

Older Workers (1951)

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LABOR FORCE TRENDS IN THE UNITED STATES :

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The broad patterns of labor force trends in the United States as they affect the economic status of the mature and aging worker have been well documented in recent years. They parallel in striking fashion the trends in the industrial nations of Western Europe. We have experienced, on the one hand, a strikingly rapid growth in our aged population, both numerically and in relation to the total population. Opportunities for gainful activity, on the other hand, have not kept pace with this growth. This disparity lies at the core of the economic problems of the aged and aging population.

These broad trends can be measured in two ways: First, in terms of the aggregate numbers of older persons in the labor force in relation to population changes. Second, and perhaps more vividly, in terms of the combined impact of mortality and labor force trends on the work-life expectancy of the individual worker.

At the beginning of this century there were in the United States about 3 million persons aged 65 and over, or 4 percent of the population. The age span 45-64 years, during which many persons first experience an economic problem arising from age, included nearly 10-1/2 million persons, or about 14 percent of the population. At present, we have nearly 12 million persons in the age group 65 years and over, and

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32 million between 45 and 64 years of age. These groups, taken together, now account for nearly 30 percent of the total population.

The increase in older persons as a proportion of the total labor force also has been pronounced, but more moderate. (Table 1) In 1900, slightly less than 1 out of 4 of all workers in the United States was 45 years and over. At present, the ratio is about 1 in 3. These over-all ratios conceal, however, divergent movements in labor force participation among mature women and men in different age groups. (Table 2) The steady up-trend in employment of women outside of the home is reflected in their rates of labor force participation over the past five decades, which have doubled at ages 45 and over. Nearly all of this gain has occurred among married women in the age groups 45-64. Labor force activity of women above this age has shown very little net change, and less than 10 percent of all women aged 65 and over are at present gainfully employed.

In contrast, there has been a sharp decline in labor force activity among older men, which is most significant for men over 65. The proportion of these men in the labor force has declined from 63 percent in 1900 to slightly under 42 percent in 1950, according to Decennial Census data. There has also been a slight down-trend in the 55-64 age group.

The impact of these broad trends on the life pattern of the individual worker is illustrated by the estimates of work-life expectancy developed recently in the Bureau of Labor Statistics. These estimates are derived from an application of the techniques used in construction of the conventional life table to the measurement of the length of working life. <sup>1/</sup>

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<sup>1/</sup> For a full description of the construction and application of these tables, see: Tables of Working Life, Length of Working Life for Men, U. S. Bureau of Labor Statistics Bulletin 1001.

In 1900, when a white male aged 40 could expect to live, on the average, to age 68, he could expect to remain in the labor force for an average of 24-1/2 years, or to age 64-1/2. (Table 3) He could expect, therefore, to live slightly over 3 years after the end of his working life. By 1940, the life expectancy of the 40-year old white man had increased to age 70; however, his working life expectancy had declined slightly. As a result, the span of retirement had nearly doubled.

If this lengthening of the retirement period resulted from a real preference for leisure in old age instead of continued gainful activity and from an increasing financial ability to retire, we could count this as a very salutary development. However, the information available to us on this subject points to the opposite conclusion. It appears that earlier retirement has been forced upon older workers as a result of a lack of suitable employment opportunity. Our experience during World War II, for example, provides ample evidence that many older persons flock back into the labor market when their services are in demand. It is significant, too, that large numbers of workers eligible for Old Age and Survivors Insurance or for other pension benefits have continued in employment in recent years, rather than retiring on their pension. <sup>1/</sup>

The social and economic factors underlying these trends in population and the structure of employment in the United States are present in Western industrial nations generally. In the United States, however, these

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<sup>1/</sup> Of 3 million living workers, aged 65 and over, who were eligible, as of January 1, 1951, for old age insurance benefits under the Social Security Act, 1-1/4 million--or about two fifths--were not receiving such benefits. All but a small percentage of the latter group consisted of workers who either had continued in covered employment or had returned to work after age 65.

developments have tended to occur more rapidly than elsewhere, reflecting the more intense pace of industrialization in this country.

The most important of these changes has been the decline in importance of agriculture, which, in contrast to urban industry, often provides a flexible work outlet for the aging worker. <sup>1/</sup> Employment on farms declined from 11 million in 1900, to 7-1/2 million in 1950. This trend, moreover, has shown no evidence of abatement in recent years. Between 1945 and 1950, for example, farm employment in the United States declined by an average of 200,000 annually, according to Census Bureau estimates.

The transformation of urban industry from a predominantly small scale type of enterprise to the modern large scale business unit also has resulted in curtailed employment opportunities for the aging worker. While aging, as we know, is a gradual process, modern business, with its rapid work schedules, fixed job standards and emphasis on speed, allows little leeway for the gradual adjustment of the worker to his changing capacities. Moreover, the progressive replacement of skilled hand-work by mass production machinery in many industries has eliminated or greatly reduced the advantages formerly enjoyed by the mature craftsman. In the United States, particularly, this problem has been greatly intensified by the rapid pace of technological change which has rendered many skills obsolete and has placed a premium upon the adaptability and flexibility of youth. Another occupational trend which has operated to the disadvantage of the older man or woman is the rapid expansion of the clerical and sales group of occupations, where employers characteristically prefer younger people. Thus, the older worker today is

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<sup>1/</sup> In 1950, for example, 64 percent of men aged 65 and over residing in farm areas were in the labor force, as against 40 percent of those in the same age group in urban areas.

typically faced with the necessity of making a complete break from his job. This occurs most often at some arbitrary chronological age, such as 65.

Although the basic employment difficulties of the older worker have transcended the ups and downs of the business cycle, these problems were greatly intensified during the world-wide depression of the 1930's, which was particularly severe in the United States. Older workers, once laid off, found it increasingly difficult to find reemployment. As the decade wore on, many of these older men and women came to be regarded, and even to regard themselves, as "too old to work," and withdrew from any active efforts to seek work. Thus, by the time of the 1940 Census, the heavy impact of the depression decade upon the older worker was evident in two ways: Reduction in labor force participation for those 65 years and over, and the high rates of unemployment among those workers between 45 and 64.

In April 1940, 14 percent of workers in the age group 45-64 years were reported as unemployed, compared to an unemployment rate of 12 percent for younger adult workers aged 25-44. Moreover, the duration of unemployment tended to be much longer at the older ages. Of all experienced wage and salary workers in the 45-64 age group, 54 percent had been unemployed for six months or longer, more than three times the ratio shown for those between 25 and 44 years of age. In the case of men workers 65 years and older, the curtailment of work opportunities during the depression was evidenced primarily in a sharp reduction in their rates of labor force participation, from 54 percent in 1930 to 42 percent in 1940.

The economic dilemma of the aged worker in the United States was intensified by the fact that this country had lagged far behind Western Europe in the development of social insurance programs. It was not until 1935 that an over-all Federal Social Security program was enacted in the

United States, and not until 1940 that monthly old age insurance payments (in contrast to assistance grants) actually were initiated. Coverage under this program, moreover, was incomplete and the benefits were on a comparatively moderate scale, even in terms of prewar price levels. The Social Security program had the dual objective of providing a modicum of income to aged persons, and, at the same time, of encouraging workers to withdraw from employment in order to make room for younger people. In this latter aspect, therefore, it was shaped particularly by the depression philosophy of a shortage of jobs and an over-abundance of workers.

With the United States entry into World War II, there was a dramatic change in the employment situation of the older worker. The labor market was transformed from one of labor surplus to one of labor shortage. Unemployment dropped sharply from an average of 8 million in 1940 to 3 million in 1942 and to less than 1 million in 1944. As the labor market tightened and as the armed forces drew millions of younger men out of civilian employment, employers relaxed their hiring standards and increasingly turned to reserve groups in the population, including housewives, youths and older persons. By the end of the war, the total labor force, including the armed forces, had increased by 11 million, or by 8 million more than the normal growth expected on the basis of population increase and prewar labor force trends. Of this total of "extra" workers, about 2-1/2 million were men and women past age 45.

Even under conditions of wartime stress, however, there were indications that many employers were reluctant to hire older people, particularly those over age 65, except when all other sources of manpower had been depleted. In the early phases of mobilization, unemployment among older workers declined much more slowly than among younger men and women. Between April 1940 and April 1942, unemployment was reduced by less than 50 percent among

workers 45-64 and by 30 percent among workers 65 and over, as against a reduction of 70 percent in unemployment among workers under 45. Similarly, the rate at which older men were drawn into the labor force lagged behind that for women and young people. Since the end of World War II, moreover, there has been a resumption of the long-term down-trend in work activity among older men. By 1950, worker rates for men in age groups 55 and over were at or near 1940 levels, despite the sharp disparity in the general employment situation between the two periods.

Since the outbreak of Korean hostilities and the inception of a large scale defense production program, the United States has experienced a marked increase in the demand for labor and an over-all tightening of the labor market. Unemployment has declined sharply, from 3.4 million in June 1950 to under 2 million this summer, a postwar low for this time of year. The current unemployment total, moreover, consists largely of persons who have been seeking work for comparatively short periods. In July of this year almost three-quarters of the unemployed had been seeking work for less than seven weeks.

Nonagricultural employment has expanded by almost 2 million over this past year, while the armed forces have more than doubled. Moreover, the full impact of the defense production program on our manpower resources still lies largely in the future. By the end of 1952, we have estimated that the total number of persons required in defense activities--including the armed forces, munitions production and activities indirectly contributing to the defense production program--will total 12 million, or 1 out of 6 in the American labor force. <sup>1/</sup> Meeting this manpower goal will require the

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<sup>1/</sup> U.S. Bureau of Labor Statistics, Manpower Report No. 7, "Projected Manpower Requirements and Supply for the Defense Program, 1951-52," June 1, 1951.

net addition of 2 million workers to defense activities during the second half of this year and an additional 2-1/2 million workers during 1952. Many of these workers will become available automatically as civilian production is curtailed in certain sectors of the economy. However, we have estimated that it will be necessary to draw into the labor force by the end of 1952 between 1 and 1-1/2 million more workers than would be available on the basis of recent trends.

Although a considerable expansion of the labor force has already been achieved, most of the task of recruitment of "extra" workers still lies ahead. The task, in some respects, is relatively more difficult than during our all-out mobilization in World War II. Among younger adult women, the record birth and marriage rates of recent years have reduced the potential for labor force expansion. As to the youth--another important reserve group--social policy as well as the longer-range interests of the defense mobilization program require that we encourage youngsters of high school and even college age to continue their schooling, rather than to enter prematurely into employment or the armed forces. Thus, older men and women represent at present one of our major potentials for labor force expansion. The older worker, moreover, can make a contribution far greater than indicated by his numerical importance, since many of the older men possess skills already in short supply.

From this standpoint, it is somewhat discouraging that the statistical evidence to date does not indicate as yet any significant reversal in the previous decline in labor force activity among men 65 years and over. In fact, the rates of labor force participation for this group are still below the level of recent postwar years, although there is some evidence of leveling off or possible reversal of the downtrend in the past few months.

There is evidence, moreover, that unemployed older workers are being absorbed into employment at a slower rate than job seekers in the younger age groups. Despite the sharp decline in unemployment during the past year, to the lowest over-all level since the end of World War II, the unemployment rate for men aged 45 and over in the second quarter of 1951 was still significantly higher than for younger adult males. (Table 4) It was, in fact, about the same as in the corresponding quarter of 1948, in contrast to the markedly reduced rates for younger adult males.

Turning to the longer-range perspective of a generation or more in the future, we must recognize that the evidence to date offers no facile hopes for reversing or even halting the long-term historical trend. Even if we succeed, under the pressure of a program of intensive defense preparations, in delaying the retirement of some workers or in drawing others into gainful activity from retirement, our recent experience does not warrant any optimistic conclusion as to our ability to retain these gains under more normal conditions. Projections of labor force trends recently prepared in the Bureau of Labor Statistics have, therefore, been based upon an assumption that the long-term decline in labor force participation of men 65 years and over will continue in the next generation unless some positive measures are taken to arrest or slow down the decline. <sup>1/</sup> These projections indicate that the United States labor force will expand from 63.5 million in April 1950 to a level of between 86 and 92 million in 1975. Although we have projected a continued uptrend for women <sup>workers</sup> 45 years and over, on the basis of long-term trends and recent postwar experience, the projections indicate a further

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<sup>1/</sup> U.S. Bureau of Labor Statistics, "Long-term Projections of the Labor Force," Paper presented by Harold Wool before Conference on Research in Income and Wealth of the National Bureau of Economic Research, New York City, May 25, 1951.

sizeable decline in the proportion of men 65 years and over in the labor force, from 45.0 percent in 1950 to 35 percent in 1975. Because of the continuing rapid growth of the aged population, however, the number of men 65 years and over actually in the labor force would still be about 1/2 million higher than in 1950. Moreover, in the age group 45-64 years of age, where little net change in labor force participation is expected, the labor force growth will be even more pronounced.

From the standpoint of the individual worker, the trends toward an aging population and a declining rate of labor force participation in the upper age brackets mean a further widening of the gap between his total life span and his span of working life. Under 1975 conditions, assuming a continued favorable trend in mortality 1/, the average 40-year old man could expect to live almost to age 74. However, on the basis of prewar trends in labor force participation, he could anticipate nearly 9-1/2 years in retirement, as compared to slightly less than 6 years in 1940. Even if we assume the more favorable 1947 rates of labor force participation for 1975, the average period of retirement would still be increased significantly, to nearly 7 years.

Needless to say, projections based on extrapolations of past trends may and, in this case I hope will, differ sharply from actual developments. Not all of the social and economic forces which are operating or which may operate in the future will be unfavorable in this respect. As against the rapid expansion of mass production manufacturing industries during the past few decades, this Nation may witness an accelerated growth in the tertiary industries, particularly in the professional and service

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1/ The "low" mortality projection in the U. S. Census Bureau's "Forecasts of the Population of the United States, 1945-1975." (1947)

fields. In these areas, the employment handicaps of the older workers are often at a minimum and, in many cases, maturity is a positive asset.

The rapid extension of secondary and higher education also offers some real hope for increasing the mobility and adaptability of the aging worker. The average person 65 years and over in the United States population in 1940, who grew up in a period when educational opportunities were generally limited, had an average period of schooling of only 8 years, that is, a grammar school education. <sup>1/</sup> The young men of this generation, who will be approaching retirement age in 1975, are typically high school graduates, with a growing proportion going on to college. The close relationship between educational attainment and opportunity for continued gainful employment in mature years is indicated by data available from the 1940 Census. (Table 5) Among men 55-64 years of age, about 89 percent of the college graduates were in the labor force, as compared to 85 percent for those who had completed 7-8 years of school, and 82 percent for those whose education had ceased before the fifth grade. These figures do not mean that an increasing level of education will of itself guarantee an extension of working life, but certainly the opportunities will be greater.

Another promising factor in the long-range outlook is the constant improvement in the physical vigor of our population. It is reasonable to assume that advances in medical science and a higher level of hygiene and nutrition will mean that the generation of persons reaching old age a few decades hence will be healthier and more capable of productive work than the present generation of older people.

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<sup>1/</sup> U. S. Bureau of the Census, 1940 Census of Population, Vol. IV, Characteristics by Age.

These favorable trends in and of themselves offer, of course, little prospect for a solution to the economic problems of an aging population. Given, however, an expanding and healthy economy, the goal of maintaining or even widening the scope of employment opportunities for older people is a feasible one, provided that we develop and apply positive measures for extending the period of working life. Through scientific study of the psychological and physical changes accompanying the process of aging and through realistic analysis of job requirements in relation to these changes, we can develop a systematic body of knowledge regarding the employment potential of older persons. Comparatively little information of this kind is available today, but once it were obtained on a more comprehensive basis, we would be in a position to initiate a coordinated, sustained program for overcoming unnecessary barriers to the employment of older persons, and for assisting older workers in adjusting themselves to changing industrial conditions. Although it is inevitably a lengthy and difficult process to formulate and to carry through an effective program of this type, designed to reverse trends that have been operative for many decades, the rewards--both human and economic--should make this challenging task well worthwhile.

Table 1.--LABOR FORCE BY AGE AND SEX, 1900, 1950, AND PROJECTED 1975

Age and sex	1900 1/		1950		Projected, 1975	
	Number	Percent	Number	Percent	Number	Percent
	(add 000)		(add 000)		(add 000)	
Total, 14 years and over	27,640	100.0	63,513	100.0	92,000	100.0
Males, 14 years and over	22,641	81.9	45,429	71.5	61,100	66.4
14 - 44	16,696	60.4	29,078	45.8	39,200	42.6
45 years and over	5,945	21.5	16,352	25.7	21,800	23.7
45 - 54	3,172	11.5	8,147	12.8	11,100	12.1
55 - 64	1,786	6.5	5,746	9.0	7,600	8.3
65 years and over	987	3.6	2,459	3.9	3,100	3.4
Females, 14 years and over	4,999	18.1	18,084	28.5	31,000	33.7
14 - 44	4,200	15.2	12,396	19.5	19,200	20.9
45 years and over	799	2.9	5,690	9.0	11,700	12.7
45 - 54	427	1.5	3,246	5.1	6,400	7.0
55 - 64	245	.9	1,868	2.9	3,800	4.1
65 years and over	127	.5	576	.9	1,500	1.6

Detail does not necessarily add to group totals due to rounding. Figures for 1900 adjusted to include persons of unknown age. Data refer to April, except for 1900 which refer to June.

1/ Based on Decennial Census data and not completely comparable with data for 1950 and 1975, which are comparable with current labor force estimates.

Source: 1900, John D. Durand, Labor Force in the United States, 1890 - 1960; 1950, U. S. Bureau of the Census, Monthly Report on the Labor Force; 1975, U. S. Bureau of Labor Statistics.

Table 2.--PERCENT OF PERSONS AGED 45 YEARS AND OVER IN THE LABOR FORCE,  
BY AGE AND SEX, 1900 - 1975

Age and sex	Comparable with 1940 Census data					Comparable with current labor force estimates		
	1900	1920	1940	1950 <sup>1/</sup>	1940	1945	1950	Projected, 1975
Males, 45 years and over	84.3	83.2	77.7	75.2	78.8	82.6	78.5	73.1
45 - 54	92.8	93.5	92.7	91.7	93.7	97.4	94.6	94.6
55 - 64	86.1	86.3	84.6	82.9	85.7	88.4	85.1	82.3
65 years and over	63.2	55.6	42.2	41.6	43.4	49.9	45.0	35.3
Females, 45 years and over	12.3	14.3	16.3	22.2	17.7	26.3	26.2	32.8
45 - 54	14.2	17.9	22.4	33.0	24.2	36.4	36.9	52.2
55 - 64	12.6	14.3	16.6	22.8	17.8	27.4	27.3	35.4
65 years and over	8.3	7.3	6.0	7.6	6.7	9.4	9.5	11.8

Data refer to April, except 1900 (June) and 1920 (January).

<sup>1/</sup> Preliminary Census data adjusted to include armed forces overseas.

Source: Census data, 1900 - 1940: John D. Durand, Labor Force in the United States, 1890 - 1960

1950: U. S. Bureau of the Census

Current labor force estimates, 1940 -- 1950: U. S. Bureau of the Census, Monthly Report on the

Labor Force

1975: U. S. Bureau of Labor Statistics

Table 3.--AVERAGE NUMBER OF REMAINING YEARS OF LIFE,  
IN LABOR FORCE AND IN RETIREMENT;  
WHITE MALES; 1900, 1940;  
TOTAL MALES, 1940, 1947, 1975

Year	Average number of years of life remaining		
	Total	In labor force <u>1/</u>	In retirement
<u>At age 20</u>			
White males:			
1900 <u>1/</u>	42.2	39.4	2.8
1940	47.7	42.0	5.7
Total males:			
1940	46.8	41.3	5.5
1947	48.0	42.8	5.2
1975 (A) <u>2/</u>	52.7	42.8	9.9
1975 (B) <u>2/</u>	52.7	45.9	6.8
<u>At age 40</u>			
White males:			
1900 <u>1/</u>	27.7	24.5	3.2
1940	30.1	24.2	5.9
Total males:			
1940	29.6	23.8	5.8
1947	30.2	24.8	5.4
1975 (A) <u>2/</u>	33.9	24.5	9.4
1975 (B) <u>2/</u>	33.9	27.2	6.7
<u>At age 60</u>			
White males:			
1900 <u>1/</u>	14.3	11.5	2.8
1940	15.1	9.2	5.9
Total males:			
1940	15.1	9.2	5.9
1947	15.3	9.7	5.6
1975 (A) <u>2/</u>	16.8	7.9	8.9
1975 (B) <u>2/</u>	16.8	10.5	6.3

1/ Mortality data based on records of 11 original death registration States.

2/ A. Assumes continued decline in labor force participation rates for men, 55 years and over, based on 1920-40 trends. B: Assumes labor force participation rates at 1947 levels.

Source: U. S. Bureau of Labor Statistics, Bulletin 1001, Tables of Working Life: Length of Working Life for Men.

Table 4.--UNEMPLOYMENT AS A PERCENT OF THE CIVILIAN LABOR FORCE,  
 BY AGE AND SEX,  
 SECOND QUARTER 1948, 1950, AND 1951

Age and sex	1948	1950	1951
Total, 14 years and over	3.3	5.2	2.8
Males, 14 years and over	3.2	5.2	2.4
14 - 24	7.4	9.8	5.2
25 - 44	2.2	3.9	1.5
45 years and over	2.3	4.6	2.3
45 - 54	2.0	4.0	2.0
55 - 64	2.5	5.4	2.4
65 years and over	2.7	4.5	3.1
Females, 14 years and over	3.7	5.4	3.8
14 - 24	6.3	8.7	5.4
25 - 44	2.9	4.6	3.5
45 years and over	2.4	3.8	3.0
45 - 54	2.3	4.1	3.1
55 - 64	2.9	3.6	2.8
65 years and over	1.1	3.0	2.5

Source: U. S. Bureau of the Census, Monthly Report on the Labor Force.

Table 5.--PERCENT OF NATIVE WHITE POPULATION AGED 45-64 IN THE LABOR FORCE,  
BY EDUCATIONAL ATTAINMENT, 1940

Years of school completed	Males		Females	
	45 - 54 years	55 - 64 years	45 - 54 years	55 - 64 years
Total <sup>1/</sup>	92.2	84.5	21.4	16.5
No school years completed	79.5	72.2	12.7	10.1
Grade school: 1 to 4 years	89.0	81.6	14.4	11.7
5 and 6 years	90.9	83.7	15.2	12.0
7 and 8 years	93.0	85.3	18.3	14.5
High school: 1 to 3 years	94.0	86.9	21.8	18.1
4 years	94.0	86.5	26.2	20.1
College: 1 to 3 years	94.2	87.0	31.3	26.6
4 years or more	95.4	89.3	46.4	39.1

<sup>1/</sup> Includes persons whose educational attainment was not reported.

Source: U. S. Bureau of the Census,  
1940 Census of Population,  
Educational Attainment by Economic Characteristics and  
Marital Status