

Speech delivered at the  
Second International  
Gerontological Congress  
St. Louis, Missouri  
September 12, 1951 by  
Dr. Theodore G. Klumpp

Older Workers (1951)

## Industry Looks at the Older Worker

In every sizable organization there are a number of older individuals who have stopped learning, whose ideas are fixed and whose views on any subject, old or new, are always the same. They have not kept pace with the changing conditions of their day. They are narrow minded and bigoted. When engaged in routine tasks requiring little judgement and less thinking these individuals perform satisfactorily. But when they occupy positions of responsibility they come to be recognized on all sides as road blocks in the path of progress. Management looks forward gratefully to the fixed compulsory retirement date which will at last gracefully terminate the services of one who is serving. As far as this individual goes management is right. He is not earning his keep. He is a ward of industry's forbearance, a living tombstone permitted to stand in uneconomic memory of his years of service. Such a person, continuing to hold his job, does the cause of the older worker no good. It is always someone like this that the employer remembers and points to in arguing that compulsory retirement at a fixed calendar age is necessary to clear out the dead wood.

On the other side of the ledger we have all seen the retirement axe fall on a succession of workers, each of whom was, in his own way, a tower of strength in the organization. As the years passed each one became more proficient and dependable. His contribution was the kind that weighed heavily in the measure of success the organization attained. When retirement came to this worker everyone recognized that the organization was losing a good man and was sorry. If there were a choice, his employers would do everything to keep him on. But industry considered the principle of compulsory retirement good even though it meant the sacrifice of a certain number of good workers. But the same broom that swept out the unfit carried with it one of the foundation stones of the organization. This is about as sensible as the broom described musically in Dukas' "The Sorcerer's Apprentice".

The practice of compulsory retirement at a fixed chronological age is not old in the United States. It became general with the incredibly swift industrialization of the 1900's and the growth of large corporations. Its adoption by industry was hailed on all sides as a great social advance. And it was. It was of little moment then that a few still useful workers were being cast out. The important point was that before the adoption of the scheme workers were simply discharged in their advanced years without established and systematic provision for their future welfare.

Less than fifty years ago there was nothing wrong, according to the prevailing standard of morality, in discharging an older worker at any time without regard for his further economic welfare. In those days the conventional idea was that a worker should have provided for his old age by his own savings. If he failed to do

RECEIVED

INSTITUTE OF  
INDUSTRIAL RELATIONS

OCT 8 1951

that, he deserved the fate that befell him and the poorhouse was his just dessert. If there were grown children, he might still escape the role of pauper and instead become a dependent of his offspring. Many preferred the poorhouse. And so a formal retirement policy which carried with it a pension marked a great social advance. It was a voluntary acknowledgement on the part of industry of a concern for the welfare of workers beyond their years of service. This was indeed a step forward.

Industry has accustomed itself to the practice of compulsory retirement at a fixed calendar age. It is simple to administer and, especially during slack periods, it provides an easy, automatic way of getting rid of a certain number of surplus workers who are generally at the top of the pay scale. In addition it opens the door for advancement within the organization which is always desirable. These are considerations of the greatest importance which business will not easily give up. It will require a great deal of additional educational work and pilot plant demonstration in a number of the more enterprising industrial units (and this is going on right now) before industry generally will accept the ideas of "tapering off" and selective retirement based on willingness and fitness to serve. American industry has a very practical point of view and that is one of the reasons it has been so phenomenally successful during the last half century. It does not adopt theories without the most searching analysis and preliminary testing on a small scale. It is one thing to advance a theory from an academic point of view with no great risk involved. It is an entirely different matter to place the theory into practice where it may impair the successful functioning of a large concern.

One of the things that management must avoid is discrimination in the handling of employees, and business generally has not yet learned how it can retire some employees and retain others without laying itself open to charges of partiality. Where workers are represented by unions any change in retirement policy would most certainly involve the whole question of employer - union relations, and I know of no employer who wants this any more complicated than it already is.

Management is held responsible for the exercise of "good" judgement (which in business law means "conservative" judgement) and the responsible heads of a business do not ordinarily survive many failures in which they have departed from soundly established business principles. A new gadget, a new process, a new product, - yes - but a new business principle - that is an entirely different story.

But who is there who would say that society has now reached its final phase of perfection, that no further advances are necessary or desirable? Have we at last reached the millenium? I think not.



Some of us have come to recognize that the mere provision of bread and shelter for our older persons is not enough. We have taken this for granted. What concerns us now is the health and happiness of our older persons. This marks an important transition in our thinking. It means that we no longer regard older persons merely as a statistical group, a series of figures on a sheet of paper. The moment one considers questions of health and happiness one must inevitably think of older persons as individuals, each of whose problems is different. Social progress may be measured in the last analysis by the degree of skill and discrimination with which society solves the individual problems of its members.

We know that some individuals welcome retirement and have the intellectual resources to occupy themselves without an occupation. But this is not true of most workers. It was Robert Burton who said, "Employment, which is nature's physician is so essential to human happiness that indolence is justly considered as the mother of misery". From the standpoint of the individual, compulsory retirement at a fixed calendar age is unsatisfactory in that it treats all alike who are not alike.

The Armed Forces of our country have successfully handled the problem of selective retirement by means of Retirement Boards which pass on the physical and mental fitness of servicemen and officers and the needs of the services. Industry needs to learn more about the functioning of these Boards. Perhaps in them can be found a sound basic pattern which industry can generally adopt. It should be pointed out that there are many concerns that have practiced or are practicing selective retirement on a successful basis. Mrs. Breckenridge has made an interesting survey of the practices of such concerns. These are the test tubes in which selective retirement is being studied. But it represents only an infinitesimally small fraction of the companies that establish prevailing policies in our industrial arena.

From an economic standpoint is it a sound proposition to permit older workers to continue working so long as they are productive and desire to do so? As far as our national economy is concerned there seem to be a number of good reasons why it is so. First of all we must keep in mind the fact that our national wealth, purchasing power, and standard of living rests squarely on productivity. Our economic stream seems to flow best when we have the largest number adding something to it and dipping out a commensurate amount. When large numbers of the population are unemployed they are neither contributing nor, by the same token, are they in position to consume as much. In other words, the economic turn-over is at a low level.

It has been conservatively estimated that we will have not less than 164 million people by 1980 and probably as many as 180 million. It also appears that by that time there will be not less than 66 million 45 years and over, and over 24 million 65 and over. These figures have special significance in the light of the present all-time

record of something over 60 million gainfully employed, and this means that in about 30 years we shall have more individuals over 45 years of age than the total number employed at the present time. If we did nothing about it and maintained present-day working standards and conditions, we might well be confronted with a potential labor surplus of over 30 million workers by 1980. Economic forecasting (like election forecasting) is a hazardous undertaking but he who approaches the task from the standpoint of a static economy in the United States is certainly going to be wrong.

With this in mind we must allow in our estimates latitude for increased employment through the development of new industries. On the other hand, we are witnessing an unprecedented surge of interest in science, and its accomplishments are providing the pattern of a great socio-economic revolution. One of the major incentives of this scientific boom is the saving of time and labor which in the end amount to the same thing. We must anticipate the continued introduction of new labor-saving devices perhaps on a scale never dreamed of before. The first fruits of this golden age of science are only beginning to ripen. In the future they will come to maturity at an accelerated pace with respect to life and labor saving. The net effect of this may be against a substantial increase of man hours of available work in relation to man hours of available workers. Indeed some economists, notably Henry W. Steinhaus, envision the possibility of increasing unemployment during the next half century.

If we will employ one-fifth of the 24 million over 65 years of age which we will have by 1980, at, let us say, an average of \$2500. per annum it will mean 12 billion dollars per year that they will earn for themselves and which load of support will be taken largely off the shoulders of younger workers, whether by taxes or direct contributions.

Let us look at it from another point of view. We are witnessing today a great groundswell of public sentiment in favor of State or Federal old age pensions for those over 65. A figure of \$100. a month has been prominently mentioned as an objective. By 1980 this could cost the country 28 billion 800 million dollars. When this sum is added to other welfare benefits that have already been, or have every promise of being adopted we are confronted with an astronomical figure which statesmen such as Bernard Baruch declare we cannot and will not be able to afford. As Mr. Baruch put it in this connection, "We dare not undertake more than our economy can stand or we will defeat our own purpose". "We must get away from employment policies based on cold arithmetical averages and take advantage of the skills and judgement of older people. How hideous a mockery it would be if, as a result of advances in medicine, surgery, hygiene, and higher living standards, older people were left willing and able to work - but Society deprived them of something useful to do". We are just beginning to wake up to the fact that the



price is too high not in terms of human decency but in terms that the businessman can understand.

It is becoming increasingly clear to economists and other students of the subject that the employment and continued employment of older and partially disabled persons beyond present day standards is of utmost importance to our future economy. A whole new science of fitness testing, job analysis, and selective placement, awaits development. The fixed formula of retirement must be made more flexible and broken down into several alternative possibilities permitting those fully productive to continue working at their jobs, job reassignments for those fit for other duties, down-grading and "tapering off" where necessary and retirement for those who seek it or have been found unsuitable for any work whatsoever.

To encourage the cooperation of industry Dr. Sumner Slichter of Harvard University has suggested the idea of a pension tax rebate to encourage employers to hire older workers and keep them on beyond the customary retirement age of 65. A similar tax incentive for the employment of the partially disabled might help to break down present day prejudices. Henry W. Steinhaus in a National Industrial Conference Board study similarly considers the idea of an employers' tax incentive feasible and in addition proposes an increase in pension benefits for the employee for each year that he defers retirement beyond 65.

This Congress comes at an opportune time. From all appearances we are in the brief lull before the storm. All forecasts indicate that we are on the verge of an acute manpower shortage that threatens to become as severe as anything we had in World War II. Some think it will be worse. The time to plan for it is now. We must show industry that elderly and handicapped workers have a contribution to make to our defense effort, a contribution that can well adjust the balance between manpower supply and demand.

The added years that science has given man places a new and greater responsibility on workers too as they grow older. They must do everything to make themselves worthy of the efforts made in their behalf. They must make a greater effort to avoid the mental and physical atrophy of disuse, the most insidious disease of old age. Many of the unpleasant characteristics of old age are due to the fact that those involved have given up. They have stopped trying and stopped using their faculties to the fullest extent. The day will come when we will realize that adult education is just as important as child and youth education. In a curious way we proceed on the theory that we cram everything into human beings when they are young, and that's all they need to learn. In my opinion the need for learning is the same at all ages. But the older people get the less they feel the compulsion to make the effort to learn. This is a state of mind that must be altered early, before it is too late. They must be encouraged to keep on learning all their lives. Science has shown older people have stopped learning not because they couldn't help it, but because they chose to. And

here is one of life's great paradoxes:

The quest and goal of labor is to win security, comfort, rest, freedom from worry, freedom from hard work, and freedom from the struggle. And yet the irony of it is that when a person finally and completely achieves such a goal he is through -- and he might as well be dead. The essence of life is its struggle. Viewed in this light, mother nature is a hard woman. But she is wise and tells us in Robert Louis Stevenson's words, "To travel hopefully is better than to arrive".