

THE SOCIAL AND ECONOMIC PROBLEMS OF EMPLOYMENT OF OLDER WORKERS

Address by Ewan Clague, Commissioner of Labor Statistics

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A year ago, when I had the privilege of addressing this Institute, the employment problem of older workers may have seemed rather far removed. We were still riding the high tide of postwar prosperity. While many post-war backlogs had already been filled by mid-1948, heightened international tension and the expanded defense program had added another inflationary fillip to the economy. Civilian employment, which exceeded 61-1/2 million last July, was at an all-time peak, and unemployment, at about 2 million, was at a rate which might well be regarded with complacency.

From the vantage point of an economy operating in high gear, older workers, like other members of our working population, appeared to be faring relatively well. Many of the older men and women who had been encouraged to remain in the labor market during the war years, or who had returned to work from retirement, had continued in the labor force. Their rates of unemployment were not appreciably different from those of younger men and women, and industry which had lifted age barriers during the period of wartime labor shortage, continued in general to find these older employees useful additions to its work force. This all seemed a far cry from the decade of the Thirties, with its heavy concentration of unemployment among the older men and women, and its resulting social distress.

But, even under these favorable circumstances, it was clear to those of us who had studied the long-range trend, that the fundamental problem of the employability of the older worker had not been solved.

I would like to pause briefly, here to review some of these deep seated long-term trends. The first of these trends--well known to all of us--is the fact that there are more and more old and nearly old people in our population. A century or even a half century ago, we were predominantly a Nation of youngsters. Birth rates were high, life expectancy was relatively short and the heavy inflow of immigrants--predominantly young people--served to reduce the average age of the population. The progress of industrialization, with the shift of population from farm to city, brought with it--almost inevitably--a tendency towards an aging population. On the one hand, the declining trend of the birth rate and the stoppage of large-scale immigration have reduced the relative inflow of young people into the population; while on the other hand, advances in medical science, and higher living standards have enabled a progressively greater proportion of our population to survive into old age. Thus, since 1900 alone, the average life expectation at birth for white men, has increased by 17 years, from about 48 years in 1900, to 65 years, in 1946.

The effect of these trends on the age composition of our population is shown in the accompanying table. (Table 1) In 1900, only about 3 million persons, or one out of 25 was 65 years and over. By 1940, the number of oldsters had tripled, and their proportion in the total population had risen to almost 7 percent. By the year 2000, we can expect that about 21-1/2 million persons, or more than one out of every eight, will be in this aged group. If we include in our totals, the "nearly-old" people in the ages 45-64 years, the figures are also striking. The proportion of the population 45 years and over is expected to increase from one-sixth of the total, at the beginning of the century, to two-fifths, in the year 2000.

If economic opportunity for the old and near-old had kept pace with their increase in numbers, there would, of course, be no special economic "problem" of the aged. This however was not the case. There has been a pronounced long-term decline in labor force participation among men 65 years and over. (Table 2) In 1890, about seven out of every ten men, 65 years and over, were gainfully occupied. By 1940, this proportion had dropped to only 43 percent. Then, with the wartime labor shortage, large numbers of older men and women reentered the labor force, while others postponed their retirement. After the end of the war, the downtrend was resumed, although with the employment situation still generally favorable, the proportion in the labor force has remained somewhat higher than in 1940.

This decline in work activity among the older members of our population would perhaps be regarded as salutary if it simply reflected the increased ability of the individual and of society to provide adequately for a period of leisure and retirement in old age. To some extent, this has of course been a factor. With the extension of social security and pension programs, and with the general rise in income levels, there are more people now who can afford to retire than 50 years ago. And there are still present in our working force, many other aged workers who would undoubtedly prefer to stop working, either because of poor health or personal choice, if they had any adequate alternative source of income. The proposed amendments to the Social Security Act currently being considered by Congress, by increasing the present inadequate benefits, extending the coverage, and providing other needed improvements, will give more of these aged workers an opportunity to make a real choice between work and retirement.

At the same time, there is a group of older people--and, I think, a large group--who are capable of performing gainful work, and would welcome an opportunity to engage in some form of employment, but who have been rejected by our economy as "too old to work." The available evidence suggests that, for many older workers, separation from work is involuntary, rather than a matter of choice. For example, the Social Security Board conducted a special field survey of persons receiving old age insurance benefits in 1941-42 and found that only about 5 percent of those receiving old-age benefits had retired while in good health and simply wished to retire, while more than half had been laid off by employers. Most of the others, about one-third, quit because of illness or failing health. Though similar information is not available for the postwar period, it is a safe guess that, even under the prosperous conditions of the past few years, we still had in our aged population large numbers of men and women whose working lives had been cut short not because of choice, or because they were no longer able to work, but because there was no employment available adapted to their capacities.

This basic employment problem, which transcends the ups and downs of the business cycle, has developed and grown in dimensions over the years as our Nation has moved from a predominantly agrarian economy to one of large-scale industrial enterprise. As an independent farmer, or as a small shopkeeper or artisan, the worker was able to adjust gradually and progressively to those changes in his capacities which accompany old age--particularly if he could count on help from his own family in the performance of the heavier more arduous duties. Under conditions when technological change came slowly and families came large, he could gradually shift from direct participation to the role of planner and director of the family enterprise, and could continue to fulfill a productive function. But the pattern of our industrial development has been dominated by the movement from farm to city and from the small-scale establishment to large-scale enterprise. And as a wage earner in our modern industry, the aging worker has been at his greatest disadvantage.

In part, the handicaps of the older worker, in industry, flow directly from the nature of our modern technology. As we progress in years there is a process of slowing down, an organic deterioration, which may come rapidly and drastically for some, much more gradually for others. At some stage, the worker will find that his reactions are slower, that his perception is not as keen. Dr. Edward Stieglitz in his book "The Second Forty Years" has outlined the nature of this decline in mental and physical powers. Yet, our mass-production industry generally allows for no corresponding slowing down in production quotas. Job standards are impersonal and rigid; the conveyor belt moves at the same rate for the old, as for the young. Even where the job is precision work rather than the production line, there may be some weakening in eyesight, or a loss of dexterity, which may similarly limit the usefulness of the older worker.

At the same time, there is--to some extent--a slowing down in ability to learn. Employers generally regard the older workers as less adaptable to new methods, and as "poor investments" for training or retraining. When new inventions and new ways of doing things came few and far between, this was not much of a handicap. But in a dynamic technology, when skills and specialties become rapidly obsolete, it creates a serious problem. Some psychologist has recorded that the decline in the learning capacity of the older person is not nearly as great as we sometimes imagined--according to his calculation, the peak of learning ability is at age 22, but that the capacity at age 80 is about the same as it was at age 12. So the rise in learning capacity in the course of a decade is matched by a decline which lasts over a period of nearly six decades. This would indicate that, under the right circumstances, an older person is not such a "poor investment" for retraining.

In addition to these more or less fundamental handicaps, there are others, which are less tangible--in part real, and in part, a product of prejudice or misinformation. Some employers feel that their older employees add substantially to the cost of workmen's compensation, group insurance and other welfare plans. Others have the attitude that the public "doesn't like to deal" with older people. And all too many, tend to identify senescence with some fixed chronological age, such as 65, and establish rigid rules for compulsory retirement when this age is reached.

At this point perhaps it might be well to emphasize some of the findings of the psychiatrists with respect to sudden retirement. Dr. C. Charles Burlingame in the Digest of Neurology and Psychiatry, July, 1949, warns his fellow physicians against suddenly shifting their patients from jobs of extreme responsibility to complete inactivity. He states that it may result in a type of "mental bends" analagous to the pressure bends suffered by underground workers who shift too quickly from high air pressures to normal pressures above ground. The ideal, from a psychological point of view, is a gradual lessening of responsibility and tension, instead of a sudden shift.

Leonard Himler has analyzed some of the types of mental disturbances which arise from the widening gap between the worker's capacity and the job requirements.

In our stock-taking of the older worker as an employee, the picture is however not all one-sided. In positions where experience, and judgment are important factors--at the professional, managerial and supervisory levels--maturity is often a valuable asset. Moreover, it is generally recognized that the older worker is more stable as an employee, more attached to his firm. And a recent study by the Bureau of Labor Statistics indicates, too, that he has lower absenteeism rates and is less prone to accidents, though once injured, he may take longer to mend.

Moreover, when the older employee is established in a job, and has built up a record of service, seniority gives him a substantial measure of job security. With the extension of collective bargaining this has become an increasingly important consideration, though its effect varies considerably from industry to industry. And, even apart from such formal protections, employers generally tend to "take care" of their own older employees, particularly when business is good. Many employers attempt to set aside certain types of jobs for their aged employees and to shift them to lighter, less-exacting duties when they can no longer carry on in their original jobs. The concept of modern industry as a sort of monster which devours its workers and rejects them in their declining years is a crass oversimplification of the real problem and does grave injustice to the great majority of American employers.

The major employment problem of the older worker is generally not that of continuing employment in the job which he is holding. Employers usually retain and adjust their older workers up to the age of retirement. The protective attitude adopted by many employers to those employees who have grown old in their service is of little help however to the man past middle age who, for reasons beyond his control, may suddenly be thrust on the labor market. In our dynamic economy this is a frequent occurrence. Even in a period of general prosperity, employers go out of business, or changing methods and styles may cause elimination of individual jobs. And once out of work the older worker is likely to find it progressively more difficult to secure re-employment.

The older worker, as a jobseeker has all of the handicaps and has few of the advantages of the man of like age who is on the job. Many employers who may be liberal in their treatment of their own older employees are at the same time reluctant to take on new employees at advanced ages. In addition

to his other difficulties, the very seniority system which protects the older worker as an employee, works to his disadvantage when he is on the outside. He is likely to find that jobs in his particular skill or at his level of experience are hard to find, and "starting all over again" is not a pleasant alternative for the man past middle age.

All of these handicaps are, of course, intensified in a period of business decline. The unemployment problem of the older worker, as it existed after a decade of heavy unemployment is presented in sharp focus by the 1940 Census data on duration of unemployment. As shown in Table 3, the oldest workers, as well as the youth, suffered the highest rates of unemployment. If we examine the pattern of duration, as it existed in early 1940, it is clear however that older workers were not being laid off at a greater rate than the younger men. In fact, the percentage of wage and salary workers seeking work two months or less (a good cross-section of those who had become newly unemployed) was actually slightly lower for the workers above 45 than for the lower age groups. However at the opposite extreme, the proportion of workers unemployed for long periods, of one year or more, was highest for the older workers. Of all wage and salary workers, 65 years and over, 6.6 percent, in March 1940, had been unemployed for one year or longer, more than twice the ratio that was shown for those between 25 and 44 years of age. These data suggest that the major employment problem of the older worker during the 1930's was one of finding a job, once unemployed, rather than of any general discrimination in lay-offs.

I have dwelt at some length on the 1940 experience because I think it casts some light on the current unemployment situation, as it affects the older worker. It is clear that we are now in a period of readjustment, after having caught up on many of the accumulated wartime shortages. Unemployment, according to the latest Census estimates, has risen by about 1-1/2 million over the year, to 3.8 million. And civilian employment this past June, though still very high by earlier standards, was about 1-3/4 million below June of last year. Although there is reason to hope that employment will level out soon and resume an orderly expansion, the working population is currently increasing at the rate of almost one million per year.

Given the possibility of continued sizeable unemployment how are the older workers likely to fare? The available facts on the surface do not appear to be unduly alarming. Between the first half of 1948 and the first half of 1949, the number of unemployed persons, 45 years and over, increased from about 600,000 to 900,000, or by about 50 percent, which is only slightly greater than the rate of increase in unemployment for all groups over this period. Other unpublished Census data for recent months also indicate that the rate of new unemployment among older workers has been about the same as for other adults.

In the light of our 1940 experience, this should not surprise us. The real test will come if unemployment remains at current levels or continues to grow for any appreciable period of time. Then, if our analysis is correct, there will be the danger of the development of a hard-core of workers past middle-age who will not be able to find jobs, and who will again constitute a major social problem.

I hope that I have not painted too dark a picture of the long-term trend and of the immediate employment situation of the older workers. It is certainly not a hopeless picture. One of the most encouraging aspects of our current economic situation is that we have, as a Nation, committed ourselves and our government to a policy of maintaining high levels of employment and income. We have never been more aware of the forces propelling our economy, and of how they may be controlled. There is reason to hope that this policy and this knowledge will be translated into effective and timely action.

This applies with equal force to the special problems of particular groups in our working community such as the older workers. In the past few years, there has been a tremendous upsurge of public interest in their problems and in the measures which need to be taken to improve their status. It has found expression in the press, in meetings of many State and local agencies, and in the appearance on the scene of special study groups and institutes, such as yours. I think this is all for the good. The problem, as I have outlined it, is not capable of any simple solution, and no one person or group can presume to lay out a detailed blueprint for action.

There is one point which I would however like to stress in closing. We must marshal our facts. At many points in my presentation I find I have had to speak in generalities, simply because comprehensive and current data have not been available. First of all, we should know more about how the older workers themselves feel regarding their continued employment. To what extent would they be willing to continue to work at advanced ages, even if retirement benefits become more adequate? How ready are they to make adjustments in their work, and to undergo retraining, if necessary?

Then, we must know more about current prevailing practices of employers in this regard. What are the types of work which are actually assigned to older employees? What are the ages at which employees are actually hired; what are employer policies on compulsory retirement, or on shifting older workers to different types of jobs? How do seniority and related rules affect their employment? What are the relative costs of older workers to the firms under existing pension and welfare programs?

Some unions have had to wrestle with this problem, and there is much that we could learn from their experience. Of course, the union normally presses vigorously for seniority, which does help the older worker in general, although there are many cases in which a younger man may have greater seniority in the company than an older one. But seniority is not the whole answer. What steps have unions taken to authorize the shifting of a worker to a lower grade job at lower rates of pay in order that he may continue to be employed, even though he cannot maintain the quantity or quality of his previous work?

And finally, we certainly require detailed information on the actual work performance of older men and women. Studies of their relative productivity in different occupations and industries should indicate the types of work for which they are best adapted, and--conversely--those jobs where they are under the greatest handicap. In this connection, additional studies of work injury experience, turnover and absenteeism, by age, are also called for.

This fact-finding program is, of itself, a major job. But once the facts are assembled, the real challenge will be one of translating them into an effective, well-rounded program. The program must include plans for special counselling, placement and training facilities for older workers. It involves, too, an educational job among employers and workers alike. To be successful, it must enlist the support of all major groups in our community. It may seem like an ambitious program, but it is one that must and can be done if we are to avoid the consequences of wasted manpower, and of an ever-growing economic and social burden of dependance in old age.

TABLE 1. Percent Distribution of United States Population by Age

Age	Actual			Forecast 1/		
	1900	1920	1940	1960	1980	2000
	:	:	:	:	:	:
Under 5	12.1	11.0	8.0	7.0	6.5	6.0
5 to 19	32.3	29.8	26.5	24.9	21.5	19.7
20 to 44	37.8	38.4	39.0	36.3	36.2	34.6
45 to 64	13.7	16.1	19.7	22.6	24.2	26.5
65 and over	4.1	4.7	6.8	9.2	11.6	13.2

1/ Forecasts assume medium trends of fertility and mortality and no immigration after July 1, 1945.

Source: U. S. Bureau of the Census.

Prepared by: Bureau of Labor Statistics  
U. S. Department of Labor  
Washington, D. C.

TABLE 2. Percent of Men, 65 Years and Over, In Labor Force

Year	Percent
1890	70.1
1900	65.0
1920	57.2
1930	55.5
1940	43.4
1945	49.9
1949	45.6

Source: Adapted from U. S. Bureau of the Census.

Prepared by: Bureau of Labor Statistics  
U. S. Department of Labor  
Washington, D. C.

TABLE 3. Percent of Wage and Salary Workers in Each Age Group Seeking Work, by Duration of Unemployment

Age group	Total wage and salary workers	Total seeking work	Duration of unemployment			
			2 months and less	3 to 5 months	6 to 11 months	12 months and over
14-24	100.0	14.5	3.5	4.0	3.4	3.6
25-34	100.0	8.9	2.0	2.4	1.8	2.7
35-44	100.0	8.5	1.7	2.1	1.8	2.9
45-54	100.0	10.3	1.8	2.3	2.1	4.1
55-64	100.0	13.6	1.8	2.7	2.8	6.3
65 years and over	100.0	13.1	1.5	2.4	2.6	6.6

Source: 1940 Census of Population, The Labor Force (Sample Statistics)  
Employment and Personal Characteristics.

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