for the stimulation of coordinated older persons services in the States and local communities where the real action must ultimately take place and where stimulation is urgently needed.

* * * * *

The subcommittee is convinced that the problems of our aging population are great in scope, compelling in quality, and complex in their ramifications. We cannot permit our efforts to deal with them to drift. Each period in our Nation's history is characterized by a unique set of domestic problems. Today the problems of the aged and aging mark our domestic scene. A fruitful and abundant life for all Americans, young and old, will become a greater reality if these recommendations are regarded not only as a program of action for one part of the population, but as an opportunity to enhance the moral stature of the entire society.

II

BASIC INFORMATION ON THE AGED*

1. Aged increasing nearly a thousand a day.

About 1,230,000 persons became age 65 in 1956, over 3,000 every day.
About 900,000 persons age 65 and over died in 1956.
The net increase was about 330,000, nearly 1,000 every day.
There are 15.4 million persons aged 65 and over representing 8.6 percent of the total population.
By 1975 there will be 20 million aged persons.

2. Life expectancy for older women is longer.

The life expectancy of men at age 65 is about 13 years; for women 15½ years. This difference diminishes with age. At age 70, for men, life expectancy is 10.3 years; for women 12.2 years.
At age 80, it is 6.0 years for men and 6.6 years for women.

3. Only a small proportion of the aged live in institutions.

Three-fourths of all aged persons live with some family member. About 15 percent of all the aged live in their own households but live alone or with nonrelatives. Another 4 percent live with nonrelatives but not in their own homes. About 6 percent live in other places -- about 3 percent in institutions, and about 3 percent in hotels, rooming houses, and the like.

4. The aged are not evenly distributed throughout the country.

Five States had 10 percent or more of their population age 65 and over in 1950 (Iowa, Massachusetts, New Hampshire, Oregon, and Vermont). Seventeen metropolitan areas with a total population of 100,000 or more had an aged population of 10 percent or more (Tampa-St. Petersburg; Brockton; Atlantic City; Terre Haute; Lowell; Spokane; Portland, Maine; Utica-Rome; Topeka; Lawrence; Worcester; Orlando; Cedar Rapids; Lincoln; Springfield, Mo.; New Bedford; Rochester).
In a State like Illinois, with a slightly higher than average proportion of aged, there were 16 counties with more than 13 percent of the population age 65 and over.

5. Small towns have the highest proportion of older persons.

About 13.5 percent of the population of incorporated places of less than 1,000 are aged persons. Aged persons on farms were a slightly smaller proportion of farm people than aged persons in urban areas.

6. Nearly half of the total income of the aged comes from income-maintenance programs.

* Summary of remarks by Wilbur J. Cohen, Professor of Public Welfare Administration, The University of Michigan, before the Subcommittee on Problems of the Aged and Aging of the Committee on Labor and Public Welfare, U. S. Senate, 86th Cong., 1st session, June 16-18, 1959. See: The Aged and the Aging in the United States, Hearings, Part 1, pp. 3-6; hereafter cited as Senate Hearings on S. Res. 65.

Total income of all the aged was about \$25 billion in 1958. About \$6.7 billion was received from social security, \$1.7 from public assistance, and \$2.2 billion was received from other governmental programs (civil service retirement, veterans) making a total of \$10.6 billion from all governmental income-maintenance programs. About \$1 billion came from private pension plans and an additional amount from individual insurance contracts. Thus over 45 percent of the aggregate income came from income-maintenance programs. Probably about 40 to 45 percent of total income came from employment.

7. Private pension plans have increased but provide benefits to only a small proportion of the present aged.

Total contributions to private pension plans in 1957 were \$4.6 billion of which \$3.9 billion was paid by employers. Total reserves in these plans were about \$35 billion. There were 1,250,000 beneficiaries who received about \$1.2 billion in benefits. About 36 percent of the 49.1 million private wage and salary employees were employed in firms with private pension plans.

8. Most of the aged have low incomes.

In 1958, three-fifths of all people age 65 and over had less than \$1,000 in money income. Another one-fifth received \$1,000 to \$2,000. The other one-fifth had more than \$2,000. Of the men, about two in five had less than \$1,000 and two in three had less than \$2,000.

9. Most aged persons are not working.

Of the 15.4 million aged persons, only about 1 in every 5 in December 1958 had a paying job -- about 3 million persons. When women who are not themselves employed but are married to earners are included, the proportion of the aged population with some money income from employment is raised to just over one-fourth or about 4 million people. Thus, over 11 million aged persons are dependent upon income or support from sources other than employment.

10. Employment participation for men is declining.

In 1945, one out of every two men age 65 and over was in the labor force. Today, it is only one out of three. In 1890, it was 7 out of 10.

11. Employment participation declines rapidly with age.

In 1957, 83 percent of all men age 60-64 were in the labor force. This dropped to 53 percent for men age 65-69 and to 28 percent for men age 70 and over.

12. Most aged receive social security.

About 6 out of every 10 aged persons in June 1958 were receiving OASDI benefits. Another 1 out of 10 received some other social insurance or pension benefit. About one out of six aged persons received old age assistance.

About one out of five aged persons received income from more than one of the following sources: employment, social insurance, or assistance.

13. Social security benefits average \$72 a month for aged persons.

The average old age insurance benefit awarded to aged persons retiring in March 1959 was \$82 compared to \$72 for all aged persons on the rolls. About half of all aged married couples receive less than \$125 a month.

14. Aged widows have the lowest incomes.

The aged with the lowest incomes are widows. Widows' benefits under social security were \$61 a month for benefits awarded to widows in March and \$56 for all widows. The number and proportion of aged widows is growing. A widow is paid only three-fourths the amount of social security benefits a single retired employee would get under the same circumstances. Over one-third of all aged widows receive \$50 or less a month from social security.

15. Most aged men are married; most aged women are widows.

About 70 percent of the aged men are married compared with 36 percent of aged women. Nearly 25 percent of aged men are widowed compared with 55 percent of aged women.

16. Aged used more hospital care.

Days of hospital care used by persons 65 and over are about 2 to 2½ times as much as those used by persons under age 65. About 90 percent of all the aged hospitalized in 1956 and 1957 were in hospitals for 60 days or less in the year.

17. Medical care costs are rising.

Since 1947-49, the overall consumer price index has increased about 24 percent. Medical care costs have risen over twice as fast--49 percent. But hospital room charges have risen 105 percent, and are continuing to increase. During the same period of time, surgeons' fees have risen only 24 percent, about the same as the total overall index.

18. Most of the aged do not have any hospital insurance.

About 65 percent of the aged do not have any hospital insurance as compared with 34 percent of those under age 65 who do not have such insurance. For the aged couples drawing OASDI, 80 percent of those with incomes of under \$1,200 did not have any hospital insurance compared with 35 percent for those with incomes of \$5,000 and over who did not have such insurance.

19. Most aged with voluntary health insurance have individual policies.

About 11 percent of the aged have group health insurance coverage while 22 percent have individual policies. This compares with the age group 30-39 in which 53 percent have group coverage and only 18 percent have individual coverage. Individual policies usually cost more than comparable group policies or have more limitations, or both.

20. Public funds for medical care of the aged are a relatively large proportion of all such funds.

Public outlays for medical care for civilians of all ages in 1956 (including tax-saving subsidies) were \$4.4 billion. Of this amount, \$900 million or 20 percent was for the aged.

Private expenditures for persons of all ages were \$10.5 billion, of which 1.4 billion or 13.7 percent was for the aged.

21. Over half the retired aged quit work for health reasons.

In 1952, 57 percent of all the aged men who were not in the labor force retired voluntarily because of health reasons.

Of those not working, 77 percent said they were unable to work or were not well enough to work.

22. Old age assistance varies widely by State.

The average State old age assistance payment in March 1959 was \$64. This varied from \$108 in Connecticut, and \$101 in New York, to \$29 in Mississippi, and \$33 in West Virginia.

In June 1958 the proportion of the aged receiving old age assistance was 16.2 percent for the United States. This varied from a low of 3.9 percent in New Jersey to 58 percent in Louisiana.

Most States provide for paying medical care costs of aged persons in assistance directly to the provider of medical care; some do not.

23. One-third of all persons 80 years and over receiving assistance.

One-half of the persons receiving old-age assistance are aged 75 or over. The proportion of aged persons receiving assistance increases with age. Among all persons aged 65-69, 1 in 10 receives aid; among those 80 and over, 1 in 3 receives aid.

A majority of old age assistance recipients live in rural areas and small towns. The proportion of aged persons receiving assistance in such areas is two-thirds higher than in metropolitan areas.

One of every four old age assistant recipients receives OASI (about 600,000), primarily among those living in industrial areas.

24. Cost of some illustrative social security changes.

Many changes have been suggested by Members of Congress in the social security program. The following are illustrative of some major proposals and their costs (on a level-premium, intermediate basis) measured in terms of percent of payroll:

	Percent
(a) Repeal of the "retirement test" -----	1.00
(b) Repeal of the "retirement test" at age 70 -----	.15
(c) Delayed retirement credit, 2 percent per year -----	.28
(d) Increase in "retirement test" to \$1,500 and \$125 units ----	.30
(e) A 10-percent increase in benefits (\$5 minimum) -----	.93
(f) Full benefits at age 60 for men and women -----	1.48
(g) Widows benefit of 100 percent (instead of 75 percent) -----	.57
(h) Hospital benefits, 60-day maximum -----	.67

25. The aged are not a homogenous group.

Some are between 65 and 70; most are over age 70.
Some are working; most are not.
Some are in good health; most are not.
Some live in institutions; most do not.
Some are living with their spouse, most are not.
Some live alone; most do not.
Some have a high school education; most have not.
Some have adequate incomes; most do not.
Some do not receive social security benefits; most do.
Some receive private pensions; most do not.
Some receive social security and a private pension; most do not.
Some have hospital insurance; most do not.
A very few have comprehensive medical insurance; most do not.
Most aged persons live in the State in which they were born; some do not.
Most aged live in urban areas; some do not.

III

SOCIAL-PSYCHOLOGICAL ASPECTS OF RETIREMENT

Basic Recommendations*

From my psychiatric viewpoint, and I realize that many of my recommendations duplicate those that would be made by economists, sociologists, psychologists, educators, political leaders, etc., the following recommendations are a few of the social programs and attitudinal changes that are needed:

1. Efforts must be made on a wide educational base and comprehensive scope to restore to family life the appropriate leadership of the parents and to reduce and reverse again the reversed roles of mothers and fathers. This recommendation is based upon the consideration of a sociological fact which is now 2 centuries old to the effect that male leadership in American family life has become progressively reduced and impotent, while the female seems to have risen, partly because of default of the male and partly because of intersexual conflict, as the dominant decision making leader of family life. This type of parental role reversal makes for an unconscious, chaotic confusion of roles in the children with the result that children perpetuate the sexual conflicts and maintain a reduced respect and regard for parents, a system which is perpetuated from one generation to the next.

2. Widespread, well-thought-out preventive mental health programs applied early in the lives of growing children and particularly applied to family life could eventually be instrumental in promoting respect and regard for older people, psychological security in the growing person and greater mental health with a reduction in the neurotic disorders of later maturity.

3. There is need in all of the educational systems in our country to impart to growing youngsters very early in their school life two fundamental principles: (a) A principle of utilization of leisure time with the full use of recreational activities and development of meaningful avocations and (b) selection early in childhood of a life's work or group of vocations in accordance with individual aptitudes as determined by the school authorities.

4. There is a need for a complete reevaluation of all mandatory retirement programs. It is clear that in many instances people are retired long before their effectiveness and productivity have in any way been altered. Certainly in some instances individuals are kept on in employment beyond the period in which they no longer are of any effectiveness or usefulness. Retirement should be based not upon some arbitrarily selected chronological age, but rather upon other considerations such as reduced productivity, psychological enfeeblement, and severe physical impairment.

5. A large variety and number of preventive mental health services for older people should be provided in all communities. I have in mind here particularly the adult health and recreation center concept, centers where older persons who are in a state of social isolation and occupational retirement may go to spend a meaningful day and to be recognized and appreciated for capacities

* Extract from statement by Dr. Maurice Linden, Director, Division of Mental Health, Department of Public Health, Philadelphia, and member of the Committee on Aging, American Psychiatric Association. Senate Hearings on S. Res. 65, pp. 50-52.

that still operate within them. Such centers also pay attention to the physical health needs of older persons. It is well known that positive physical health contributes importantly to positive mental health.

6. Efforts must be made to reinstate in all families in our community a sense of responsibility toward the elders so that the younger generations think less in terms of obtaining governmental and public agency assistance and more in terms of expressing normal human responsibilities and affections toward all family members.

7. Stringent standards for the operation of nursing homes for the aged must be created and enforced so that nursing home care of older people will constitute not just custodial or human attention to primitive needs, but will consist in addition of real programs that promote physical and mental health of elderly charges, thus bringing out the best that remains in such people.

8. Since there is today a trend away from the mental hospital for the care of all psychological disorders, it would seem wise to alter those laws that prohibit the placement of psychotic elderly persons in nursing homes and homes for the aged. It should no longer be regarded as mandatory that the diagnosis of psychosis requires commitment to a mental institution. Psychiatry today is recognizing its responsibility to spearhead community acceptance of its obligation to care for emotional disorders within the community. It is now well known that mental institutionalization in many instances adds a new disease which was not present before the commitment. This disease may be called hospital adjustment. It consists of the forcing upon the patient of a need to accommodate himself and adjust himself to a primitive social level, one which is not commensurate with the stresses and requirements of community living outside of institutions. Instead it is highly desirable that people with psychological problems be treated within their communities so that they continue to maintain a sense of adaptation to the normal requirements of social living.

9. In view of the statistics given in the early part of this paper to the effect that three-fourths of people over 65 have incomes of under \$1,000 per year, most of them with much, much less than that, it seems obvious that public assistance and family participation in the needs of elderly people must increase financial allocations to the aged in order to enable them to live decently and with dignity in civilized society.

10. In view of the widespread tendency among many older people to migrate from their homes to other States in which they regard the climate, social setting, the geographical characteristics, and certain other features to be promising factors in their later lives, it would seem desirable that the Federal Government assume a greater financial obligation in promoting welfare and health services and financial aid to such oldsters. In some States, Florida, for example, where large numbers of older people tend to settle for their later years, residence establishment for the sake of obtaining public services requires 5 years. Many oldsters may suffer psychological breakdown before those 5 years have been completed. In such instances the oldster may have to return to his home State, or his new home is called upon humanly to offer assistance, despite the fact the oldster may be regarded as ineligible. Current systems wherein States retain sovereign rights with respect to care of needy citizens impose hardships upon such States. It would seem that Federal assistance to all the States concerned would recognize the fact that aging is a nationwide problem and not one which is to be dealt with State by State.

11. Training programs in gerontology and geriatrics should be instituted

on a wide scale. It is important to get across to many professional individuals the promise of responsiveness to therapy that is shown by older patients and clients. In most cases this promise is relatively unknown to the therapeutic disciplines.

12. Since it is clear that there will never be enough professional persons in the therapeutic disciplines as we now know them, it seems important to develop new professions, new therapists, who with native intellectual endowment, good training, and some experience can be utilized in the treatment and preventive mental health services for people in the course of aging.

13. Financial aid should be given to mental hospitals, both public and private, to develop architectural schemes and to build additional units for the purpose of caring for older patients in their latter years. It is known that of all the elderly patients that are admitted to mental institutions where good programs are maintained nearly 30 percent can be vastly rehabilitated and even released from the institution back to productive community living. Even in those instances in which an elderly patient has been partially rehabilitated, but cannot leave the institution, it is certainly worthwhile to make his later days reasonably tranquil and happy. Mental institutions lend themselves particularly aptly to such programs because of the availability of skilled professional services and consultations from psychiatrists, other physicians and surgeons, nurses, psychiatric social workers, psychologists, and the related and attendant disciplines.

14. Federal funds should be allocated to general hospitals to encourage them to build chronic disease wings or units for long-term care so that elderly patients will be welcome in such units where they may receive a combination of physical and psychological therapies. Many experts maintain that the construction of chronic disease hospitals is unwise mainly because such institutions are not attractive for the recruitment of personnel since the average physician or nurse or related worker enjoys applying his skills to a variety of diagnostic entities and to a wide range of age groups.

15. A widespread sociologic program should be employed to progressively restore authority, dignity, and status to all older persons so that they receive the respect of the younger generations, stand as symbols of desirable aging, and retain a sense of usefulness and meaningfulness in their later lives.

16. A large amount of research money is still needed in the United States for the purpose of encouraging a wide variety of physiological and psychological researches into the process of aging not just for the purpose of prolonging life, but essentially in order to make the latter years healthy, productive, and enjoyable.

IV

PERSPECTIVES ON THE OLDER WORKER*

These brief notes have been prepared in light of the four major objectives of the subcommittee -- to study the major problems of the aged; the existing programs of agencies; the present role of the Federal Government; and any additional Federal programs which should be undertaken. The burden of these notes is not to deal specifically with one or more of the major objectives but rather to set before the subcommittee some broad considerations about the older worker aimed at suggesting how one should think about the older worker.

1. Who is an older worker?

It all depends on his occupation and the state of the economy. A baseball player is old at 40; a Supreme Court justice is old only when he says he is. In a period of widespread unemployment such as afflicted the United States during the great depression of 1929-33 it was common practice for employers to stipulate that they would hire no one above the age of 35. In the period since the end of World War II which has been characterized, except for short periods of recession, by a high level of employment, the maximum age at which employers have been willing to take on new workers has been considerably above the 35-year depression standard.

2. Who does the older worker compete with?

In addition to the state of the economy, the employment of older people is greatly influenced by the trends in the labor force. During the past decade the labor force has grown primarily through the addition of older men and women since the number of young people coming of working age was very small, reflecting the extremely low birth rates of a generation earlier. Employers had only one option: hire and retain older workers or fail to expand.

The prospective employment situation in the decade ahead is less favorable from the viewpoint of older people. We are beginning to see an increase in the number of young people entering the labor force and by the mid-1960's the increase will be substantial, reflecting the high birth rates during and after World War II. The 1960's will also see substantial increases in the number of the population reaching 65.

3. To what extent do older men and women face different problems of employment?

To begin with it is important to stress that the marked increases in the employment of women which have characterized the American economy since 1940 (see National Manpower Council's Report on Womanpower, Columbia, 1957) have been concentrated in the age groups 35 to 55. Approximately three out of every five women who work are married; and about half of all working women are above 40 years of age.

While a much smaller proportion of women than men in the age group above 55 have been in the labor force, it is worth noting that during the 1950's the trend for men has been stable in the 55 to 65 age group and declining above 65

* Statement of Dr. Eli Ginzberg, Professor, Graduate School of Business, Director of Conservation of Human Resources Project, Columbia University. Senate Hearings on S. Res. 65, pp. 76-79.

while there have been marked percentage gains for women up to 65. There are many factors at work, not the least important is the fact that women tend to live substantially longer than men -- about 6 to 7 years on the average. Considering the fact that they tend to marry men who are on the average about 3 years older, they are likely in their late fifties, sixties, or seventies to be a widow. For economic and psychological reasons many seek and secure employment. The fact that so many of them are willing to work part time (less than 35 hours) and the further fact that the types of jobs available can make use of part-time female workers (selling, cashier, supplemental office work, service jobs, etc.) facilitates their being hired, among other reasons because the employer can usually avoid making various fringe benefits including participation in pension schemes available to them.

4. The older woman worker: then and now.

During World War II the War Department had a rule that women over 40 should not be sent overseas for fear that they might soon experience menopausal difficulties and, becoming ineffective, would have to be sent home. This attitude reflected among other things the unfavorable experience of many employers with older women workers. It must be recalled that in earlier generations a much higher proportion of older women workers were spinsters many of whom had developed rigid personalities which often made it difficult to deal with them in a work situation. Today the vast majority of older women workers are married or have been married but some of the old attitudes still persist. Moreover, it should be noted that advances in chemotherapy and the psychological gains from being gainfully employed have probably reduced substantially the orders of difficulty that many women used to contend with during the menopause.

5. Age and employment practices.

A common error is to think exclusively of the employment problems of the older worker in terms of hiring. There are at least three other major facets that warrant consideration: training, promotion, and retirement. A few brief comments about each:

Hiring: Men who carry their skills with them, such as craftsmen or professors, will encounter fewer difficulties in finding a job in their fifties or even their sixties than will men whose value to the employer requires a considerable period of training and experience in a specific company and on a specific job. Other relevant factors are whether a candidate for employment must pass a stringent physical examination and whether he must be automatically included in various group insurance and pension schemes. The Carnegie pension system (TIAA) has contributed markedly to the mobility of professors in the upper age levels; and certain union pension plans have likewise made it easier for their older members to find work with a new employer.

Training: A major reason why employers hesitate to hire older workers is their disinclination to make a sizable investment in their training when they may not have sufficient years of employment before them to justify the outlay. There is also a widespread belief that it is more difficult to train older persons. Clearly age may be a significant consideration in training in some fields where reaction time is crucial but it may be irrelevant in many other areas.

Promotion: Employers frequently assume that jobs involving substantial responsibility can be effectively handled only by people in their prime. Increasingly men in their late forties or fifties, not to mention their sixties,

are passed over for promotion on the score that they are too old. In some cases they may well lack the physical or emotional energy that the post demands but in a great many instances the assumption is made that they lack the requisite qualities solely on the basis of their chronological age. The large number of statesmen in their sixties and seventies who in recent decades have performed with extraordinary skill is proof enough that such broad generalizations are not only dangerous but wrong.

Retirement: It is important to recall that problems of retirement came to the fore in the early 1930's when many business and other organizations sought to make place for younger people by speeding the retirement of older persons. Special inducements were offered to men to stop working as early as 60 or in some cases even as early as 55. Having established the principle of compulsory retirement at a fixed age, usually 65, many corporations continued the practice even after the conditions in the labor market altered.

It would be a serious error, however, to assume that compulsory retirement is the inevitable fate of every older worker. Far from it. The system applies primarily to executives in large organizations. It affects a smaller proportion of clerical workers and still much smaller proportions of factory employees. For instance, steelworkers and many others can stay on their job as long as they are capable of performing effectively. It must also be borne in mind that a high percentage of all workers are self-employed or work for small employers who are much less likely to have a policy of forced retirement.

6. The impact of the union.

It would be no exaggeration to contend that a major reason for unionization is to protect the rights of the older worker to his job and to the perquisites which come with it. Seniority is of the essence of unionization and critics have pointed out that if discrimination exists, it is usually against the younger worker.

The pressure of strong unions has built in many safeguards for older workers not only in companies where unions are strong but also where they are weak or nonexistent. For strong employers who seek to restrict the growth of union power are likely to offer their workers the same and frequently even better conditions than a unionized firm.

7. The older worker: multiple points of view.

It is important to recognize that as with most social issues the older worker can be considered from multiple points of view -- the individual, the employer, the economy, and the society.

Many individuals stay at work past 65 but others capable of continuing to work are forced to retire and are unable to find a suitable alternative. But it does not follow that it is necessarily bad when an individual who wants to keep on working is forced to retire. No one who has been employed in an organization where the head was physically, mentally, or emotionally unable to perform his functions effectively because of age can doubt that there are different points of view possible about retirement depending on who is looking at the problem. If promotion is from within, the only chance to maintain the interest and drive of younger people is to give them a chance to get ahead and this they can do only if people in front of them move on.

One need only recall the early 1930's to recognize that in a period when there are more people than jobs it may be eminently sound from the viewpoint of the economy to accelerate the retirement of older persons so as to give youngsters a chance. Unless and until the economy can expand at a rate to permit everybody to work who wants to and is capable, competition between the young and the old is likely to persist and the demographic trends suggest that it may well be intensified in the decade ahead.

Society has an important stake in the employment of older persons. If large numbers cannot remain at work, it becomes a challenge to Government and voluntary organizations to consider what supports and alternatives older people require. These may range all the way from improvements in social security to an expansion of health and recreational services.

8. The importance of work in old age.

The Talmud remarks that when a man stops working he dies, a dictum which epitomizes the preeminent importance of work in human life. And when one recalls that work means not only activity, accomplishment, and companionship, but also money and status, it is not surprising that the sages valued it highly.

But there are significant trends in contemporary society that point to the necessity of looking anew at the question of work for older persons. In "Human Resources": The Wealth of a Nation" (Simon & Schuster, 1958), I have sought to demonstrate that for the first time in human history the workingman has an opportunity to build his life around two centers -- his job and his activities off the job.

We are currently seeing retirement forced upon people who know one center -- their job. But with the passage of every year more and more people will be reaching retirement who will have developed interests outside of their job.

Old age is a period in which most individuals are likely to be beset by multiple difficulties -- the loss of a spouse, poor health, declining intellectual powers. Some may be helped by being permitted to remain at work. But many want to retire and others must because they are no longer capable of working.

9. The challenge to a progressive democracy.

To the extent that older persons are discriminated against in employment in the sense that they are not hired, trained, promoted, or permitted to remain on the job for irrelevant reasons, remedial action is called for both on grounds of equity to the individual, efficiency for the economy, and the well-being of society. But the burden of these summary remarks has been to warn that the discrimination may be less than many assume and further that when interests of other groups are brought into consideration, much of the discrimination may in point of fact have to be recognized as relevant.

There are four important consequences that flow from the foregoing.

(a) Discrimination in employment against older persons based on irrelevant grounds should be attacked on all appropriate fronts.

(b) If many older persons must contemplate spending a considerable number of years in retirement, provision must be made by them, their employers, and the Government to insure that they receive adequate funds to maintain a reasonable standard of living.

(c) Men will be able to spend their declining years with dignity and satisfaction only to the extent that they appreciate early in life the need to establish a meaningful focus of activity not only on the job, but off the job; and only to the extent that in their middle years they act to develop and strengthen these off-job interests and activities.

(d) Finally, the society must recognize that when a man loses the support that comes from his holding down a regular job, he will need an alternative through which he secures meaningful activity, companionship, status. Each individual must struggle hard to work out his own solution but no individual can do so unless the society is supportive. We have much to learn about the ways in which we can alter significant facets of our society so as to ease the adjustment of people to old age. To the extent that we do, we will contribute not only to the well-being of older people but to that of the entire society.

PROBLEMS OF THE AGING*

I believe that the problems of aging can be likened to a time bomb now under us, which if detonated will have serious repercussions upon our social, political, and economic life. The trigger for the explosion will be the continued rejection of, and indifference to, the needs of the elderly. This thought is particularly pertinent in view of the difficulties faced by persons over 40 years of age, and even younger, in finding employment and in view of our widespread policy of arbitrary and automatic retirement at 65 years of age at a time when we face an almost immediate extension of the lifespan by 10 to 30 years of useful life.

There is no gainsaying the fact that finding jobs is very difficult for workers between 40 and 65 years of age and well nigh impossible for persons over 65 unless they possess skills which happen to be in great demand at a given moment. There are consistent efforts made to wish away this problem by saying that there are enough jobs for those who want them, that older persons are unstable and are job "hoppers", and that older workers are unsatisfactory from the points of view of productivity, health, absenteeism, safety, completion of assignments, willingness to work hard, interest in job, stability, working with others, learning ability, and quality of work.

None of these criticisms can be substantiated. All too often a major issue is made on the basis of a few examples. The facts in the matter are that the older worker is equal to, or even better than, younger workers. This has been established by studies made by such different groups as governmental agencies, labor unions, the University of Illinois, Iowa State University, the National Association of Manufacturers, and the Merchants and Manufacturers Association of Los Angeles, and the Department of Industrial Relations of the State of California.

Yet we persist in retiring most workers at 65 solely on a chronological basis. Why? Why do we persist in using 65 as the dividing line between the younger worker and the older worker? What is the rationale of using the age of 65, an age used by Bismarck in determining the age of retirement in Germany's first social insurance program in the 1880's? Bismarck had good reasons for using that figure, for relatively few people attained the age of 65 then -- the average life expectancy at that time was about 40 years. But what reasons can we offer in view of the fact that today 65 is merely the latter part of middle age? These questions are within an area which this committee could study profitably.

Pressure Toward Lower Retirement Age

On the basis of my own studies and observations I would say that it is becoming more and more obvious that the retirement age will be lowered rather than raised. The pages of the Congressional Record indicate that the Members of the Congress are already being subjected to great pressure to reduce the retirement age. The recent picketing of older steelworkers by younger steelworkers, asking the former to retire so that the latter could have jobs in order to support

* Statement of Louis Kuplan, Executive Secretary of Citizens' Advisory Committee on Aging of California; President, American Gerontological Society. Senate Hearings on S. Res. 65, pp. 96-100.

their families, is another indication of this same trend. One of my most embarrassing public moments occurred at a public meeting called to discuss job opportunities for older people. A youngish woman, accompanied by two very young children, in the audience arose and said, "Mister, you are talking about jobs for older people -- how can you help my husband who is 40 find a job so that these babies can be fed?" What could I say to her except to refer her, somewhat lamely, to a public employment office which at the time gave no special services to persons over 40 seeking jobs.

A further point in mind is the fact that quite recently one of this country's major oil companies "accelerated" its retirement program to 55 for all of its employees.

This reluctance to utilize the skills of older workers is not limited to physical labor. About a year ago the National Office Managers' Association made a study of the hiring policies of firms using large numbers of clerical workers. The results: 5 percent of the firms would hire no one over 28 years of age; some 50 percent of them would not hire anyone over 40 years of age. The same pattern is found in mass production plants which are highly automated.

Will Automation Require Fewer Workers?

This committee would be making a major contribution in its search for the facts if it would raise the question: Have we reached a point where we have no need for so many people in our labor force because of technological developments -- automation? I earnestly believe that we must face this question honestly. If automation, or technological progress if you will, is the underlying cause, then we must accept the fact that conditions may get worse before they improve. For the accelerated program of automation is bound to bring the shorter workweek, the shorter workday, as well as a shorter working life span based upon earlier retirement of the older worker and delayed entry into the labor market for our youth.

Perhaps no greater service could be performed by this committee than if, through its deliberations, it can help eliminate the apparent reluctance on the part of leaders in government, business, and labor to recognize the problems posed by automation. In this respect I am inclined to agree with Harvard economist John K. Galbraith, when he says that "...the greatest prospect we face -- indeed what must now be counted one of the central economic goals of our society -- is to eliminate toil as a required economic institution. This is not a utopian vision. We are already well on the way. Only an extraordinarily elaborate exercise in social camouflage has kept us from seeing what has been happening."

There are some who say that the older worker displaced by technological developments will be retained for other work. To date there has been very little evidence that this is being done. This could be another fertile field of study for the committee perhaps with recommendations for congressional action. Still another school of thought maintains that the displaced older workers can be absorbed by service industries. Perhaps so. But already our labor pattern has changed. Last year, for the first time in our history, more people were employed in the so-called service industries than in the production of consumers' goods. It might be to the point if this committee questioned this facile solution and asked, "Can all displaced workers be absorbed in the service industries?"

Crucial Points About Aging

Before going on to discuss what I consider the crux of the problem it might be helpful if I reviewed briefly some of the salient points about aging and the aged in our society.

Demographically we have been made aware of the great increase in the number of older people in our population. There are now some 15 million people over 65 years of age in the United States. It has been estimated that there is a net increase each year of about 400,000 in this age group. Moderate estimates indicate that by 1970 there will be not less than 20 million people over 65 in this country. And by that time about one-third of our total population will be over 45 years of age. This latter estimate has considerable significance in view of the fact that superannuation, employmentwise, begins at 40 or 45.

However, the foregoing estimates may be revised dramatically by the research now under way in the fields of the biological sciences and clinical medicine. Many researchers seem to be becoming more certain that the next 10 years may see a breakthrough in the cure or control of cancer and the cardiovascular diseases, the major killers of older people. If this does happen, the older population will increase explosively.

At the annual convention of the American Medical Association in Atlantic City last week Dr. Irving S. Wright of the New York Hospital, Cornell University Medical Center in New York, said that an agent which would prevent the narrowing of the arteries (atherosclerosis) would greatly increase the already skyrocketing elderly population. He warned that insuring a productive, meaningful, and happy life for elderly people whose lives have been prolonged by modern science may be more difficult than finding a cure for heart disease.

Man's Longevity to at Least 100 Years Possible

While no one knows what causes aging, researchers in the biological sciences are studying the human body in an effort to unlock this secret. Although they have not been successful in this as yet, their efforts in all probabilities will result in dramatic extension of the human life span. Between 1900 and today the average life expectancy has been increased from 47 years to a little more than 70 years. This has been achieved almost solely through a sharp reduction in infant and child mortality, thus making it possible for more people to live on into old age. Many researchers have expressed the belief that man can live 100 years. Others are reporting that all of us should be living 125 to 150 years. As part of this trend a new timetable of aging came out of the Fourth International Congress of Gerontology held in Italy in 1957. There was remarkable unanimity of opinion coming from researchers in different countries. In essence, they agreed that 20 to 45 was the period of youth, 45 to 78 was the period of presenescence, 78 to 94 was the period in which old age began, 94 and over was the true period of senescence.

In contrast to the foregoing, Dr. Edward L. Bortz has developed a "life table" as follows:

- 1 to 30: Basic growth; development, education.
- 30 to 60: Establishment of a family and entrance upon one's first major life work.
- 60 to 90: Second career (harvest years); community, civic, and religious activity (and I would add self-development and self-realization).
- 90 and over: The epilog of life.

With this increased longevity we are not being merely handed extra years in which to vegetate. The researchers are concerned with adding only useful years to our life span. They have come to agreement that senility, in most cases, is not a normal part of the aging process. It would seem that only a small portion of cases of senility is based upon physiological factors. In most cases, senility is due to lack of motivation -- to surrender to the current stereotyped thinking that the later years can bring only unhappiness and uselessness.

Increasing knowledge about health and nutrition in the later years is making life easier for the elderly. Already, major surgery can be performed successfully on people in their seventies and eighties. No longer need an ailment, previously considered inoperable because of age, become the focal point for painful and disabling long-term illness. Even though medicine has not conquered the major long-term illnesses, it has learned how to help the older person live with them to a high degree of normalcy.

New Medical Approaches

But even more encouraging is the growing emphasis on the use of medical knowledge to prevent normal illness from developing into long-term illness by prompt care when the individual first develops symptoms of illness. The use of multiphasic screening techniques are being used to reveal unsuspected ailments in older people as well as possible focal points of developing pathological conditions.

And it is most hopeful that the large store of knowledge of physical medicine is proving that it is possible to rehabilitate older persons with chronic ailments to the point where an ever-increasing number of them can return to independent living rather than remaining bed patients in public general hospitals as custodial patients, without therapy, without hope and at tremendous cost to the taxpayer.

These same developments can be successfully applied to the so-called senile patients who are crowding our State mental institutions. Although many still regard these people as hopeless despite the lack of proof that they are psychopathic, experiments have demonstrated that a substantial number of them can be remotivated to the extent that they can be returned home. Such experiments, carried on in California's mental hospitals, by Maurice Linden in Pennsylvania, and others, have shown that at least 30 percent of these senile patients can be discharged from the hospitals by restoring their interest in life and in other people.

With all this progress there still remains much reeducation to be done with the general public and many professional groups, including the medical profession. It could be said with good cause that physicians do great harm to the morale of aging individuals when they dismiss many ailments as being due to one's growing older, without giving the individual an opportunity to understand just what is happening to him. Physicians, of all people, should not subscribe to the popular fallacy that all old people are ill people. Instead, they must take a constructive approach which will encourage people to overcome their ailments. In other words, the physician should use the knowledge already available to him to make sure that the added years of life will be useful ones and not merely a protraction of a vegetable type of existence. Such a positive constructive approach is the best possible type of good mental hygiene for the aging person.

Fears of Arbitrary Retirement and Unemployment

The next problem area I would like to present for your consideration is the effect of arbitrary retirement and unemployment upon the individual. Those of us working with older persons have begun to realize that it's the younger person who talks most eagerly about retirement. But for most individuals the closer retirement comes the greater their feeling of apprehension and the greater is their reluctance to retire unless they are in poor health.

One of their basic fears is the sharp decrease in income. Equally feared is the uselessness which is forced upon people by arbitrary retirement because the individual has not been encouraged or assisted in planning for some type of meaningful and useful activity which could replace the job.

The University of Chicago's Committee for the Study of Later Maturity has corroborated the theory that "work has more than financial meaning for the members of occupations which are as widely different from one another as steelworkers, coal miners, skilled craftsmen, sales people, and physicians. Among these other meanings were found to be the opportunity of association with persons of similar characteristics and interests, the feeling of selfrespect, the respect of others, an essential form of spending one's waking hours; and for physicians, the idea of service to mankind...the literature stresses the need of retired persons for some sort of occupation independent of monetary needs." (Otto Pollak: The Social Aspects of Retirement. The Wharton School of Finance and Commerce, 1956)

We have also come to understand that in our society an individual's status comes from work and a paycheck. Since the beginning of the "original" Industrial Revolution we have had impressed upon the minds of all of us that man's primary function, other than that of raising a family, is to work; so much so that we have come to talk about the Protestant ethic of work. So strong has this influence been that a large number of older people equate not working with sinfulness. In the face of this belief, arbitrary retirement removes work from the lives of most people at a time when they are still physically and mentally alert without providing substitute status which will be socially acceptable. The effect upon the individual is quite traumatic. For as C. H. Patterson, associate professor of education at the University of Illinois, has so aptly put it: "...the nonworking, nonproductive individual is not usually a full member of society. Lack of work, or inability to work, therefore, affects one's status in the eyes of others and of oneself. It is demoralizing, leading to a loss of self-respect or self-esteem, a frustrating of the desire for independence and self-sufficiency, the loss of a sense of usefulness, of confidence in oneself. The end result of this process may be the acceptance of a dependent role and a clinging to it for fear of losing what security one has since confidence is lacking in the ability to become independent. Once this state is reached, motivation maybe lost, and we face one of the most difficult problems in social rehabilitation."

Needs of Older People

Equally traumatic is the persistence of the stereotype of aging which says categorically that all older people are senile, useless, unable to earn, querulous, garrulous, that their personalities change at 65, and so do their needs. None of these commonly accepted beliefs is based on fact. In the matter of needs we find that older people have the same basic needs which are common to all people regardless of age. If there is any difference it lies in an intensified desire to satisfy them because of the rapid passage of time. These common

needs, which are indeed the very basis of life itself, are the need to be loved, to be wanted, to be active, to be useful, to be creative.

Dr. Frank Fremont-Smith of the Josiah Macy, Jr., Foundation expressed these needs more elaborately and thoroughly when he wrote that the older person has:

- "1. The need for affection and an opportunity to express affection.
- "2. The need to be respected and to have self-respect.
- "3. The need to feel needed and actually to be useful.
- "4. The need to participate in group and community activities and to have, through such participation, a sense of belonging.
- "5. The need to accept and discharge responsibility.
- "6. The need to continue striving toward the fulfillment of the individual's highest potentialities.
- "7. The need to have creative experience.
- "8. The need to seek spiritual values."

Forced Dependency of Oldsters

Possibly one of our most grievous faults is the commonly accepted belief that older people need to be pampered. This I believe is due to a mistaken interpretation of the commandment: "Honor thy father and thy mother." To most people this means depriving all older people of responsibility for themselves and others. It means telling "Mom" and "Pop" to relax in the rocking chair and not worry about doing anything for themselves or for others. Because of this I am inclined to believe that, as far as adults are concerned, the rocking chair is one of man's worst inventions. For it is a symbol of what too many of us believe to be the proper regard for the elderly. As a society we tend to approve of the child who treats his parents in this manner and to consider as ungrateful and cruel that child who encourages his elderly parents to continue with their normal, daily routines.

It is my contention that such interpretation of the fourth commandment in essence results in killing older people with kindness. Because with it we force economic, emotional, and spiritual dependence upon older people as well as economic and social dependence. I believe most sincerely that we would more properly observe the commandment if we permitted, and encouraged, our elderly people to retain their independence and thereby their self-respect, as long as possible. While time for contemplation is a necessity for all of us, we would be far better off if we removed the rocking chair as a symbol of life in retirement.

VI

RETIREMENT PROGRAMS FOR THE AGED AND AGING*

The evolving responsibility of America toward its senior citizens is to enable them to live in such a way as to make creative use of their earned leisure and be an accepted and useful part of the community. This is in part: (1) A problem of providing adequate income, housing and health security for retired workers; (2) in part a problem of helping older workers to prepare for retirement; and (3) in part a problem of preparing the community to accept retirement as a way of life for an increasing number of older people.

While much has been said and written about points (1) and (2), little thought has been given to point (3). Point (3) requires that we must work to create a social climate which permits maximum freedom of individual choice about retirement as an attractive alternative to the older concept that all of us, or most of us, should work until we drop. This effort will involve all groups in the community who can make a contribution to the business of work and retirement -- the employer, the union, government, the voluntary agencies and senior citizens themselves.

Creating the proper social climate for retirement involves certain basic steps. Some of these were spelled out in a chart which I prepared for Mill and Factory magazine in April 1957, when I was still employed by the U. S. Department of Labor....Briefly summarized, the chart outlines the following steps:

1. Encourage, by education, and legislation, if necessary, the principle that middle-aged and older men and women (ages 35-60 over) should be hired on the basis of ability, without regard to their age. It naturally follows that workers who approach retirement with spotty or broken work records are not well prepared for retirement. Not only is their morale depressed, but their income in retirement will be adversely affected by their lack of wage credits during their working years.

2. Encourage the more effective utilization of the skills and abilities of middle-aged and older men and women by providing them with more opportunities for training, retraining, vocational rehabilitation, job reengineering, employment counseling and selective placement both on the job and in the community.

3. Encourage retention, beyond the normal retirement age, of those older men and women who are able and willing to work, not only by abandoning arbitrary mandatory retirement policies, but by the provision of opportunities for placement on less arduous work and for phased retirement. Also encourage more adequate early retirement when the workers are permanently and totally disabled or can no longer keep pace physically.

4. Encourage the provision of more adequate retirement income by continuing adjustment and improvement of social security and private or negotiated pension benefits, with particular attention to automatic adjustment of benefits in line with changes in the cost of living.

* Statement of Charles Odell, Director, Department of Older Workers, United Auto Workers, and Former Special Assistance on Older Worker Programs to the Under Secretary, U. S. Dept. of Labor. Senate Hearings on S. Res. 65, pp. 116-118, 119.

5. Encourage programs to help older employees prepare for retirement including provision in both public and private agencies in the community for informational, educational, and counseling services that are truly accessible to the worker on the job at any time after age 40 or 45 until he is ready to retire.

6. Encourage the development and use of public and private voluntary agency resources to assist the middle-aged and older individual in his search for employment and/or a creative and useful role in retirement.

The chart itself elaborates in some detail upon the specific methods that could be used to carry out these basic steps and to achieve the ultimate objective of an appropriate social climate for retirement.

Legislative Implications of Retirement Proposals

There are obvious legislative implications in the chart. In the first place, it is clear that a strictly voluntary-educational approach to the problem of age discrimination in the hiring of middle-aged and older workers will not work effectively. Serious consideration should therefore be given to national legislation, such as has already been passed in some States, which added age as a factor in the fair employment practices laws of the States. Second, it is apparent that effective utilization of middle-aged and older workers requires legislation, or at least increased appropriations, to those public and voluntary agencies which provide vocational training, retraining, rehabilitation, counseling, and placement services. Furthermore, these funds should be identified in such a way as to insure accountability of expenditure specifically on direct services to older workers -- otherwise they may be used on other programs of primary benefit to youth or other groups served by the designated agencies.

Third, it would seem that greater flexibility in retirement policy may require legislative action to encourage Federal, State, and local governments to act as policymakers and leaders in this field. In all too many instances, faulty public policy and practice is used by private employers and community agencies as an excuse for failure to act on demands for greater flexibility and some experimentation in this field.

Fourth, it would certainly be desirable to build into the social security system a more adequate interpretation of disability for retirement purposes and a more sensitive method of adjusting benefit levels to reflect changes in the cost of living.

Fifth, an appropriate agency of the Federal Government, perhaps the field offices of the Social Security Administration, should be authorized to provide technical assistance and leadership to communities in developing local retirement preparation education programs. Such agency should be given appropriations to provide staff for such technical assistance and leadership services.

Sixth, some broad framework of effective Federal, State, and local organizational structure should be developed to provide a basis for the orderly development and coordination of services to older and retired workers. While the White House Conference on Aging will provide a semblance of structure at the Federal and State level, careful consideration should be given to the long-range nature of the problem of aging and the need for a Federal structure which gives proper voice and representation to all the departments and agencies which have a role in the development of a program for senior citizens.

Factors in Postretirement Programs

I would now like to concentrate my further remarks on an elaboration of what is involved in the development of postretirement programs for those who choose to retire. This is not spelled out in the chart, except by implication, because the chart concentrates its attention on the period leading up to retirement. Of course, I think this is an important aspect of the retirement problem, but my experience with the UAW clearly indicates that much can be done to improve the attitudes and approach of older workers toward retirement by the development of sound and visible programs for those who have already retired. To put it quite bluntly, we have found that retirement is accepted more willingly by older workers when they can see that those who have already retired are "making a go of it". For far too many older workers retirement still symbolizes, at best, the idea of being put on the shelf, and at worst, the last faltering step toward chronic illness and death.

To achieve a more positive attitude toward retirement among UAW members we have as a matter of basic principle encouraged the continuing active participation of our retired workers in union activities and affairs. They continue as active and voting members of the union even after they retire and even though they must no longer pay dues. Furthermore, each local union is required, by a constitutional amendment passed at our 16th convention in 1957, to establish a standing committee on retired workers. This committee is encouraged to join with committees from other UAW locals in the same community to organize areawide councils on retired workers. These councils, in turn, are urged to work with other community groups, including the central labor body, the United Community Services Organization, councils on aging, etc., to develop programs that will be of value to all retired workers. Retired members are encouraged to participate on local union committees, areawide councils and similar groups, and, in some places, we have been able to establish citywide steering committees of retired workers to advise on policy and reflect in other ways the interests and needs of those who have already retired.

A second basic principle of our postretirement program is that it shall serve the broad needs of all senior citizens and the whole community and not just the narrow needs of our own retired members. This is why we have stressed communitywide organization and cooperation with other groups interested in aging on a communitywide basis. Finally, in order to finance these activities, each local union contributes 1 cent per member per month to the areawide program and this is matched by a 1-cent-per-member contribution from an international retired members fund....

Our experience in UAW indicates beyond serious question that retirement can become a meaningful, useful, and satisfying period of life for the average senior citizen if the social climate is reasonably satisfactory. The problem and the challenge is to encourage community groups to contribute significantly to the development of an improved social climate toward retirement and the retired worker. I feel that we have contributed much already in this direction but it is clear that we cannot go it alone. This is why this subcommittee's work is so important and why we are most anxious to cooperate in any way that we can in support of its activities. The time is long overdue when we must bring into national focus through the Congress of the United States the importance of a nationwide coordinated effort to meet the interests and needs of our senior citizens. This subcommittee has the opportunity to do this. You can count upon UAW and the entire labor movement for genuine support in carrying out your mission.

VII

THE IMPACT OF AGING ON THE ECONOMY*

The impact of aging on the economy depends on the characteristics of older people -- how many of them there are, their continued employment or retirement, their health, their marital status, income, and their geographical location. The impact of aging on the economy also depends upon the nature of the economy -- its organization, its goals, its traditions, its ability to provide jobs and produce goods and services. Even if it were possible to catalog the characteristics of older elements of the population and describe the important elements of the economy, cause and effect relationships in a complex social system such as ours cannot be described precisely. There are too many independent variables, too many unknowns, too many situations which depend upon qualitative rather than quantitative factors to permit a definitive analysis. Nevertheless, it is not unreasonable to ask, What is the impact of an aging population upon our economy? Even though answers may be somewhat speculative, this important question deserves consideration.

The civilian noninstitutional civilian population 65 years and over in continental United States in July 1958 was 15,041,000. This age group increases at about 1,000 persons daily. In 1975, we will have an older population of between 21 and 23 million persons. This age group now constitutes 8.7 percent of the total civilian population. Whether this percentage will increase or remain relatively stable depends on the birth rate in the next 15 years and on what progress is made in reducing the incidence of chronic disease among older persons. If the present high birth rate continues, the population 65 and over will then be only 9.4 percent of the total population. If we return to the birth rate of the 1930's older people will make up 10.7 percent of the population in 1975. Older women outnumber older men by a ratio of at least 7 to 6. The ratio of older women to older men will get larger as time goes on.

Only 23 percent of this older population is at work -- 37.3 percent of the men, 10.3 percent of the women. Numerous surveys have reported that a majority of those over 65 suffer from disease or gross disability. About 50 percent of the families and 70 percent of the single persons have less income than a decent standard of living requires.

Our economy cannot be described in simple terms. It is a very complex institution. I will mention some of its principal characteristics. Goods and services are produced and employment opportunities provided in the main by large privately owned corporations. Capital goods (machines and buildings) are financed by savings, although in newer industries Government financial support is important. The exchange of goods between producer and consumer is made possible by the use of money and credit. Business organizations are run by paid executives, responsible to stockholders who judge the success of the enterprise by objective criteria such as profit per dollar of sales, earnings per share of stock, or prospects for future growth, not by the human values inherent in the enterprise. Individuals and families work in public or private business establishments for wages or salaries. With their earnings they buy a living. Opportunities for employment and rates of pay and working conditions are determined not by individual bargaining but by union agreement, by law, and

* Statement of Professor John W. McConnell, Dean of the Graduate School, Cornell University. Senate Hearings on S. Res. 65, pp. 175-182.

by employer wage policy, limited by the supply and demand for workers in the labor market. A continuation of income is assured to most workers by a complex net of social insurance, private benefit plans, and public assistance.

Economic Implications of an Aging Population

What then is the impact of the aging population on this economy which has just been described so briefly? First, and most obvious, is the growth of new economic institutions to provide members of this increasing older population with cash income. Family support of older members is seldom possible today despite the efforts of welfare agencies to enforce the laws of family responsibility. A regular cash income is required. Government has put into operation vast systems of social insurance, retirement programs, veterans' pensions, and old-age assistance to meet this need.

To finance benefits and assistance to older persons the Federal and State Governments collected in contributions and general taxes \$11.7 billion in the fiscal year 1956-57. The governments distributed in old-age benefits and assistance payments approximately \$9.2 billion to approximately 7.5 million persons. The reserves accumulated by the various public old age insurance and retirement systems at the end of 1957 amounted to \$4.5 billion.

In addition to the public programs providing a cash income to older persons there are also private pension programs. Somewhat more than 15 million persons are covered by these plans, and a little over 1 million persons receive payments averaging between \$50 and \$150 per month, depending on previous earnings and length of service. To finance these benefits, employers and employees contributed in 1957 about \$4.5 billion. Total reserves for private pension plans amounted to about \$33 billion at the end of 1957. Self-administered trust funds accounted for \$19 billion and insured funds for \$14 billion. The funds increase at the rate of about \$4.3 billion per year.

Altogether then about \$79 billion have been set aside by Government and industry as reserves against the future payment of pensions and retirement benefits. Annual contributions and taxes by employers and employees to finance old-age payments amounted in the fiscal year 1956-57 to \$16 billion or 3.6 percent of the gross national product. Payments to older persons in 1957 from public and private sources, including veterans benefits, amounted to \$10.2 billion, or 2.8 percent of the national income, or 3.6 percent of consumer expenditures.

Between now and 1975 the contribution rates for OASDI will double. The cost of private pensions now amounts to about 4 percent of payroll while an adequate supplementary private pension system might cost as much as 6 percent of payroll. Between now and 1975 the gross national product is expected to increase by about 80 percent. In other words, provision for a much larger older population, at higher standards than those which now apply, can be accomplished without setting aside any larger proportion of our gross national product than at present.

A Value Decision

The problem is not whether we have money enough to support an adequate life for older people, but whether among all the other things competing for our dollars, the care of the aged stands higher in our scale of values.

Present methods of economic support for the aging result in some small redistribution of income. In the first place benefits paid under OASI and most

of the private pension payments are being financed at the expense of gains by younger age groups. Since 1950 beneficiaries under OASI have almost tripled. This vast increase resulted largely from retirements of newly covered employees, who paid contributions for short periods of time, and began to collect benefits. Until the system matures -- about 1975 -- many of those drawing benefits will be entitled to draw out considerably more than has been paid in by them or on their behalf. To that extent, younger workers must subsidize the retirement of older workers.

In private pension plans also benefit charges against retirement systems are much greater than any contributions made on behalf of those presently retired. One must assume that these charges are met out of contributions now being made for younger workers and from interest earned by trust funds set up in their behalf. Eventually past service charges will have been met and the contributions made on behalf of employees up to the time of their retirement will more closely approximate the benefit payments they will receive.

Under OASI, part of the contributions by and for higher salaried employees pay for benefits received by lower wage workers because the benefit formula is weighted in favor of the low wage earner. Employers' contributions to OASI and private pension schemes, may, in some industries, be paid from income which might have been paid to stockholders as dividends. Old-age assistance is paid out of taxes levied upon those with income and property to those who have little or no income. But all these are very modest transfers since the payments to older persons amount to less than 3 percent of the national income.

A pension payment is a claim upon production. Even though the payment is made from money which was set aside for an employee in the past, the goods and services he buys come from present production. If we would avoid inflationary pressures through pension payments, the contributions made to finance future pensions should, to the greatest extent possible, be used to develop increased productive capacity. Since many private pensions are being financed through a past service liability carried on a company's books as indebtedness, pension payments financed through credit feed the fires of inflation.

Import of Accumulation of Pension Funds

The accumulation of vast sums in public and private pension trust funds poses important problems of investment. The \$45 billion in public pension trust funds must be invested in Government obligations. Controversies over this use of trust fund reserves in past years have dealt with the possibility of double taxation on the one hand, and on the other, with incentives to Government spending. In my opinion, the charge that the American public pays twice for OASI benefits is without any validity whatever. I shall not discuss it unless you wish to question by assertion when I have finished.

The second charge, that such large reserves lead to increased Government spending has a certain element of truth in it. Bills in Congress have proposed that hospital and medical expenses of OASI beneficiaries be paid for out of the OASI trust funds. No increase in the rate of contribution was proposed since the present reserve of \$22 billion appears ample. Congress has not, in fact, however, neglected adequate financial backing for new and increased benefits. Recently, the contribution rate was increased to pay for disability benefits despite the existence of this large reserve. Since the budget making functions of government are distinct from appropriations it seems unlikely that the existence of a reserve increases to any appreciable degree the Government's propensity to spend.

What is the proper use of social insurance reserves? At present the Government uses OASI trust funds to pay the current costs of government. A recent report of the Advisory Council on Social Security Financing affirmed the soundness of the present policy of investing OASI reserves. It has been suggested many times over that these reserves, accumulated to pay benefits to persons at the time of retirement, should be used to finance self-liquidating facilities for older people such as housing, cooperative workshops, medical centers and the like. Such use of reserves would, of course, be a radical change in American economic policy. The result, from a financial viewpoint, would be symbolical only -- evidence of the intent of Congress to provide well for the aged. These desirable objectives, if Congress were so minded, could be implemented now without reference to the OASI reserves.

Recently the stability of the OASI trust fund has been questioned because in 1956 for the first time contributions dropped below benefit payments. A further deficit was experienced in 1957. The Advisory Council's report, referred to above, found the financial program of OASI in a healthy state. The report says, "The method of financing the old-age, survivors, and disability insurance program is sound and, based on the best estimates available, the contribution schedule now in the law makes adequate provision for meeting both short-range and long-range costs." Actuarial projections, using intermediate cost estimates, show that the present reserve, interest payments, and contributions will pay all benefits and leave a reserve of about \$285 billion in the year 2020. Given a high rate of unemployment, declining birthrate, widespread retirement at 65, and little or no increase in present wage rates, benefits could be paid until the year 2010 without additional taxes but the reserve would be exhausted by that date. Probable economic and population changes can not be estimated so far in advance with any accuracy. But the best projections would indicate no serious threat to the financial soundness of the OASI system.

The reserves of the private pension plans have posed quite a different problem. The number of opportunities for private investment changes from year to year. Just a few years ago it was predicted that investment opportunity would be about \$2 billion short of the funds available for investment. Such a surplus of investment capital could bring on deflation. During the 1955-57 years there was not a surplus, but a shortage of investment funds with resulting high interest rates and efforts by the Federal Reserve Board to curb inflationary tendencies by repeated increases in the rediscount rate. Then conditions changed and despite an apparent surplus of capital seeking investment, long range fixed income securities find few investors because of the uncertainties of the price structure.

Trustees of the self-administered pension trusts have adopted a more liberal investment policy than insurance companies. Common stock investment on some such principle as dollar averaging or the balanced fund is now common practice.

About 25 percent of the self-administered trust funds is invested in common stocks, while 54 percent is in corporate bonds. But many funds have higher percentages in common stock -- Sears, 76 percent; Bethlehem Steel Co., 66 percent; GE, 33 percent. Government obligations, once the favorite investment medium, now constitute 10 percent of the average trust funds portfolio. A few funds invest a very large percentage of their reserves in the securities of their own companies. The Sears, Roebuck fund is the prime example of this form of investment. It owns 26 percent of Sears stock and is the largest single stockholder of the company. Investments in its own company account for about 10 percent of the total trust fund investment.

Sharp market declines did not seriously affect the character of pension trust investments. Pension funds were responsible for the purchase of 27 percent of new stock issues in 1957. Expert testimony has held that these institutional purchases have added stability to a declining market, but have added force to a rising market with especially heavy pressure upward on a relatively few high-class issues.

No Evidence That Pension Plans Decrease Propensity to Save

The growth of all kinds of social insurance programs covering the major economic risks has gradually changed the method of individual saving though not the amount of saving. Since the social security law was enacted, individual life insurance and other quasi-voluntary forms of self-protection have increased. From 1935 to 1957 life insurance in force in the United States companies rose steadily from \$98.4 billion to \$413 billion. A large proportion of the increase came from group insurance. There is no evidence that the existence of public and private pension plans destroys the propensity to save. Personal saving has taken a more institutional form and individuals have turned to automatic forms of saving through compulsory periodic payments and payroll deductions, but they save. Instead of decreasing, personal savings have increased, and many people do save who would not have done so in the absence of present forms of institutional and automatic savings. From a low of \$10.5 billion in 1948 net personal savings has risen to \$21 billion in 1956, the highest in any peacetime year.

The existence of vast public and private pension reserves and an older population for whom employment is not essential as a means of economic support, is an important stabilizer of the economy. Dr. Townsend two decades ago argued that if older persons were given pensions of \$200 per month and required to withdraw from the labor market we could spend ourselves out of the depression. The operation of OASI and private pension plans in a free labor market are more modest programs which follow the same pattern. As earnings fall, pensions look more attractive and many workers are prompted to retire, leaving jobs for others who are out of work. Pension reserves are released into the market and business is stimulated. While not as effective as a countercyclical device as unemployment insurance, pension plans will be of considerable value in injecting stability in the economy.

Economic impact is more like a reciprocating action than a straightforward thrust. The payment of social security benefits made necessary by the increase in the number of persons over 65 has now been extended to farm operators and is causing sweeping economic changes in the farm economy. As one business journal said, it is a "social and economic revolution that promises to bring great changes in age structure, farm management, retail trade, land tenure and family relationship." Some of the results already observed according to this journal are:

Better income tax returns from farmers which may give us for the first time reliable information on the farm industry.

Older farmers are retiring in large numbers, leaving farms to relatives or selling out. The average age of farmers has dropped.

More land is available for rent or sale which has already resulted in enlarging the farm unit and increased use of mechanized equipment.

The States benefiting most from social security benefits are States with the lowest per capita income.

Changes in Composition of Labor Force

Like other aspects of our economy, the labor force has been affected by aging, and by the institutions aging has called into being. First of all, a smaller percentage of persons over 65 are in the labor market today than ever before. The corporation is a perpetual organization, quite unlike the individual proprietorship. An individual owner accepted some responsibility for employees who grew old on the job. Often, however, the proprietor died before his employees and only rarely was any personal responsibility accepted by new owners. Personal relationships changed with the corporate form of business enterprise. Since the modern corporation has a life expectancy far greater than that of its employees, responsibility for older workers, and systematic means of maintaining a well-balanced work group, became important aspects of corporate personnel policy. It was not chance, nor pressure of organized labor, but the nature of the corporation itself which first induced the paid managers of business to adopt pension plans and retirement policies as early as 1875.

Now that more people live to be old, and those who are old live longer, larger numbers of workers face an increasing number of years during which they depend upon the productive capacity of younger workers. A few figures may serve to emphasize this relationship. In 1900 there were 75.9 million people in the population, 28.4 million of whom were in the labor force. There was a ratio of 167 nonworkers to every 100 workers -- only 4 percent of the nonworkers were over 65. In 1950 the population numbered 150 million, of whom 62,183,000 were in the labor force, or 142 nonworkers to every 100 workers. But in 1950 about 10 percent of the nonworkers were over 65. Today, 1957, there are 171 million persons in the population and 68 million in the labor force, or a ratio of 145 nonworkers for each 100 workers, but 11.5 percent of these are older people. For the past few years the increasing number of women entering the labor market has balanced the rising number of children under 16 so that the ratio of earners to nonearners has remained nearly constant, but the withdrawal of older workers from the labor market percentagewise has been proportionately greater than the increasing number of births. Hence, older persons constitute a higher proportion of all nonworkers than ever before.

Industrial Relations Aspects

The impact of the aging population on employer-employee relations has been revolutionary. Tax legislation and wage controls during World War II led to an increased number of pension plans, but the new importance of the older worker's place in industry was portrayed dramatically as pensions and retirement became the central issue in collective bargaining between coal miners and mine operators in 1946, between steelworkers and steel mill owners in 1949 and between auto workers and auto manufacturers in 1949 and 1950.

The pension issue could not be negotiated as easily as straight wage issues. Pension costs and pension administration are complex matters. Actuaries, trust officers, insurance company representatives and economists were brought to the bargaining table. Whether engaged in bargaining or serving only as consultants their presence forced the parties to pay attention to detailed facts and figures, and eliminated a great deal of the bombast and parade of naked power customary in bargaining. Out of pension bargaining came a more mature relationship between employers and unions. The long term contract written for 5, 3, or 2 years is one evidence of the mutual recognition of the necessity of living together.

As the number of retired workers from mine, mill, and plant has increased unions and managements have extended the conflict for workers' loyalty to the ranks of the retired. Unions are now sponsoring educational and recreational programs for retired members. To the best of my knowledge many original plans of unions to permit retired members to retain active membership status have been cast aside, but unions are serious in their efforts to assist workers in maintaining an active and enjoyable retirement. The national officers of UAW, Upholsterers Union, and Steelworkers, and local unions of many other internationals are experimenting with retirement planning and programs for retired members. Companies, also, by sponsoring retirement planning and retirement counseling programs are trying to maintain constructive relationships with their older employees despite the often negative reaction of employees to automatic retirement policies.

Employers' Hiring Policies Unaffected by Skilled Labor Shortage

Employers have not made strong and effective efforts to provide employment opportunities for older persons in the labor market. We experienced a shortage of labor for the years 1955, 1956, and 1957 -- particularly of skilled employees. Nevertheless, the policy of automatic retirement at a fixed age apparently increased. The continuous decline in the number of persons over 65 in the labor force was checked in 1956, for the first time since the close of World War II, but the secular decline set in again in 1957 and has been accelerated by the drop in general employment in 1958.

The controversy over automatic versus flexible or selective retirement plans continues to occupy the thinking of older workers, business executives, and trade union leaders alike. The experimental work of a number of companies with gradual retirement plans and temporary service contracts is commendable, but not the solution of a worker's need for constructive activity in the inevitable years of retirement. Imagination is needed to assist industry in finding ways of making profitable use of a vast and increasing labor reserve. Ideas are not enough, employers must be found who will do a little experimenting in the use of men and women past 65 to prove that these people can produce enough to earn their wages. Simultaneously, increasing efforts are needed to educate older people for more satisfying uses of leisure time.

Vast Gap Between Incomes of Employed and Retired Older Workers

The vast differences in income between persons over 65 who remain at work and those who retire is a significant factor in determining attitudes toward retirement. Employed persons 65 years of age and over had an average income of \$3,475 in 1957; but the median for nonworking couples was only \$2,294 and for nonworking individuals only \$796. The Federal Government's standard of income necessary to provide a life of health and decency for an older couple is \$2,000 -- \$1,200 for a single individual. It is obvious, then, that only through employment can the majority of older people enjoy a reasonable level of living. Under these circumstances the natural desires of older men and women about work and retirement are bound to be colored by economic necessity.

This dollar gap between income and need continues to provide a fertile field for political demogogs, aggressive union leaders, and empire building social workers.

If I have given the impression that we are well informed about the economic problems of aging, I have indeed misled you. Our knowledge is superficial and spotty. It would be well before concluding this all too brief survey, to direct attention a few of the unknowns.

Of first importance as an unknown is the question of continued employment of older workers. Extravagant claims have been made about the numbers of older workers who want to work and of the economic advantage of continued employment rather than retirement. Dwight Sargent, at Consolidated Edison Co. has shown that by continuing 178 men beyond the age of 65 for periods ranging from 8 months to 3 years, a saving to the company of \$297,000, and to the social security system of \$188,000, was achieved. Sargent has also found that about one-third of the company's employees reaching 65 are able to continue and want to continue. A public utility is a relatively favorable employment situation, I doubt very much that companies in heavy industry would find as many as a third desiring to work beyond 65. At any rate, here is an area for further study -- what is the ability of a company, an industry, or the economy as a whole to continue employment for workers beyond 65, and how many workers will want to continue? This question leaves unanswered the extremely difficult problem of how a selective retirement system can be operated successfully.

Directly related to the question of continued employment are two subordinate problems. What is the truth about accident and illness rates among older workers? An individual company approach is needed. The employment and retirement committee of the National Committee on Aging has been developing a simple schedule for personnel officers to use in reporting information about the frequency and severity of accidents, and the frequency and duration of illnesses. The second related problem is the extent to which the loss of fringe benefits -- life insurance and health insurance particularly -- influence the desire of employees to retire or not to retire. Life insurance is usually reduced to a small paid-up policy, or eliminated altogether upon retirement. Except in one State, group health insurance carried by insurance companies cannot be converted -- although Blue Cross and Blue Shield can, but the cost of continued coverage is quite burdensome in relation to most retirement incomes.

Now, a second major unknown is the role of labor unions in creating opportunities for the participation of older workers in the labor force. With the exception of Melvin Bers' study in California, there have been no comprehensive studies of union policy toward older workers. As Helen Baker, of Princeton, discovered many years ago there is a vast difference between official policy and practice. Union leaders have claimed that the policy of unions is to remove all restrictions against continued employment of older workers. In practice, it is alleged local unions have often quickly agreed to early retirement plans. But really we know very little about either the policy or the practices of unions in this regard.

The impact of pension payments on consumer expenditure, labor mobility, capital formation, and investment practices is a vast area for further research. The National Bureau of Economic Research has tried to define specific studies for future investigation. These consist of such important matters as --

Pensions in relation to labor mobility;

The influence of pensions on the level and distribution of the national income and product;

The role of pensions as stabilizers of the economy;

Pensions and taxation.

A few studies now in progress have just begun to scratch the surface of these areas, notably the present study by Paul L. Howell, sponsored by the

Twentieth Century Fund.

I will mention one final area for future study -- income and expenditure patterns of old people. We have had numerous studies by the Bureau of the Census (regular and special), by the Bureau of Old Age and Survivor Insurance, and by the State and city welfare departments, but there are so many questions left unanswered by these studies. Something more definitive -- a budget study of sample groups of old people, for example -- is needed before we can begin to understand where old people get their income, how much it is, what resources they have, and how they spend their money.

The common element which seems to dominate our research interests in aging is the desirability of single firm or single industry and single community studies. We have tried to study the problems of the aged in aggregates, but like many socioeconomic problems studies of large population units in the aggregate often conceal more than they disclose -- at least the information obtained is only partial. Aging needs the kind of realistic interpretation which individual plant, community, or small group studies make possible. I would like to see a number of universities cooperate in research on this question of the economic impact of aging, applying a similar research design to different industries, different groups of aged people, and different regional economic patterns. Perhaps such coordinated studies in many areas of the country would lead to more valid conclusions about the social and economic aspects of aging than we now possess.

VIII

SOCIAL SERVICES AND LIVING ARRANGEMENTS FOR THE AGED*

In evaluating the situation which confronts the Nation today with respect to the growing number of persons in the older age brackets, we must first recognize the wide diversity in this age group on practically every characteristic. Even the age range is significant as we consider persons 65 to 70 years of age, for example, or those 90 to 95 years of age.

The need for adequate social services is increasingly recognized but little has been done at the national, State, or local level, by public or voluntary agencies, to provide such services. While there are excellent examples of the entire range of essential services, they are in actuality still in the category of demonstration projects. A major reason for this is the lack of staff positions in social agencies for specialists in working with older people.

Basic social services which should be available to all older people who wish them, irrespective of economic or social status, as their changing conditions require them include at least the following:

1. Casework services in their own homes. Often with proper planning persons can remain in or return to their own homes if supportive casework help is available.
2. Financial aid for either ongoing expenses or special costs, such as illness, provided in such a way as to be of greatest benefit to the individual.
3. Homemaker service, so that a home need not be broken up for lack of help with housekeeping activities that require physical stamina.
4. Day centers, both for recreational purposes and to provide care during the working day for older people who cannot be left alone at home.
5. Foster homes where not more than four or five older people may live in a comfortable setting which retains the characteristics of a family home.
6. Larger homes providing domiciliary and personal care for older people who need or prefer more service or independence than the foster home provides.
7. A carefully developed program for bringing a wide range of community resources to older people and for keeping older people active participants in community activities.

Furthermore, consideration of social services is closely related to housing. Attention has been directed appropriately to construction of housing designed to meet the special needs of older people. This should be encouraged while we recognize that the majority of older people will continue to live in their life-long homes or in the less desirable, low-rent units in their communities or in the open country. Therefore, to be realistic, consideration should also be

* Statement of Dr. Ellen Winston, Commissioner, Department of Public Welfare, State of North Carolina, and Past President of the American Public Welfare Association, and Past President of the North Carolina Health Council. Senate Hearings on S. Res. 65, pp. 298-299.

given to how to obtain adequate hot water or comfortable heat or a variety of inexpensive safety measures for thousands of elderly people who without help will continue to be highly vulnerable to accidents and illnesses resulting from lack of minimum conveniences or safety measures. This is true to some extent for the economically secure as well as for the poverty stricken.

Since public welfare agencies already have many responsibilities under Federal and State laws for large numbers of older people, the speediest, and most economical, approach to meeting the above types of needs appears to be provision within the existing administrative structures for staff to work constructively with older people. The demonstrated values to children of specialized child welfare workers can be duplicated by the values to older people of specialized workers in public welfare agencies.

APPENDIX I.

Level-premium cost estimates on intermediate-cost basis for various proposed changes in old age, survivors, and disability insurance system

Proposal	Level-premium cost (in percent of payroll)	Equivalent level annual cost (in millions of dollars)
Retirement test:		
(1) \$1,200 and \$100 units -----	0.04	128
(2) \$1,200 and \$125 units -----	.11	551
(3) \$1,200 and \$200 units -----	.30	957
(4) \$1,280 and \$80 units -----	.03	96
(5) \$1,500 and \$80 units -----	.10	319
(6) \$1,500 and \$100 units -----	.17	542
(7) \$1,500 and \$125 units -----	.30	957
(8) \$1,800 and \$80 units -----	.50	957
(9) \$1,800 and \$120 units -----	.48	1,531
(10) \$1,800 and \$150 units -----	.59	1,882
(11) \$2,000 and \$80 units -----	.44	1,404
(12) \$2,100 and \$80 units -----	.50	1,595
(13) \$2,400 and \$80 units -----	.78	2,488
(14) \$2,400 and \$200 units -----	.94	3,000
(15) Complete abolition -----	1.00	3,190
(16) Abolition for aged -----	.96	3,062
(17) Abolition for age 68 -----	.35	1,116
(18) Abolition at age 70 -----	.15	478
(19) Abolition for child's benefits ----	.01	32
(20) No loss provision -----	.09	287

Source: Hearings on S. Res. 65, p. 148.

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