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ABSTRACT

The study reported here examines the employment-related problems of older workers and develops a research and development strategy for future federally funded projects. Following an introductory section, the content is in fifteen chapters. The first chapter covers a number of critical policy issues and the second concentrates on job-related problems of older workers. Chapter 3 discusses the factors and problems associated with retirement. Health and safety of the older workers is the topic of the fourth chapter, while the fifth covers age and work performance. Part-time work and new types of work-time arrangements are the subjects of chapter 6. Chapters 7-9 focus on the older working women, older minority workers, and older workers in rural areas, respectively. The tenth chapter deals with employer practices, internal labor market experiences, mid-career change, and the role of intermediary organizations in meeting the employment needs of older workers. Chapter 11 is concerned with training and education, while the subject of chapter 12 is current government programs affecting older workers. The Age Discrimination in Employment Act is discussed in the thirteenth chapter. Foreign programs and policies are reviewed in chapter 14. The last chapter presents specific priorities for research projects and recommends projects for immediate support. (EM)

RESEARCH AND DEVELOPMENT STRATEGY

ON

EMPLOYMENT-RELATED PROBLEMS OF OLDER WORKERS

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16. Abstracts

A research-and-demonstration-strategy on employment-related problems of older workers, based on intensive examination and discussion of research and policy literature. Subject matter includes factors and trends in labor force participation, and retirement rate by age and sex, unemployment and age discrimination, duration of joblessness, job seeking discouragement, part-time employment, training, work performance, government programs, special programs of older women and minority workers.

Research and demonstration recommendations are discussed throughout, with the final chapter devoted exclusively to major, priority topics recommended for funding by the Department.

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Final Report

Research and Development Strategy on Employment-Related Problems of Older Workers

Harold L. Sheppard

with the assistance of
Tania Romashko and Lawrence Passarell

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AMERICAN INSTITUTES FOR RESEARCH / 1055 Thomas Jefferson Street, NW, Washington, DC 20007

FOREWORD

Howard Rosen, Director
Office of Research and Development
Employment and Training Administration

The Office of Research and Development asked Dr. Harold L. Sheppard and his colleagues to develop a comprehensive R&D strategy on the employment problems of older workers within the framework of the Comprehensive Employment and Training Act. This report is the result of his efforts. It involves a systematic examination of past and on-going research and development efforts in this area. He has identified gaps in what has been done up to now, and has made suggestions for research and development emphasis on new and hitherto unexplored problem areas.

A careful study of the changing demography of our population in the decades ahead was the cornerstone of this analysis. Other developing socio-economic trends were also taken into account.

This report is essentially a blue-print for the future plans of the Office of Research and Development in funding projects dealing with the employment problems of older workers. Because of the limitations of funds, however, the recommendations for R&D efforts in this report will have to be spread out over a period of years. The priorities recommended by the author's will be taken into account in planning the future R&D strategy for older workers.

In addition to its recommendations, the report contains an excellent review of the state of our knowledge about the employment problems of older workers. Those who want to go more extensively into the labor force experience of older men may find it worthwhile to examine the series of R&D Monographs, based on the National Longitudinal Surveys, entitled "The Pre-Retirement Years," which may be obtained from:

Employment and Training Administration
Inquiries Unit
Room 10225 Patrick Henry Bldg.
601 D St., N.W.
Washington, D.C. 20213

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SUMMARY

This study is a detailed discussion of the employment-related problems of older workers, based on an extensive research and policy literature search, for the purpose of arriving at a strategy for research and demonstration projects to be sponsored by the Department of Labor.

The Introduction deals with some guiding principles that should govern such a strategy, including the concept of worklife stages; the importance of specifying from whose perspective a phenomenon is experienced or deemed as a problem; the need to distinguish current from future problems or possibilities; the changing heterogeneity of what is called the "older" population (in terms of sub-age groups, race, and sex); and the limitations of cross-sectional, as opposed to longitudinal, research on work and aging.

Another critical principle involves the necessary distinction between preventive measures, on the one hand, and remedial, rehabilitative or curative measures, on the other hand, in the formulation of policies and programs regarding the employment-related problems of older workers. "Employment-related" problems and "job-related" problems are used interchangeably in this report.

A number of critical policy issues are presented in Chapter I. One of these issues pertains to the question as to whether it is in the economic interest of this or any other country to include a larger or a smaller proportion of its population in the workforce. Within the context of the topic of this report, the issue frequently is expressed in terms of who shall obtain and keep job opportunities, the young or the old? But, must age be used, to begin with, in answering the basic question in times of job scarcity? What is the net cost or benefit of increasing the non-use of older persons in the economy? There are conflicting views on the employment effects of labor force withdrawal of older workers.

Furthermore, the policy issue centering around the notion of removing older workers from the economy to make room for the young may also be a reflection of cultural norms regarding the status of different age groups and their "entitlements."

Chapter II concentrates on a number of older worker problems, including the impact of unemployment on such phenomena as premature retirement, illness (including mental health), and death; exhaustion of unemployment insurance benefits, duration of joblessness, rates of recovery in post-recession periods and poverty risk. This same chapter takes up the topic of level of schooling as a factor in "structural" unemployment, and suggests that traditional explanation of the employment problems of older workers in terms of their low education may need re-examination when applied to older workers of today. For example, increasingly, the educational status of older persons relative to younger ones is narrowing, and a recent study found that for men 55-64, duration of joblessness was higher for those with above-average education, in contrast to the relationship between low schooling and high duration among men only 25-34.

Discrimination is also a critical problem for older workers, when studied objectively and subjectively (in terms of the individual's perceptions). The differential treatment of older workers (even when skill is held constant) is especially clear from studies of jobseeking experiences of unemployed workers.

Chapter III concentrates on the factors and problems associated with retirement. Industry, occupation, health status, economic conditions, and retirement incentives (such as level of expected private and public pension) all play a role in the "retirement decision."

Among the issues involved are those of mandatory retirement which is currently the subject of legislative controversy. Should there be any age at which the worker must retire? Should the existing age (65, as cited in the Age Discrimination in Employment Act) be raised? The topic also raises the question of unambiguous definitions of voluntary vs. involuntary retirement. What might be the impact of removing or raising mandatory retirement age provisions? How does mandatory retirement affect inter-firm mobility? Would its removal affect rates of early retirement?

What are the benefits and costs of early retirement for the individual, the organization, and the economy? These are possibly separate impacts, and raise the need to consider from whose perspective is a given policy a "problem." From an economic standpoint, individuals retiring under Social Security before the age of 65 have lower benefits, and are less likely to have supplemental private pension incomes than those retiring later, a finding which confounds the widespread finding by economists that financial incentives are among the most important determinants of early retirement. The same Social Security data indicate that pre-65 retirees are characterized by greater illnesses, and less steady pre-retirement employment experience.

This chapter, along with other sections of the report, also deals with the issue of the degree to which the lowering of retirement age shifts the cost of unemployment (when such lowering is advocated as a means of solving unemployment) onto the older population and also onto the remaining, younger working population. From a public policy point of view, may there not be a limit to which the economy can go in a continuation of the early retirement trend? This may be one of the overriding policy issues governing the Department's research decisions.

Chapter IV concentrates on the literature concerning health, safety, and aging in the workplace, and as influences in the employment experiences of older workers. While health is typically treated as a variable independent of the individual's job role and experience, it should also be viewed as a status affected by job role and experiences, as a crucial employment-related problem of middle-aged and older workers. The health status of such persons (as suggested by the National Longitudinal Survey) is apparently related to type of industry, for example. And even if without any health limitations in 1966 -- when the survey began -- middle-aged and older workers experienced increases in health problems over the ensuing five years, depending on their occupations.

The relationship between health and age in the workplace is not always clear-cut. The fact, for example, that older workers have the lowest rate of back injuries on the job may reflect the possibility that they also are generally found in less dangerous jobs, compared to younger workers. Many of the findings in this field point to the possibility

of job transfers after a certain age, in selected high-risk work environments.

Government research on age and work performance (discussed in Chapter V) has not been of a sustained or systematic nature. In general, what research there is (by government and non-government sources) reveals no consistent pattern of superior productivity in any age group. Variations in job performance measurements, within age groups are frequently greater than variations between age groups, thus suggesting that something other than mere chronological age is at play. Much of the empirical research on the topic points to the greater value of retaining, as opposed to hiring, older workers; and also to the importance of selection, when hiring, on the basis of job-relevant criteria, rather than on the basis of age alone.

Part-time work, and new types of arrangements for work-time distribution, are the subject of Chapter VI. The emphasis is on voluntary part-time employment as a potential source of assistance to older workers, although the chapter presents data on part-time work because of economic reasons, among different age groups in the target population. Despite the potentials, the rate of increase in voluntary part-time employment for older workers is much lower than that for younger ones. Research is needed in determining the "market" for such employment -- by industry, and by type of older worker.

Work-sharing and tapered retirement, are viewed as variants of the part-time employment phenomenon. The chapter also deals with such alternative work patterns as job enrichment, job redesign, and other "quality of work" dimensions, insofar as they impinge on employment-related experiences of older workers. The nature of work, and level of job satisfaction, are both among the factors involved in early retirement and in retirement attitudes.

Chapters VII, VIII, and IX focus on the older working woman, older minority workers, and older workers in rural areas, respectively. Each of these have their own special problems, as well as those experienced by older workers in general. Chances of adequate retirement income are lower for both older women and older blacks, for example. Older women may have

special problems associated with later entry into the labor force (or later re-entry). In times of unemployment, they may "opt" for early retirement more than men, and thus run the risk of severely reduced Social Security benefits. At the same time, according to some research studies, older women workers are more reluctant to accept the employer's retirement age than men, partly because retirement for them typically means a return to less satisfying housekeeping roles. The rising labor force participation among middle-aged women -- especially married ones -- is a new phenomenon the implications of which have only recently begun to be explored.

The rate of labor force drop-outs among older blacks is higher than for whites, and for those who are employed, they have a greater level of involuntary part-time employment. Since the decline from the peak unemployment rate in 1975, the labor force participation rate among blacks 55-64 (especially males) actually went down, contrary to the opposite pattern for whites of the same age. The same contrast occurred with respect to "post-recession" unemployment rates. These declines in job opportunities should be weighted further in light of the fact that older minority groups tend to have more dependents than their white age-peers.

Given the reported sharp improvement in the occupational gains of young black adults in recent years, it should be important to monitor, over time, the degree to which such gains are sustained, and built upon, as they move into middle-age. Equally important is the health status of those now middle-aged and older, as a function of occupational experience.

Older workers in rural areas may need special consideration in current and future public service employment programs, given the limited opportunities for private sector employment in many of those areas.

One broad area of study, the scope of Chapter X, concerns employer practices, internal labor market experiences, mid-career change, and the role of intermediary organizations in meeting the employment needs of selected groups of older workers. Not only hiring patterns, but also promotion and training opportunities, along with older-worker retention, need greater attention. Much of this has to do with the issue of "obsolescence" and those management practices that make for or against the etiology of that problem.

Of growing interest in some corporate circles is the challenge of organizational adaptation to an older workforce, especially those adaptations that resort to measures other than early retirement as a means of "solving" the alleged problems associated with such a workforce. This includes attention to the needs of workers with a need for mid-career change, which may be on the increase.

The country is witnessing a burgeoning of nonprofit private organizations functioning as intermediaries between the older j[redacted]nd potential employers. Research, along with demonstrati[redacted]jects, on this type of organization deserves greater attention.

Training and education are dealt with in Chapter XI, and the major foci are the need to improve the skills and general educational qualifications of selected groups of older workers, and equally important, the need to improve the training methods used to impart new skills, in keeping with any special learning patterns characteristic of such workers. At the same time, the narrowing of the gap in educational achievement between older and younger persons should be appreciated, since it is generally recognized that the better the educational background, the lower the risks of obsolescence. Mid-career development, or retraining, should be supported as a preventive to human capital deterioration, instead of merely waiting until middle-aged and older workers become unemployed, or retired prematurely. This same chapter summarizes significant findings from the NLS project regarding the outcomes of "investment in training" during middle-age.

Current government programs affecting older workers is the subject of Chapter XII. While the Community Service Employment Program (Title IX of the Older Americans Act) may be the most visible of such programs, the numbers of older workers in CETA Titles I, II, and VI, are much greater. Nevertheless, the proportion of older workers in Title I programs is quite low, and the numbers in Titles II and VI are low. Is the low representation in Title I programs a reflection of national policy? Does the existence of a special and separate program for older persons (Title IX) function to decrease the chances for greater participation in the other programs, especially Title I?

Specific observations and questions pertaining to all the programs are included in the chapter, e.g., the fact that requests from local organizations to hire older workers typically exceed the total number of slots allocated. In rural areas, Title IX programs are frequently the largest employer. These same programs are viewed as restrictive, in that they provide for only part-time employment, while many of the participants need full-time employment.

The Age Discrimination in Employment Act (ADEA) is the subject of Chapter XIII. The increasing number of complaints filed under this Act may reflect a growing awareness of its provisions, as well as the impact of the 1973-76 recession during which employers may have tried to reduce payroll costs by discharging or prematurely retiring higher-paid, long-service employees. But these points require empirical verification. The increase may also be due to increased ADEA staff activity. While ADEA annual reports indicate the major industrial groups involved in violations, there is a need to know if those industries are over-represented, or merely reflect their share of overall employment structure. The inclusion of state and local governments in the Act as of 1974 should provide new patterns for analysis, especially since this "industry," too, is undergoing fiscal strains.

Impending changes in the upper age covered by the Act may raise a new range of research and policy issues worthy of attention, e.g., impact on labor force participation, and on internal company practices. Raising the age (and for some employees, eliminating it altogether) also may result in greater utilization of work assessment measures, and of functional criteria, on the part of employers -- all of which warrants research attention.

Foreign programs and policies, as a source for new programs in this country, are reviewed in Chapter XIV. They include the concept of tapered retirement without income loss; incentives for retirement deferral; a more active, positive approach to training for older adult workers; the use of adjustment committees in enterprises in the process of reducing the workforce; more appropriate personnel planning with respect to the "aging" of a firm's workforce; early training and retraining to prevent future problems; union policies regarding early retirement; and subsidies to employers for hiring older workers.

The final chapter consists of (a) specific priorities for research projects, such as:(1) factors associated with continued employment vs. early withdrawal from the labor force, of older black workers compared with whites; (2) jobseeking behavior and the discouragement process among middle-aged and older minority group workers; (3) research on the role of the retirement test in the retirement decision, and level of work experience; (4) the relative impact on labor force experience of younger workers of different participation rates of workers eligible for retirement; (5) average age of retirement among companies with and without mandatory retirement age; (6) comparisons of retirement age policy as an issue in the United States and other countries; (7) studies in discrimination; (8) voluntary part-time employment.

Projects recommended for (b) experimental and demonstration purposes include or are related to: (1) indepth, multi-pronged prevention projects; (2) voluntary part-time employment; (3) tapered retirement; (4) upgrading of skills to improve employment chances of middle-aged and older minority group workers; (5) developing older skilled workers as trainers of young unemployed and underemployed; (6) mid-career change; (7) programs among private sector employers to prevent offset of employee obsolescence; (8) public service employment.

Introduction

A. Preface

Within a short period of three years at the most, this country will again be engaged in an intensive series of local, regional, and national activities in preparation for the 1981 White House Conference on Aging. The Department of Labor -- and other Federal departments and agencies -- might now examine the policy statements and recommendations pertaining to employment problems that emanated from the 1971 Conference. The Preamble to the 1971 Report of the Conference Section on Employment and Retirement included the following principles:

- Opportunity for employment with no discriminatory personnel practices because of age.
- Retirement in health, honor, and dignity -- after years of contribution to the economy.
- Adequate income in retirement in accordance with the American standard of living.

> Many barriers hamper older Americans in exercising... choice in allotting their time and talents and deprive our Nation of the highest use of their knowledge, skills, and potentialities. They include: compulsory retirement on reaching a particular birthday, regardless of their ability to work; lack of information and counseling on retirement problems and job opportunities; lack of placement and counseling personnel equipped to deal with their special problems, underrepresentation in education, training, rehabilitation, and other manpower programs; continuing discrimination in employment practices despite Federal and State legislation; and enforced retirement resulting from long unemployment as an increasing number of workers lose their jobs in their fifties when plant shutdowns or technological changes make their skills obsolete. This results in their being undercounted among the unemployed.

The policy recommendations included attention to the 45-64 age group, and not merely to those 65 and older.

These policy recommendations included specific reference to items which still remain in the list of critical issues pertaining to the

job-related problems of both segments of the older age population, notably:

- The need for earmarked funds in manpower programs. "Experience proves that adequate funds must be earmarked to improve employment opportunities for older workers."
- Greater enforcement of age discrimination statutes. "There should be a governmentally-sponsored public relations and educational effort designed to induce employers voluntarily to hire more older workers."
- Public Service Employment. "Even improved manpower policies may not result in adequate opportunities for those persons willing and able to work. State and local governments are hard pressed to finance the public services...so badly needed by our communities...and that are so appropriate for the employment of older people...A minority [of the Section] favored expanded and innovative programs to meet employment needs of older persons, but questioned the concept of government serving as 'employer of last resort.'"

The policy issues and research potentials of just these three recommendations (out of a total of 17) are many, and they form the basis of much of the contents of this report.

B. Guiding Principles

Before moving into specific issues, research and demonstration needs and suggestions, we would like to introduce some general or guiding principles that should be applied in a research and development strategy regarding job-related problems of middle-aged and older workers. Some, of all, of them should be considered when reviewing each of the specific issues and topics covered in this report.

I. The Concept of a Work-Life Cycle or Stages.

In effect, this principle stresses the notion of career, or a pattern of work experience over several years -- a process, instead of a snap-shot or cross-sectional status at any one point in time. This involves a focus on such experiences as:

(a) during a job-seeking phase --

- As a person seeking re-employment after discharge, or lay-off.
- As a person seeking a change of employment, even though currently employed.
- As a person re-entering the labor force (or entering for the first time) after an extended period of nonwork because, for example, of child rearing, illness, etc.

(b) As an employee (i.e., internal labor market experiences), which would include --

- Work performance.
- Seeking a change of type of work in the same establishment.
- Being assigned a change in the same establishment.
- Promotion patterns.
- Degree and nature of training opportunities.

(c) As a potential and future retiree, including --

- The impact of job-related experiences, during middle-age, and during the "pre-retirement" years (such as unemployment experiences, voluntary vs. involuntary job-changing), on the "retirement decision" (and whether the retirement is voluntary or not; and at what age).

- The impact of personal-demographic factors on that retirement decision (including early intentions; family obligations; coverage and level of pension, if any).
- The impact of these and other factors and experiences on actual retirement status; retirement life expectancy, etc.

II. "Problem" According to What Perspective?

Treatment of the topic of the "job-related problems of older workers" must be clear as to the issue of "whose" problem? There is, of course, a wide category of difficulties encountered by (a) the individual middle-aged and older worker or jobseeker. But what may be an advantage or a problem to the individual may be the very opposite for (b) the employing organization. Reluctance to hire individual older job applicants may not be a problem to the employer, at least as judged within a firm's immediate and direct costs and benefits. Retaining certain types of older workers may help those workers, but not the organization, etc.

Finally, there is a third perspective (or level of analysis) which must be considered when dealing with the topic, namely, (c) the general community and/or total economy. Early retirement (before 65, to take the conventional age) with relatively high retirement income may "solve" some problems for the employing organization and make such retirement extremely attractive to the individual worker, but in the aggregate, the effects on the total economy (and/or public expenditures) may or may not be positive. One example might be the excess of expenditures over revenues in the Social Security Trust Fund as a result of large exits from the labor force.

Given no change in retirement age policy and early retirement trends, along with certain demographic developments, the burden on the working population (in the form of increased payroll taxes and/or income taxes) might be placed in this same perspective.

As another example, long-term unemployment among older workers may adversely affect the general economy (and the status of the UI reserves), and not merely the long-term unemployed themselves. Other direct costs to the total economy and society might consist of increased health and welfare

costs that can be traced to such long-term employment. Such costs are not always obvious.

III. Current problems and conditions regarding the job style and experience of middle-aged and older workers must be distinguished from those expected in the future. This, in turn, calls also for constant attention to those factors that determine the changes, if any, in the current problems and conditions. As one example, the advent of the Pension Reform Act of 1974 (ERISA) is a new variable that will impact, in several ways, on the job-related problems of middle-aged and older workers. A second example might be the emerging participation of women in the labor force, especially married ones: In what ways will this affect those problems.

We include in this third general principle the need to monitor certain trends and intermittent phenomena -- for example, the rate at which persons retire under Social Security before the age of 65, and the changing conditions that influence such rates; the impact on labor force participation of the presumably improving health conditions of young adults as they themselves move into middle-age and older status; policies regarding assistance to victims of mass lay-offs and shutdowns.

IV. The heterogeneity of the population under study -- and changes in the composition of that population over time. This principle is clearly neglected in most statistical reporting in the employment and training field. For example, grouping persons as "45 and older" -- or "25 to 54" and "65 and older" -- obscures more than it reveals, and may lead to poor policy and program formulation. Few, if any, reports (outside certain Social Security publications) include a 62-64 classification which is critical, given the current option for retirement in those ages under Social Security for both men and women.

Equally important is the fact that components of the 65-plus population are increasing at widely varying rates. For example, between 1975 and 2010, the population 85 and older -- even without any changes in mortality rates in the population 50-plus as of 1975 -- is projected to increase by over 110 percent, but the projected increase in the 65-74 population is less than

40 percent. Policy research concerning such vital matters as the per capita worker costs for each "older" person -- or job rights and opportunities for the 65-69 group -- cannot be reliable if that research relies only on data referring to an undifferentiated, unchanging statistical mass labeled simply as 65-plus.

This same principle applies, naturally, to "older" components of the under-65 population.

V. The concept of aging must be considered as distinct from the aged. More pointedly, the "worker growing older" is not the same as "the older worker." The first refers to a process of change -- not all of which is of a decremental nature. The second refers to a socially determined chronological age at one point in time.

VI. Closely related to this principle is the primacy of distinguishing between policy-relevant conclusions derived from cross-sectional data, on the one hand, and from data gathered on a longitudinal approach. A perfectly designed study comparing workers of different ages at one point in time concerning, for example, work performance, or unemployment experience, is not a solid basis for drawing theoretical or policy conclusions about "what happens to people as they get older."

VII. Even longitudinal studies have limitations. A given cohort as of a given year, which is studied over a number of months or years (i.e., as it becomes older), in all likelihood will not be identical to a cohort of the same ages but which is studied ten or fifteen years later -- or earlier, even though both are subjected to the longitudinal approach. This distinction is sometimes known as the "generational-difference" phenomenon. For example, a group of workers 45-64 years old as of 1956 is quite different from workers of the same age as of 1976, regarding such attributes as education, rural-urban origins, occupational distribution, sex-composition, etc. Even the economic environments will not be the same.

Therefore, "contributions to knowledge" and policy-formulations are generation- or time-restricted. This caveat is somewhat unique to the

subject matter of the social sciences, as compared to the biological and natural sciences. In the latter, changes in knowledge may come about primarily as a result of improvements in research technology and methodologies -- and not essentially as a result of changes in the objects of inquiry.

VIII. The survivor phenomenon must be recognized in policy- and program-oriented research on job-related experiences and problems of older workers. For example, research resulting in conclusions showing no differences in job performance of different age groups (typically of a cross-sectional nature) -- or indeed, superior performance of the older workers -- may be an artifact, in that inadequately performing workers, in previous years, may have been weeded out prior to the time the research was conducted.

Similarly, and again partially as a function of the cross-section nature of the analysis (even when longitudinal data are available from the same study), conclusions regarding factors influencing "retirement rates" may be misleading to the degree that the mortality variable is omitted, i.e., only the "survivors" are the subject of the analysis.

IX. In addition to principle IV (regarding heterogeneity), or as a variant of that principle, other sub-groupings are necessary. In the main body of this report, it is critical to keep this principle in mind, even though it may not be stated explicitly where relevant. Specifically, we refer to the need to distinguish not only between age groups in the "older worker" classification, but also by:

- Male vs. female.
- Marital status and family composition.
- Rural vs. Urban.
- With "urban," by size and industry-occupation mix.
- Race or ethnicity.
- Socio-economic characteristics.

Each sub-group has its own problems, conditions, and advantages (or degree of), and it is risky -- for example -- to draw universal policy

conclusions or generalizable research conclusions from data concerning white urban males to other categories of older workers.

X. There is no clear-cut, unchanging referent or definition regarding what is meant by "old." First, the chronological age-referent has changed historically -- even in official designations of the "working-age" population. Second, in the public mind, "old" may be defined in non-chronological terms by substantially large segments of that public. Third, in such cases, the referent is typically of a decremental, nonproductive quality. With respect to formal and informal decisions affecting the work status and chances of men and women, such differences in definition -- either of a chronological or non-chronological nature -- have different impacts that may be critical.

XI. While it is common to classify the job-related problems of middle-aged and older workers as part of the "structural" employment-unemployment challenge, this designation may have some weaknesses, to the degree that it fails to consider the possibility that unemployment due to "cyclical" factors may itself be transformed into a structural problem. A highly educated or trained professional or craftsman, for example, may become unemployed and then remain unemployed (or only intermittently re-employed) long enough to qualify for being a case study in "structural" unemployment -- even when general employment conditions have improved.

XII. Research on older worker problems, and policies derived from that research, should be alert to the lag phenomenon. Problems associated with the job or employment status of middle-aged and older workers may not immediately manifest themselves, but may rather emerge months or years later. As a case in point, applications for disability benefits under Social Security -- among older workers too young to be eligible for retired worker benefits -- tend to rise a few years after a peak in their unemployment rates. A process is involved. This general principle is especially pertinent to the issue of the indirect and long-term costs associated with certain job-related problems of middle-aged and older workers.

XIII. In the formulation of policies and programs regarding the job-related problems of older workers, a distinction should be made between preventive measures, on the one hand, and remedial, rehabilitative, or curative measures on the other hand. To date, the emphasis has been primarily, if not exclusively, on the latter. We more or less wait for problems to emerge and then seek "solutions." Little, if any, emphasis is placed, in government policy-making and program design, on the preventive side.

Perhaps this last principle should have been placed and discussed in the section dealing with policy issues. It belongs in either place, or both. But we have cited it here as a principle, largely because of our belief that a research and demonstration strategy should be governed by a sensitivity to the notion that potential problems should be anticipated and thus avoided or reduced; by the need to search for policies and programs that are positive in character and that avert and obviate the onset of problems originating in the employment situation of workers, insofar as those problems become overt or accentuated in middle- or old age.

CHAPTER I

Critical Policy Priority Issues

As a result of the experience gained by carrying out the tasks in the project on which this report is based -- along with the longer research and policy analysis experience of the Principal Investigator for the project -- some overriding issues have emerged which should be articulated before moving on to some specific and largely conventional topics for research and demonstration regarding the job-related problems of older workers.

1. All of these overriding issues may really be variants on the same theme, namely, the controversy over the notion that economies such as ours are capable of "providing jobs for everybody capable of working." Leaving aside the matter of how to define "capable" -- and ignoring the equally important issue of providing employment for those seeking or wanting jobs, (because that is inextricably tied up with incentive policies affecting the work-nonwork trade-off, developed by government and private organizations -- discussed later) -- the discussions in the remaining substantive part of this report are nearly all affected by how we resolve the following question:

> Is it in the economic interest of the country to include a larger -- or a smaller -- proportion of its population in the work force than is currently the case?

Current policy discussions and debates -- and actual programs -- do not seem to be concerned with that basic policy issue. Instead, they are based on win-or-lose assumptions, that if one group in the population gains jobs, some other group or groups will have to give up jobs, or not seek to find any. Within the present context, the game seems to be essentially a matter of who gets and keeps the job opportunities -- the young or the old. That issue itself raises questions of who is young? Who is old?

Little, if any, sustained attention is paid to the basic question defined above and its corollaries. Until that basic issue is resolved, a research strategy regarding the job-related problems of middle-aged and older workers will have to be characterized by confusions, contradictions, and conundrums.

That research strategy must otherwise work within the constraints imposed by the underlying assumption of existing policy and program priorities,

namely, that there are only so many jobs to be "handed out." In the meantime, however, research on the total economic and other costs and benefits to the national economy -- indirect, as well as direct -- of such trends as the labor force participation rates of middle-aged and older workers should have a top priority.

Such research may yield results showing that the economy and society is losing out. If so, such results -- if disseminated widely and effectively -- should motivate a greater and more serious effort to institute new, or improved, policies and programs designed to (1) expand the pie of job opportunities, and/or (2) increase the relative participation of middle-aged and older workers.

In another section of this report, we discuss some demographic and related factors that may lead us, through drift, toward the second purpose. But the goal of policy-making is to gain some deliberate and conscious control over trends and events, instead of waiting for allegedly self-correcting mechanisms to solve such problems for us, perhaps at some considerable cost.

A hint of what this general policy discussion is about can be gained by considering the observations of Seago (1976) regarding the utilization of older manpower. Current employment policy and programs regarding and affecting older workers result in an increase in the number of productive years lost to the economy, often at times when more years of productivity are available in that population. Federal and state governments spend billions of tax dollars on welfare and unemployment compensation (as well as on Social Security expenditures), while large numbers of the middle-aged and older recipients want an opportunity to work and "earn their keep."

Pollack (1976) estimates that $10 billion is lost to the economy through the non-use of older workers -- calculating the value of the products and services not available for purchase each year as a result of such persons not being employed to produce them -- and possibly adding to the inflation process because of the reduced amount of such products and services.

The impact of unemployment and reduced labor force participation among middle-aged and older persons on the total economy may be discerned in the

current concern over the status of the Social Security System's funds. This topic has been the subject of research controversy, touched off in part by Nancy Teeters' Brookings study (1972) which indicated that if unemployment at the end of 1973 remained at 6 percent, over 2.7 million persons (including dependents) would be receiving Social Security benefits but who would not have done so if the rate has been 4.2 (the first quarter of 1970 rate). The Social Security Administration (Sanders, 1974) challenged such estimates but the issue still remains.

The major policy issue here is whether the total economic and social costs of unemployment, decreasing participation, and jobseeking discouragement among older workers (including "premature" retirement) exceed, equal, or are below the benefits allegedly claimed to derive from removing substantial segments of the upper age groups of workers. If they exceed the benefits, this would be one more argument for introducing new policies and programs (as well as strengthening existing ones) designed to retain older persons in the work force.

2. One of the "benefits" derived from removing older segments from the working population is a reduction in official unemployment rates to the degree that those rates have political implications (Kreps, 1976). Another claimed benefit -- and one that is rarely, if ever, examined -- is that it "makes room for younger persons." This claim is frequently found at the enterprise level, without regard to possible costs to the total economy (and possibly to longer-term, indirect costs to the enterprise).

Much of the conventional wisdom in labor economics includes the expectation -- with some variations -- that for every older worker leaving the labor force (or given enterprise), one new, younger worker takes his or her place. Such wisdom is based essentially on the assumption of a fixed quantity of "jobs to be done." In recent years, of course, the growth in the "labor force" has exceeded the number of job openings.

Apart from the possible need for updated empirical verification of the hypothesis that a new/younger person automatically is hired for each older person retired, there is a far more critical question.

A different school of thought in economics would argue that the reduced income of workers due to retirement produces a reduction of purchasing power,

and perhaps an increase in inflation if the aggregate retirement income is increased in an economy without any commensurate increase in the supply of goods and services. This reduction in purchasing power would presumably result in a lessened demand for labor. To put it another way, the continued employment of older workers (at incomes superior to those obtained through retirement benefits) would itself generate or sustain a healthy demand for labor, according to the second viewpoint.

We thus have two conflicting views on the employment effects of labor force withdrawal of older workers. One of them may be incorrect, or each of them may contain certain elements and degrees of certitude. In any event, the issues involved are critical enough to warrant special types of analysis to clarify the general issue.

In the view of some advocates for the job rights of middle-aged and older persons, current government policy seems to stress disproportionately the job problems of the young -- especially those under 20 or so -- over those of middle-aged and older workers. One result is the pitting of age groups against each other, in direct and unobtrusive ways, or at least the frustration of those organized groups of senior citizens whose interests encompass the jobs issue.

A defense of this inordinate stress (as measured, for example, by dollars expended for job-related programs) is that teen-age and youth unemployment rates are much higher than for adult and older workers. This may be the major defense brought forward. The rebuttals to that defense include the arguments that:

1. Official unemployment rates obscure the "real" rate of older age groups;
2. Much of the retired population (especially those in the 60-69 age group) would accept work if offered, or would seek work if convinced they had a chance;
3. Duration rates are an equally, if not more sensitive measure of the problems involved;
4. The proportions of young vs. older persons seeking year-round full-time employment are not comparable (i.e., persons under 20 are primarily seeking part-time and/or temporary work).

(5) Few of these young persons are heads of families with others dependent on them. Most, indeed, may have middle-aged and older parents whose job security needs strengthening.

Some of the advocate groups push the view that at the very least, there should be an equitable distribution among age groups of training and employment opportunities within the private and public sectors. Others emphasize the position that if chronological age were replaced with the use of functional criteria -- the elimination of "ageism" -- in making job-related decisions (the theoretical basis of the Age Discrimination in Employment Act of 1967, at least for those 40 through 64), the young vs. old issue would practically vanish.

The five points expressed above point to the need for empirical verification (and periodic monitoring), and more basically, for some measure (or measures) of relative negative impact of the same types of unemployment and unemployment experience fpr different age groups -- especially if decision-makers and the general public persist in thinking in terms of age as a major dimension of social differentiation.

3. In this connection, the 1974 Harris survey asked its repondents 18-64 years old at what age did they think the average person becomes old. The important point is that only about one-half cited a chronological age. The rest cited what could be classified as "functional" criteria.

The significance of this finding lies in the potential impact of viewing "old" in functional instead of chronological terms, on the several job-related dimensions of middle-aged and older workers. It is not clear whether the raw data of the Harris study could be analyzed with that question in mind. But we recommend an exploration of those data for this purpose.

Furthermore, since the Harris project for the National Council on Aging was cross-sectional only, there is no way of determining without periodic re-surveys (which could be part of other ongoing national and special group, or area, opinion polls) whether the fifty percent figure will change, and in which direction, over time.

But more to the point, we recommend a study specifically designed to measure the relationship -- if any -- of chronological-age vs. functional criteria responses, especially within particular groupings of persons in

positions that affect the job-related problems of middle-aged and older persons, to the actual labor force experiences of these age groups. Little is known about this neglected topic.

4. Returning to the need for developing a measure of the relative negative impact of unemployment and (non-participation) for different age groups, we recommend that the Department of Labor examine, for example, the adaptability of Levitan and Taggart's index of employment and earnings inadequacy (1974). Without describing here the details of the criteria suggested by them, we do think it pertinent to cite their point that such an index "must be applicable for the total population. It must have meaning and be derived for different age, sex, race and family status groups."

5. The policy issue centering on making room for the young and moving out the old is partly a reflection of cultural norms in our society which are difficult (but not impossible) to bend deliberately and within a short time period. There is a longer-range view that calls attention to the age profile of the American population in <u>future</u> decades, and that concludes "time" will solve the issue for us -- that continuing low fertility rates will reduce the number of young persons from whose ranks future new entrants into the labor force will come -- especially relative to the numbers of middle-aged and older workers, hence, fewer young competitors for the jobs of the latter.

But the policy issues described above and in later sections must be studied from the perspectives of both the immediate future, and the long-term future. Furthermore, it may be necessary <u>now</u> to make decisions stemming from the fact that a <u>smaller</u> youth group entering the labor force -- especially if no new policy is adopted to affect the number and proportions of older persons retiring and continuing to live -- raises the more challenging issue of the dependency burden on the working population.

That issue is among the priority items that should be receiving, now, greater research and policy attention within the Department of Labor. The issue is discussed at greater length in various sections of this report, and in one special section devoted exclusively to it. Current policy discussions, including legislative proposals, about the financing of the Social Security system have by and large neglected any serious reconsideration

of retirement age policies as part of a broader range of alternative solutions to the financing problem. Changes in those policies -- and problems that may be entailed in implementing such changes -- should not wait to be studied until the demographic "crunch" is already upon us. That crunch may come sooner than conventional demographic research indicates.

CHAPTER II

Job-Related Problems of Older Workers

The most salient and manifest problems of middle-aged and older workers have to do with the unemployment experience and the specific difficulties associated with, or stemming from, those experiences. We will not concentrate here on the issue of whose unemployment is more deserving of public policy attention -- the young or the old. That issue was referred to in previous pages.

It is well-known that when using the conventional and offical rate of unemployment measure, unemployment is lower in older than in younger age groups. Future studies should be careful to distinguish among different age groups in the so-called older population, in this connection, partly because of differences in the availability of, or eligibility for, such programs as private and public retirement income, according to age. Much of the current sources of information do not contain data on unemployment rates organized by sub-age-groups, and are not cross-classified by other critical variables -- a major gap in knowledge which in turn affects the efficacy of program design.

The unemployment experience for middle-aged and older workers means, among other things, not only reduced income while unemployed. It also results in a pronounced reduction (especially if the pre-retirement unemployment is prolonged and/or intermittent) in income during the retirement years. That reduction impacts not only on the individual and his or her family, but also on the general community or economy to the degree that transfer payments during unemployment and retirement are greater than would otherwise be the case.

Official reports on unemployment rates and duration are available each year, by age. But what are missing are such important kinds of information as the total unemployment of middle-aged and older workers over a number of years -- and number of spells of unemployment. The NLS data (Parnes, et al., 1974) indicate that between 1969 and 1971, about 10 percent of the 45-59 year old male sample had experienced some form of unemployment. Furthermore, "those who had suffered unemployment in 1965 were much more likely than others to experience additional unemployment in the two-year period between 1969 and 1971 surveys."

Also, long-term unemployment experience in 1965 increased the odds for long-term joblessness in 1969 and 1971. Of those men who were continuously in the labor force in 1965, 26 percent of the whites, and 29 percent of the blacks were not so fortunate in each of the subsequent years, 1969 and 1971.

Whether this type of experience was unique in the case of this age group, or similar to that of younger workers, is not known, given the nature of the NLS study. Only males between the ages of 14 and 24 were part of the larger project.

Analysis of longer-term data from the same study (Sheppard, 1976) shows that if unemployed at the time of the 1966 survey (or with a job but not working), the group of white males 45-57 years old were more likely to be unemployed, but out of the labor force, or dead, by 1973. This was true even when health status as of 1966 was taken into account. The same relationship between employment status and eventual labor force and "life" status prevailed among blacks. The Sheppard analysis has limitations in that it took into account only health status, and was not subjected to a multivariate analysis. But this should not minimize the point that unemployment among the middle-aged and older workers is too important to ignore in public policy planning and implementation.

One of the most salient findings by Parnes and King (1977) was that personal characteristics did not help to explain the differential employment status of previously long-service workers who were permanently displaced and of a matched sub-sample who were not displaced. Race, for example, was not relevant. Neither was length of schooling. Nor was occupation the critical variable.

What was most important was industry. Thus, the job security chances of such workers are a function of the "choice" of industry made by a worker in his earlier years. Trade and manufacturing stood out as above average in exposure to the risks of permanent displacement. Public administration jobs turned out to be the most secure type.

The NLS study's data now available cover only the 1966-73 period, which did not include the recent 1973-75 recession. On the other hand, it could be argued, or hypothesized, that the kinds of findings reported above might show even more deleterious effects if that recent recession period

were included, or if a longitudinal study of men 45-59 years old were begun five or so years later, and extended through and beyond the 1973-75 recession period.

We are dealing here essentially with the impact of the unemployment experience among middle-aged and older workers. The studies by Brenner (1973 and 1976) suggest, perhaps demonstrate, the lag effects of that experience for different age groups. In his earlier study, the relationship between economic cycles and admissions to mental hospitals was especially salient among middle-aged persons. However, the data are not classified by the employment status of the individuals in his analysis (which was based on more than 100 years of data in the state of New York).

Using the valuable longitudinal data at their disposal, Parnes and King (1977) carefully compared two sub-samples of men -- (1) those who had been employed for at least five years as of 1966 with their current employers and then permanently displaced between 1966 and 1971 and (2) a matched group of those who had also been permanently employed for at least five years as of 1966 but who had not lost their jobs during the same period. They found that the costs of job loss are more narrowly economic in character (e.g., wage levels, on the average, were lower for the re-employed displaced).

"Health deterioration between 1966 and 1973 appears to have been somewhat more common and improvement somewhat less common among the displaced workers than with the control group."

Furthermore, alienation (as measured by feelings of a sense of powerlessness), and a loss of initiative and self-confidence (as measured by the Rotter internal-external control scale), were experienced more by these displaced middle-aged workers. These phenomena are especially important because of their general effects on basic political behavior and attitudes; and because declines in "initiative" can affect the quantity and quality of labor force supply if and when full recovery does take place.

Other studies, for example, (Aiken, Ferman, and Sheppard, 1972; Cobb and Kasl, 1972) have found, in case studies of shutdowns, the same psychological and physical health impacts of unemployment. Cobb and Kasl report rises in blood pressure among those remaining unemployed, and decreases for those finding new jobs between termination date and when re-examined (after re-employment). The rises in blood pressure "were of the order of magnitude of change resulting from ten years of aging."

In keeping with Brenner's findings regarding the "contribution" of adverse economic conditions to deaths due to cardio-vascular diseases (caused in part by high cholesterol), Cobb and Kasl found that cholesterol levels rose with unemployment and fell with stabilization. It should be noted that the Cobb and Kasl study was restricted to a short time period after the plant termination, and that therefore sharper differences between the still-unemployed and re-employed may appear over a longer period of time -- as another example of the importance of paying attention to the "lag" phenomenon. Brenner's studies were, however, sensitive to this point, and did include time-series analyses.

Nevertheless, among the other costs of such experience for middle-aged and older men -- especially those not re-employed soon -- was a drop in their estimates of gaining any economic security, and of feelings of optimism regarding their future. Foltman (1968), in his study of a shutdown in the Buffalo labor market area, reports, in this connection:

> To adjust to having to find another job at age 45 would appear to be doubly difficult for many men, since it is during middle-age that the process of adjusting to unfulfilled expectations, hopes, and ambitions may also begin. At middle age some find that for them life is ending rather than beginning.

In another section of this report, we discuss the importance of concentrating government and private policies and programs on certain critical age groups -- or one group -- for whom such policies and programs may be especially relevant.

The critical principle that needs to be stressed here is that health as a variable to be researched in the context of job-related problems of older workers must be treated as something affected by the job experience itself, and not merely as something that affects that job experience. It is imperative that cost-benefit analyses of programs and policies proposed for meeting the job-related problems of middle-aged and older workers include such measures.

Since economic and non-economic well-being is affected by the employment experience, such issues and policy matters as discrimination, seniority, jobseeking assistance, etc., should, in our opinion, have a higher priority than so far seems to be the case in our private and public policies affecting the status of older workers.

UI exhaustees

Long-term unemployment, the special feature of the unemployment experience of older workers, is associated not only with greater probabilities for becoming discouraged and dropping out of the labor force, but also for exhausting unemployment compensation benefits. Older persons -- both male and female -- are a disproportionately large segment of UI exhaustees. In the 1975 study of exhaustees, for most of the states examined, roughly 70 percent of those exhausting benefits were 45 and older. Such data merely confirm the point that long-term unemployment is a greater risk for unemployed middle-aged and older workers.

Beyond such cross-sectional types of research showing that a large proportion of older exhaustees remain unemployed, or withdraw altogether from the labor force, there is a need to trace younger exhaustee groups (say, younger than 45) over time -- as they themselves grow older -- with respect to:

- Re-employment, types of re-employment, and job careers, relative to non-exhaustees, and employed populations of the same age.

In connection with the topic of UI exhaustion, there is the issue centering on the argument that prolonged unemployment is "encouraged" by extended weeks of eligibility for unemployment compensation (Feldstein, 1975). This issue remains unresolved. To some extent, differing conclusions may be derived from the use of different methods of analysis used to test the "hypothesis."

In their study based on empirical interviews with a sample of persons who had been, or were still, unemployed over a 15-month period, Sheppard and Belitsky (1966) found that among male blue-collar workers, UI weeks of eligibility did not tend to prolong unemployment. Among workers still unemployed, more than one-half had no more benefit weeks remaining -- in contrast to a much lower percentage of the re-employed.

Expressing this finding differently, nearly one-half of those exhausting their benefits were still unemployed, but only one-fifth of those with benefit weeks still available were still unemployed. This is contrary to the hypothesis that workers without any benefit weeks remaining should have returned to work at a rate higher than that for workers with benefit weeks still remaining.

Although the Sheppard-Belitsky analysis did not include any consideration of age, the general finding in official data showing the disproportionate over-representation of older workers among UI exhaustees does not necessarily prove the basic hypothesis.

Nevertheless, research which seeks to test the hypothesis should include the age variable, with special attention to additional factors such as:

- skill-level,
- marital status,
- number of dependents,
- labor force status of other family members,
- nature of labor market area (including overall unemployment rates,
- other personal characteristics.

The general topic is pertinent to the policy issue concerning the feasibility (or "wisdom") of special (longer and better) unemployment compensation privileges for older unemployed workers -- privileges which are available in many other countries.

Recovery Rates

In times of economic recovery -- when general unemployment rates decline -- one might suppose that older workers will participate to the same extent as other age groups in improved employment status. Rosenblum (1976), however, did not find this to be the case for those 55 and older, during the 1975-76 "recovery." The preface to his report, by Senators Church, Randolph, and Williams, points out that "older persons are an especially vulnerable group during a recession. This fact also underscores the need to develop comprehensive and effective manpower policies to promote employment opportunities for middle-aged and older workers."

Rosenblum's analysis and generalizations are derived from data of an aggregate nature, and do not make use of longitudinal, cohort analysis, although his findings should not be dismissed because of this fact. On a

micro-basis, using a cohort, Sheppard and Belitsky (1966) found that over a one-year period, characterized by a general decline in unemployment (1963-64), the older the male blue-collar worker, the lower the rate of decline in long-term unemployment. That is, during this period, long-term unemployment declined for older men, but was not as great as the decline for younger ones. These data were based only on those remaining in the labor force -- i.e., they excluded the "discouraged worker" group, and those dropping out of the labor force because of reported illness.

Data on the age distribution of the insured unemployed (ETA, 1977) also reveal that the 1975-76 recovery was not evenly distributed across the age span. In June of 1975, less than 15 percent of the covered unemployed population was 55 and older, but by June of the following year, the proportion had risen to more than 17 percent. The "double jeopardy" phenomenon for blacks is revealed by the fact that the data on nonwhites show that even the 45-54 age group's representation among the covered unemployed nonwhites (as compared to only those 55 and older whites) increased over that one-year period. Altogether, then, the proportion of insured unemployed nonwhites who were 45 and older increased during that "recovery" period.

(A current study by Sheppard and Rix, sponsored by the Administration on Aging, and begun in April of 1977, is designed to measure on a longitudinal basis the impact of the employment experience of persons 40-69 -- e.g., on discouragement, and the onset of illness -- in two large labor market areas with contrasting rates of unemployment.)

The influence of general employment conditions on such a phenomenon as early retirement, too, can be gleaned from regular BLS tables on changes in numbers out of the labor force relative to changes in numbers of employed and unemployed for each year. During and after a period characterized by declining rates of unemployment, what is the rate of change (increase or decrease) in the number of 45-54, 55-59 and, 60-64 year-olds not in the labor force, relative to (1) the change in the number of persons of the same ages

Table 1

Rates of Change in Numbers Employed and Not in the Labor Force, 1975-76, and 1974-75, by Race, Sex, and Age

	1975-76		1974-75	
	Not in Labor Force	Employed	Not in Labor Force	Employed
Males				
White, All 16+	+3.1	+2.2	+5.3	-2.2
20-24	-2.7	+6.2	+11.8	-3.6
25-34	+1.7	+4.6	+18.9	+0.3
35-44	+10.7	+1.3	+9.1	-2.4
45-54	+5.0	-0.7	+1.3	-2.5
45-64	+6.4	+0.2	+8.8	-2.4
65+	+3.9	-4.8	+3.0	-3.1
Black & Other, All 16+	+6.2	+3.3	+9.8	-4.5
20-24	+4.6	+7.8	+25.8	-9.2
25-34	+14.8	+5.0	+17.4	-1.0
35-44	-3.8	+3.8	+10.9	-4.5
45-54	+9.9	+1.9	+1.7	-4.1
55-64	+11.1	-2.9	+7.1	-2.6
65+	+5.4	-1.9	+5.2	-4.2
Females				
White, All 16+	-0.4	+4.5	+0.1	+0.5
20-24	-0.6	+4.0	-2.3	+1.0
25-34	-1.7	+8.7	-1.6	+5.4
35-44	-4.1	+5.9	-2.7	-0.1
45-54	-1.7	+0.5	-0.5	-2.8
55-64	+1.2	+1.9	+0.8	0
65+	+2.5	+1.3	+2.6	+1.5
Black & Other, All 16+	+1.2	+5.6	+3.0	-0.3
20-24	0	+7.7	+8.7	-5.0
25-34	-5.6	+11.7	+4.0	+1.5
35-44	+1.3	+3.7	+0.5	-0.5
45-54	0	+3.2	+1.9	-1.4
55-64	+2.5	0	+1.8	+1.2
65+	+3.6	+12.5	+4.0	-7.7

Source: Employment and Training Report, 1977, Tables A-11, A-14

employed or in the labor force? (2) Relative to changes in younger age groups?

This approach uses a broader definition of "retirement" than conventional ones, and applies to a range of age groups encompassing more than those conventionally defined as the "age for retirement." The numbers involved would also include persons otherwise defined as "discouraged workers."

The accompanying table indicates, by age, sex, and race combined, the relative rates of change in numbers employed and not in the labor force, for (1) 1975-76 -- during which the overall unemployment rate declined; and (2) 1974-75 -- during which the prevailing high rate continued to increase.

For white males, the table suggests that starting with those 35-44, the 1975-76 "recovery" nevertheless witnessed a greater rate of increase in numbers not in the labor force, compared to growth in numbers employed. As a matter of fact, little if any employment increase took place at all in these age groups (35 and older), continuing the recession (and/or secular) trend.

For nonwhite males, starting with those 45 and older, the same trends occurred. For those under 45, employment increased, contrary to the 1974-75 period.

For white females, those 55 and older experienced a continued increase in numbers out of the labor force -- in contrast to younger women in both periods.

For nonwhite females, the picture is more spotty. For example, for those 65 and older, the numbers out of the labor force increased, from 1975 to 1976, but at a much lower rate than the rate of increase in numbers employed. No increase in numbers employed among the 55-64 year-olds occurred, but there was an increase of 2.5 percent in numbers not in the labor force.

Starting with 1973, the year in which general unemployment was as low as 4.9 percent and which was succeeded by a rising rate, reaching 8.5 percent by 1975, and then declining to 7.7 by 1976, the data indicate for that total three-year period (1973-76), the total numbers of men employed increased only in the under-35 category, but still at a much lower rate of increase

Table 2

Changes in Numbers Employed and Not in the Labor Force
1973-76, by Sex and Age

	Not in Labor Force	Employed
Males, All 16+	+12.4	+0.8
25 - 34	+24.9	+8.6
35 - 44	+24.1	-1.2
45 - 54	+20.8	-2.3
55 - 64	+22.8	-2.3
65+	+10.5	-7.0
Females, All 16+	+0.3	+8.2
25 - 34	-3.7	+23.9
35 - 44	-7.8	+8.1
45 - 54	-3.4	+0.3
55 - 64	+3.3	+0.9
65+	+8.9	-1.8

than in the numbers not in the labor force. For the 35-44 males, total numbers employed declined slightly (by 1.2 percent), and for the older groups the rate of decline was at least twice that rate. The increases in numbers not in the labor force increased by a much greater rate.

The fact that even in the 45-54 age category the numbers not in the labor force increased by nearly 21 percent is itself significant enough to warrant some detailed empirical inquiries. By 1976, there were nearly one million such men. This age group is not usually thought of as constituting the "retirement years." Because of this, the search for the reasons for the large increase for that age group not in the labor force must go beyond explanations relating to health status, pension opportunities, and the like, and more into the micro-level experiences pertaining to employment experiences and opportunities.

As a later section of this report suggests that age classification might constitute a focus for a forced-draft intervention program. Ten years prior to 1976 -- in 1966, when that group of men were 35-44 -- only 312,000 were not in the labor force, but by 1975 -- when they were 45-54, it had risen to nearly 1 million (952,000), more than three times the 1966 figure.

During the same period, total numbers employed declined. Labor force participation dropped from 97.2 to 91.6 percent.[1/] Unemployment for 35-44 year-old males in 1966 was only 2.0, but the rate for 45-54 year-olds by 1976 was twice that figure. This was not the case when the same type of analysis is applied to younger age groups among men: their unemployment rates increased, but not by twice the 1966 rates.

Table 2 reports changes in numbers of the non-labor-force and employed males, from 1973-76. It reveals that contrary to the experiences of men, numbers of women not in the labor force decreased for some of the age groups -- all of them under 55; and that numbers of women employed increased for more of the age groups than in the case of men.

The policy implications, and the issues involved, with respect to these different patterns among males and females, by age, are not entirely clear. They will remain unclear as long as there is no consensus as to the social

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1/ For both whites and nonwhites, but at a greater rate for nonwhites.

and economic costs and benefits associated with being employed versus not being in the labor force at all, for different sex-age (and marital-status) groups.

It is not altogether certain that all of the increase in labor force participation among middle-aged and older married women is a positive social phenomenon, for example. This issue, too, should be scrutinized through carefully designed research.

As another example of what is meant here, (1) does the non-labor-force status of men 45-54 years old -- even when consideration is given to illness -- make a difference as far as measures of poverty are concerned? Census data on poverty rates as of 1974 suggest that "retired" persons in this age group have a higher poverty rate than older men.

(2) To what extent is the increase in females employed partly a function of the employment status of men in their families, i.e., due to economic necessity, or a function of rates of increase in inflation?

Finally, it should be noted that the two tables discussed here do not distinguish sub-age-groups within the 55-64 and the 65-plus classifications. For the former, it is critical to have precise information about the 62-64 group (because of eligibility under Social Security). For the latter, the classification is of little use, partly because of the heterogeneity of age-composition, partly because the 65-plus female population tends to be older than the corresponding male population.

Participation vs. non-participation

Although there is a separate section in this report on labor force participation rates, it is appropriate, in the light of the preceding discussion, to refer to a special aspect of that measure.

The continuing trend in reduced labor force participation in the older age groups may be viewed as a positive social indicator if those rates alone are considered. A primary social goal is to make it less necessary for people, as they grow old, to have to work, especially after long years of difficult and/or dissatisfying labor. But we have other social goals, one of them the reduction of poverty, which raises the question, what difference does participation vs. non-participation make as far as rates of poverty are concerned? Unpublished BLS data for the first quarter of

1977 point to the fact that for the 45-64 age groups, participation "pays off" -- especially for men -- if we use the criterion of poverty as our measure (see Table 3). The differences would be greater if poverty rates of the employed-only among participants were available.

The critical comparison to be made in this table is between poverty rates for participants versus those for nonparticipants. The contrast is marked for men -- especially in the 45-59 ages: the poverty rates for nonparticipants in this age group are roughly twice the rates for participants.

The fact that the contrasts are not as great in the case of women 45-64 years old may obscure differences according to marital status. Married nonparticipants, for example, are more likely to have a husband in the labor force, whose income takes such women above the "poverty line." Additional data are necessary to distinguish poverty rates by marital status of different age groups of female participants and nonparticipants.

The declining rates of poverty among male nonparticipants above the age group of 45-54 not only suggest some special problems of the million men in that group, but also the possibility that retirement income programs are more available to those 55 and older. But this does not detract from the fact that the poverty rates of nonparticipants 55-59, and 60-64 are higher than their participating age peers. These points, too, warrant new types of research efforts; including a focus on racial differences, if any.

Finally, the poverty rates of participants and nonparticipants 65 and older -- for men and for women -- show a slight "advantage" for the nonparticipants. Is this a reflection of the possibility that nonparticipants are in a better position to retire, as far as retirement income is concerned? Expressed differently, does it mean that those who are members of the labor force continue to work, or seek work, out of economic necessity, because of more family obligations -- coupled with the possibility that they have fewer retirement resources at their disposal? Are they, to begin with, of a lower socio-economic status than the nonparticipants?

The fact that the poverty rate of the 65-plus participants is no better than that of nonparticipants, furthermore, points to the need for special programs and policies regarding both work and retirement income for such

Table 3

Poverty Rates Among Participants and Nonparticipants in the Labor Force, by Age and Sex

First Quarter-1977

	Participants	NonParticipants
Males, All 16+	16.5	24.4
Under 45	14.6	23.1
45 - 54	15.8	32.8
55 - 59	16.1	29.7
60 - 64	18.4	24.7
65 & Older	25.7	23.7
Females, All 16+	16.0	21.5
Under 45	15.4	21.1
45 - 54	16.0	20.1
55 - 59	22.4	20.4
60 - 64	21.0	22.0
65 & Older	24.9	22.9

Source: Unpublished BLS data.

persons. In the first quarter of 1977, their numbers in poverty were over 700,000 (male and female).

Schooling as a "Structural" Explanation

Typical among the explanations for the longer duration of joblessness among older workers is their lower educational level, compared to that of younger jobseekers. However, in an analysis of Census and BLS data on white married urban males, Arnold Katz (1974) came upon a somewhat intriguing and contradictory conclusion:

1. Among younger (25-34) -- all white, married and urban -- the lower their educational level, the greater the length of unemployment.

2. The opposite holds true in the case of men 55-64: "the mean length of unemployment is often higher for workers with above average schooling. The net result is that workers with the most schooling also experience the severest lengthening of unemployment with age."

Thus, schooling contributes to age differences in unemployment in two separate ways. Young workers have an edge because of higher schooling. Older workers compensate by experience and training, but these advantages appear to be offset when competing for the highest skilled jobs.

This type of finding underscores the need for applying a life cycle, or developmental, approach in studying this problem.

The study by Katz also suggests that higher educated older unemployed workers are less willing to accept new jobs at levels below their previous employment positions; that they may have greater fears of relative deprivation, and possibly greater total financial obligations -- all of which may work against the individual in his or her jobseeking behavior. We cannot rule out the role of self-selective influences in the re-employment experience of such persons, regardless of socio-economic status. But with respect to the higher-educated older worker, this self-selective influence, if verified through research designed to test the implied hypothesis, points to the need for fine-tuned programs such as counseling for special groups

of unemployed older workers.

A BLS Special Labor Force Report on Educational Attainment of Workers (1976) also reports that the 1975-76 "recovery" resulted in a marked drop in the unemployment rate for men -- from 9.0 to 7.8 (for March of each year) -- and from 9.5 to 8.5 for women. But for men "55 and older" this was not the case: it actually increased, from 5.4 to 5.8. Contrariwise, the rate for women in the same age classification declined, along with the rates for younger age groups.

These data merely confirm the point made earlier. But the critical point is the following:

In past analyses and discussions, it was easy -- and frequently the facts, when available, justified the tendency -- to fall back on "structural" explanations of such a trend, namely, that education is typically lower for older persons, and that this fact -- not age per se -- was the, or one, basic explanation. However, the BLS details call into question that conventional argument.

In the first place, why only for older men, and not older women? Are the women more educated? But more important, Table 3 in the BLS report shows that regardless of education, the rate of unemployment for men 55 and over increased from 1975 to 1976 -- despite the overall "recovery." (The one exception may be in the case of men completing only high school.) In the case not only of those with less than 12 years of schooling, but also of those with 1 to 3 years of college, and of those with 4 years or more of college, the rates increased. Younger age groups with the same schooling actually experienced a decrease in unemployment rates. Why should this pattern occur?

For older men with one to three years of college, the rate rose from 2.4 to 4.5 -- nearly a doubling. For those with four or more years of college, it rose from 1.8 to 2.3 percent.

On the surface, at least, there may be some "structural" factors at play, but the data tend to rule out education as one of those factors. While unemployment rates for higher-educated older men may be lower than for those with less education,[1/] this does not necessarily minimize the magnitude

1/ Given the "open-end" character of the "55 and older" classification, however, we cannot rule out the possibility that the less-educated are also older than the higher-educated.

and severity of the unemployment experience for those older men with a college education. Indeed, that experience may be no less traumatic -- perhaps more -- for such persons.

This last point should itself be the subject of more direct, empirical studies, with a focus on such measures as "relative deprivation," mental health impact, degree of downward occupational mobility once re-employed, etc.

Furthermore, there is no way of determining from the BLS data whether the unemployed older men -- in each of the categories of schooling completed -- as of 1975 are the same individuals as those unemployed one year later. Duration data, by age and schooling, also are necessary, and the lack of such data constitutes a gap in the kinds of pin-pointed statistical information necessary to answer this and other important questions.

B. Discrimination

Most of the concern over age discrimination in employment stems either from research based on case studies of the re-employment experience of workers affected by mass lay-offs and shutdowns, or from anecdotal reports (see references at end of this section). Compliance and monitoring experiences of the Employment Standards Administration regarding the Age Discrimination in Employment Act of 1967 (ADEA) may also contain some degree of systematic evidence, but that evidence is not available in published form (except for aggregate data on complaints and violations by industry and region). This type of evidence refers only to selected establishments.

The NLS data on middle-aged and older men (45-59 as of 1966), however, could be examined, by careful multi-variate analysis, to determine if becoming unemployed in an early period of the ten-year period covered by the survey resulted in labor market experiences that would reflect some type of differential treatment. But such analysis would have to be restricted to different sub-age-groups within that middle-aged and older male worker sample. The total NLS study did not include men 25-44, unfortunately.

There should be no need here to report the findings of all the specific case studies,[1/] some of which are cited in the references at the end of this section. All of them find one or more type of differential treatment of older versus younger displaced worker -- e.g., continued or intermittent unemployment; downward occupational and/or earnings mobility; fewer kinds of services from employment agencies, etc.

One significant point that should be made regarding these studies is that few, if any, of them were conducted since the passage of ADEA, discussed in another section. We mention this partly because the report on the Packard shutdown of twenty years ago (Sheppard, Ferman, and Faber, 1959) found that the re-employment experience by race was far more favorable than by age, of the displaced factory workers. The authors attribute this

1/ Haber, Ferman, and Hudson (1963) is the most recent summary of the findings of several studies on unemployment, showing the various factors (such as age) associated with continued unemployment, and post-displacement experience.

finding to the fact that the state of Michigan at that time had an effective FEPC law, but that no law regarding age discrimination was in effect.

Discussion of the discrimination issue here unavoidably re-introduces reference to the proposition that the problem is essentially a "structural" one, that age is simply a proxy for more relevant variables such as level of education and skill. But Wachtel (1965) found, in a multi-variate analysis of hard-core unemployed, that out of eight variables, age as a factor in the employment status of these persons was still the fourth most influential one. At the opposite end of the socio-economic continuum, a study of engineers and scientists laid off in more than 60 West Coast defense plants concluded that age was a critical factor in length of unemployment -- even when measures of technical competence and education were taken into account (Loomba, 1967). The same study found that age was also the most significant factor in their selection for layoffs. Professional associations of engineers are convinced that their middle-aged and older members are the most vulnerable to such personnel decisions. We will discuss this aspect of age discrimination in the section dealing with internal labor markets.

In the Job Hunt study, Sheppard and Belitsky (1966) found (1) that among the male blue-collar workers not called back to their old jobs (and age was no guarantee of being called back), the lowest rate of continued unemployment was among not the very youngest (18-28), but in the next youngest age group (29-38), and that the rate increased by age thereafter:

	18-28	29-38	39-47	48 & Older
Percent still unemployed	18	15	32	45

(2) Even if high-skilled, older workers (in this case, 39 and older) had the lowest rates of re-employment, among those not called back, all of the still-unemployed skilled workers were 39 and older; all of the younger skilled workers were re-employed. However, if workers were called back at all, skilled workers were more likely to be favored.

In passing, it should be pointed out -- in contrast to the implications of the "structural" argument concerning age and education -- that in the Job Hunt sample of the recently and currently unemployed, skill-level was positively correlated with age. But high skill-level, as pointed out above,

was an advantage for older workers only if temporarily laid off, and protected by seniority provisions. Among those not called back, to repeat, being skilled did not offset the apparent disadvantage of being "old" -- 39 and older (this age was the median for the total sample).

To repeat, such findings and generalizations are derived from either case studies of a shutdown, or from samples restricted to one area, at one point in time. Larger-scale studies of UI exhaustees -- also in selected areas -- show that they are even older, on the average, than all long-term unemployed. But age per se may not have been the basic explanation.

A national study based on a large representative sample of recently and currently unemployed persons over a wide age span is required if it is believed that there still are insufficient data to warrant the proposition that age discrimination in the labor market does occur in this country.

The NLS sample itself does not have a large enough sample of such unemployed persons, and moreover, it provides no basis for comparisons with younger persons. In 1966, only 28 whites and 23 blacks were reported as unemployed.

All of the above discussion has to do with discrimination in the case of jobseeking unemployed persons (primarily males). The other arenas in which such differential treatment need to be examined are (1) situations involving employed persons seeking new employment elsewhere, or persons -- such as women -- seeking to re-enter the labor force; and (2) at the enterprise level, i.e., promotion rates and related measures pertaining to internal labor market (intra-firm experiences according to age.[1/] As indicated earlier, the Employment Standards Administration -- which administers ADEA -- may have data on hiring and promotion patterns by age, in their files.

1/ Andrew Kohen (in Parnes, et al., 1974), in his analysis of the NLS data, found that "intra-firm shifts are more likely than inter-firm shifts to involve movement up the occupational status hierarchy...[and that the data] offer no evidence of age discrimination in promotion, demotion, or hiring practices..." Unfortunately, his analysis was restricted to a small subsample of men restricted to ages 50 through 64.

There is another dimension of age discrimination that may be of significance, namely, perceived discrimination on the part of different age groups of workers themselves. The University of Michigan national survey of employed persons, in 1969 (1971), estimated that more than half a million workers 45 and older reported discrimination on the job.

In 1974, the Harris survey for the National Council on the Aging (1974) reported that 80 percent of the total national sample believe that "Most employers discriminate against older people and make it difficult for them to find jobs." Unfortunately, the survey did not distinguish the sample according to labor force status or by sub-age groups. It did find, however, that among those in the sample 18-64 with responsibility for hiring and firing, the proportion was higher -- 87 percent, a finding that is relevant to the later discussion dealing with the role of employer perceptions and attitudes in the job-related problems of middle-aged and older workers.

While research on actual, "objectively" measured age discrimination is of critical importance, we cannot exclude this dimension, for at least two reasons. First of all, such perceptions on the part of the individuals themselves may have a basis in reality. For example, the special analysis by Parnes and King (1977) of two carefully matched subsamples of middle-aged displaced versus job-secure males found that perceived age discrimination was twice as great among the displaced as among the control sample. Other objective findings in the analysis confirm the greater difficulties of this group -- although, again, due to the nature of the NLS data, no comparisons with other age groups was possible.

Second, perceived discrimination results in a reduced tendency to pursue new jobs, or to invest in training or education in order to qualify for new positions. In other words, the behavior of workers is generally influenced by their expectations of actual achievement. These are among the results and observations by McCauley (1977), in a study of Pennsylvania family heads from 40-64. The older the person, the higher the proportion perceiving age discrimination. Among the other findings by McCauley were:

- White collar workers perceived discrimination more than blue-collar workers, especially those 40-54 years old.

- Higher perception of discrimination among persons in large urban areas than in medium ones, small towns, or rural areas.
- Higher perception of discrimination among persons in retail and wholesale trade, and professional services.

The first and third of these additional findings suggest a more systematic examination by industry and occupation (as well as by type of urban area), in order to determine which of these should be allocated the highest priority in program resource allocation, if the government decides to tackle more energetically the problem of age discrimination. Finally, changes in such perceptions -- and in the actual status of persons of different ages -- should be monitored regularly to ascertain progress, if any, in this area.

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C. Job Seeking Discouragement

Part of the decline in labor force participation rates among older workers -- not all of whom are eligible for retirement income programs -- has clearly been due to the discouragement factor. With or without regular retirement income, the extra social costs entailed (including those not only of Social Security, but of other "welfare" transfer payments) mean an additional cost factor to the total economy, and national and local government budgets.

Equally important, dropping out of the labor force may result in (1) a permanent non-labor status, even when the general economic scene improves and additional workers are needed, thus affecting labor supply and thereby, wage costs; [1] (2) the "atrophy" of work skills and habits as a result of extended joblessness, even if the discouraged worker does seek to re-enter the labor force.

These propositions need further examination. If either or both of these hypotheses are in any way correct, public and private programs aimed at preventing the conditions leading to discouragement -- and at reducing those consequences -- may be warranted.

Differences in unemployment rates, by age of worker, also, are partly due to the fact that persons no longer seeking employment -- once unemployed -- or those deciding not to persist in re-entering the labor force, tend to be of older ages. This phenomenon, naturally, plays a role in the declining labor force participation rates of older persons -- especially males -- in the past few years.

During the recent recesssion (1973-75), the official count of discouraged workers (those not seeking work because of a belief that no jobs are available) showed that for persons 55-64 this number doubled, while the rate of increase for the total group of discouraged workers was 73 percent.

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[1] Discouraged workers are not as responsive as unemployed ones are to declines in general unemployment, according to Rosenblum (1975).

Unpublished BLS first-quarter data for 1973 and 1977 show that the total number of discouraged workers of all ages, male and female, in 1977 was still more than 50 percent greater than in 1973 when unemployment was only 4.9 percent. The age-sex groups in the 45-plus population for which the increase in numbers exceeded that percentage increase over the four-year period were as follows:

Age-Sex Group	Percent Increase
Males, 45-54	162.5
Females, 45-54	59.4
55-64	60.4
65 and older	91.4

These figures point to the special problems of the 45-54 group of older male workers, a phenomenon that is stressed in several other sections of this report. But for each age group among females 45 and older, the increase exceeded the overall growth of the discouraged worker population. For men 55 and older, it can only be surmised that during and prior to those ages, they "moved" from being unemployed, then into being discouraged, and then were self-defined as "retired," possibly because of greater availability of retirement resources, as compared to the 45-54 year-old men, and all women 45 and older.

This is primarily a surmisal.[1/] Again, the trends point up the need for more definitive information. The nature of the BLS data is such as to preclude any safe conclusions as to the actual processes involved in moving from being unemployed to being retired. This requires longitudinal research.

The special problems of the 45-54 group of males are underscored by the fact that from the first quarter of 1976 to the first one of 1977 -- a period in which the overall unemployment rate declined -- the numbers of discouraged workers went down -- but at a much lower rate than for the total group of discouraged males -- only 9.5 versus 22.4 percent. The same point can be made about the same group among women: while the 1976-1977 period witnessed an increase in the numbers

1/ Among UI exhaustees, over time, the percentage reporting themselves as "retired" increases.

of discouraged women of all ages of 43 percent, the numbers rose at a rate of 34 percent in the case of women 45-54 years old (compared to a decrease in the 55-plus age group.

We know very little about the characteristics of the various age groups, by sex and color, in the discouraged worker population. What were their previous occupations and industries, if any? How do they "survive" without employment, or what resources of their own versus those of the community do they have access to ? From year to year, are they the same individuals?

There is a need for documenting better the total social costs of the discouraged worker phenomenon, by age, but this documentation is affected by the quality of statistical information. For example, the BLS report on Employment and Unemployment in 1976 includes a table on the number of discouraged workers, but unfortunately it uses a very broad 25-59 age classification, and another, 60 and older. Given the fact that the 25-59 classification encompasses numbers that are one-half the total number of discouraged workers for that year (over 900,000), it should be possible to provide more detailed age sub-groups in the 25-59 age span. The failure to disaggregate such data can blunt any concern or policy clarification over different age groups within that span.

Finally, such tables present only numbers pertaining to the size of the discouraged worker population. What is needed, over and above sheer counts, is reliable information regarding the process of becoming discouraged, which involves the concept of a continuum of changes in degree of persistence in jobseeking behavior prior to an absolute dropping out --or giving up -- among persons of different age groups. To repeat, this would require studies of a longitudinal nature, and preferably on a more frequent basis than annually. Such studies should also include attention to those factors that may hinder or facilitate the discouragement process, including:

exogenous economic conditions;

personal demographic and social-psychological characteristics;

marital status;

nature and degree of "social supports."

A focus on process and on a continuum concept could contribute to an information base on which to design intervention programs to prevent the process from resulting in the absolute state of non-jobseeking, and as a basis for determining the subgroups at greatest risk.

A current project by Sheppard and Rix (sponsored by the Administration on Aging) is designed around this viewpoint, and will consist of interviews every four months with workers (and former workers) 40 to 69 years old, in two large labor market areas with contrasting rates of unemployment (6 vs. 11 percent). If the project is continued for more than one year, it should be possible to trace the behavior and related attitudes of the currently unemployed, and those who become unemployed in subsequent intervals.

CHAPTER III

Retirement

The major portion of this section is devoted to such topics and issues as mandatory retirement; early retirement; the earnings test; retirement intentions; and the return to work, or re-employment after retirement. It concludes with a discussion of what we believe will become (or is already becoming) a primary policy issue in the country, namely, the future of retirement age policy.

But before moving into those topics and issues, we want to stress the need for some type of conceptual (or "systems") perspective regarding the retirement phenomenon and its patterns. One useful perspective may be adapted from the one developed by Walker and Price (1976), as shown in the accompanying figure.

I. Environmental variables include:

- Age, sex, race, occupational and industry income.
- The type of technology, and state of the economy.
- Government policies, including level and type of benefits or incentives to the individual and the employer regarding retirement; other policies indirectly affecting the latter.
- The nature of the "work vs. leisure" ethic; values regarding prolongation of life; degree of "ageism."

II. Institutional variables refer to:

- Organizational policies and values regarding age, work, and retirement.
- Private benefits and levels, if any.
- Institutional preparation, and adequacy of organizational planning for retirement of workers; policies regarding successors and retirees.

III. Individual factors include:

- Health status.
- Present and anticipated financial resources.
- Family structure -- including number of dependents; other working members.

- Attitudes regarding work, leisure, retirement, and expectations regarding life during retirement.

As illustrated in the accompanying figure, these variables interact with each other, and upon the "retirement decision," which in turn has differential impacts on the three major variables or spheres.

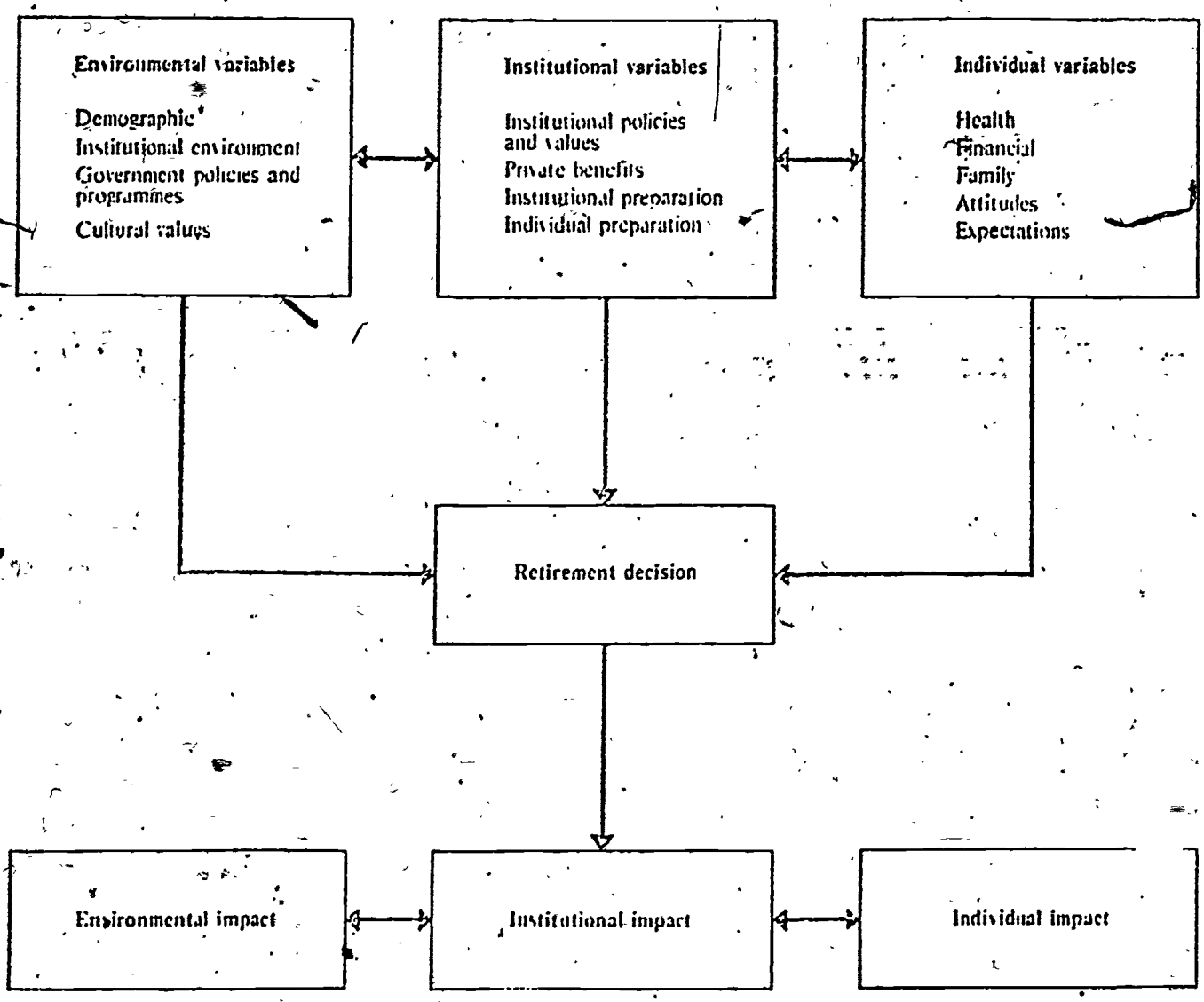

Figure 1. Variables affecting the retirement decision.

Mandatory Retirement

One of the most controversial and emotion-laden issues in the field of industrial gerontology, and in some senior citizens organizations, is the one of voluntary versus involuntary retirement. Congress, in recent months, has shown an increased interest in the issue. It is also a controversial legal issue, involving claims that a policy of mandatory retirement at a fixed age is a violation of individual rights (Cain, 1976). The issue is still not settled in the courts, partly because of the cloudiness of the constitutional issue, partly because of the stereotypes (both positive and negative) -- even among judges -- concerning work and aging; partly because of the unquestioned belief that the old must move out to make room for the young.

Equally important, there is no agreement over what is (or should be) the "right" age at which a policy of mandatory, or involuntary, retirement should be applied. All of these observations should also bear in mind that mandatory retirement is a recent phenomenon, that until the turn of the century -- and certainly until the World War II period (and the immediately following years) during which private pension plans increased sharply -- workers were generally retired when the employer capriciously or for reasons of decreased job performance, dismissed or "retired" persons on an individual basis; or retired them when the worker himself or herself chose, for health and psychological reasons, to leave the labor force.

To be sure, smaller proportions of workers in the past lived to what we now call the normal age(s) of retirement, i.e., between 60 and 65, because of a lower life expectancy.

Other reasons cited for the recency of mandatory retirement relate to the growth of large-scale, mass organizations the nature of which makes it difficult for managers (and/or trade union officials) to make retirement decisions for employees and members on a case-by-case basis (the "administrative convenience" argument). An old study by Slavick (1966) reported that mandatory retirement provisions were correlated positively with size of firm.

One might even question the distinction between "voluntary" and "involuntary" retirement and whether they are mutually exclusive. The operational definitions typically involve reliance on the responses of individuals in surveys. A large percentage of "voluntary" retirees may give "mandatory age" as one of the reasons for retiring (Kimmel, et al., 1976).

Furthermore, the "retirement decision" may be less and less a clear-cut function of the individual's own act of volition. For Friedmann and Orbach (1974), the terms have become less meaningful as a result of the movement of production of goods and services out of the home; the reduction in the proportion of the self-employed; and other factors and trends making the decision to retire more a matter of forces external to the individual. Is retirement, as a result of poor health, "voluntary" or "involuntary?"

More than three-fifths of the employed sample 18 to 64 years old in the 1974 Harris poll for the National Council on the Aging reported that they worked in establishments with a fixed retirement age (nearly the same proportion reported no pension coverage at all). Unfortunately, the study did not determine the mandatory age under those plans, nor did it provide information on age differences in the proportion working under compulsory plans.

Furthermore, most of the data in studies concerning the prevalence of compulsory retirement tend to report on the number and proportion of plans with such a provision. For example, involuntary retirement characterized nearly 80 percent of state and local government plans, although in recent years, the number of states abolishing mandatory retirement in state government has been increasing. These do not provide us with numbers or proportions of all workers, by age. In a BLS study of 150 plans, for example, three-fifths of them included mandatory retirement provisions (Skolnick, 1976).

Among the employed and recently retired older workers in the 1969 Social Security Survey of Newly Entitled Beneficiaries (Reno, 1976), the following percentages reported compulsory retirement provisions in their current or recent jobs:

Employed men	48.4 percent
Employed women	48.2
Retired men	48.4
Retired women	45.0

Industry and occupational differences with respect to compulsory retirement provisions were found, but the data are based only on those already retired. In the same group, more than two-thirds reported 65 as the age for compulsory retirement, and more than two-fifths, 70 and older. Since the sample was based only on persons 62 and older, there is no way of knowing from such data what the proportions would be if retired persons of all ages were included in a similar survey.

It is not clear just how extensive the alleged problem or difficulties of involuntary retirement are. Few persons in any one year actually wait until the mandatory age of retirement in their workplaces to retire. Actual figures are hard to find, and labor force participation rates do not tell us at what age persons retire, and whether they retired voluntarily.

Carin Clauss is quoted as having reported that more than 11 million workers are in pension plans allowing retirement as early as 55 at the discretion of the employer (Shapiro, 1977). Schulz (1974), taking the Social Security study by Reno (1971) on pre-65 male retirees in 1968, estimated that out of a cohort of 100 such workers,

- 54 percent were subject to mandatory retirement rules.
- 30 percent retired before the mandatory age.
- 24 percent retired at the mandatory age.
- Among the latter, 14 percent were unwilling to retire; 10 percent were willing.

But it should be noted that this was a sample restricted to (1) males, (2) within a narrow age range, (3) in only one year, and (4) on only a cross-sectional basis. These points suggest the need for longitudinal (and "generational") research encompassing a broader age range of both males and females -- especially as the latter become increasingly regularly attached to the labor force.

If there are very few persons who wait until the mandatory age to retire, argue advocates for abolishing mandatory retirement, why not allow the few who do wait to continue working beyond that age, if they are willing and able to do so?

In this connection, few studies have been designed to estimate the consequences to the firm, negative and positive, if such a policy were pursued. Schulz (1974) writes that there is no conclusive evidence that mandatory retirement results in any economic gain for those companies with such a policy. Furthermore, there is no way of knowing how the existence of a mandatory age for retirement is itself a factor influencing the decision of workers to retire before that age -- a possibility that must also be included in any such studies.

Few workers in any one year wait to retire until they reach the mandatory age in their workplace, as already indicated. But according to some studies, the proportion of the already retired indicating they were forced to retire may be quite high. This suggests that on a cumulative basis, over a number of years, those retiring involuntarily in previous years increase in numbers. The Harris survey of 1974 found that in the retired sub-sample of retired persons 65 and older (more than 1,700), 37 percent said they "did not retire by choice but rather were forced to retire." Proportions providing this answer varied by income, sex, race and education:

	Percent "Forced to Retire"
Income:	
Under $3,000	46
3,000-6,999	36
7,000-14,999	30
15,000 and over	35
Sex: Male	41
Female	32
Race: White	36
Black	50
Education:	
Under 12 years	41
High school or more	30

The report, however, does not indicate the relationship of these responses, by each of the categories above, to the question of whether or not they worked in places with a compulsory retirement provision, nor at what ages. Furthermore, it does not include data on those under 65 who were retired.

Finally, the classification, "forced to retire," is not exactly clear, since it may or may not (the report is not informative on this point) be due to health status and other factors beyond the compulsory retirement requirement. A 1968 Social Security survey of men who retired before 65 (Reno, 1971), found that two out of five retiring because of compulsory provisions were willing and able to work.

The Harris Survey provides some indirect information to this issue. Among those persons 65 and older who were retired or unemployed in 1974, and who like to work, 57 percent indicated that poor health kept them from working. Nevertheless, 25 percent of the retired 65-plus sample reported that "not enough job opportunities" was a serious problem for them personally. The proportion among the 55-64 year-old retirees was 20 percent.

Whether this difference between the two age groups is a function of the cross-sectional nature of the study, or indicative of the growing seriousness of lack of job opportunities for retired persons as they grow older, cannot be determined. Nevertheless, the latter possibility calls for such longitudinal research. One implied hypothesis is that early retirement increases the probability that problems of real income needs increase subsequent to time of such retirement.

Many companies report that despite their having a fixed retirement age policy, there is no strict, rigid enforcement of that policy, that they nevertheless continue to make decisions regarding retirement on an individual basis. Along with companies that have no formal mandatory retirement age policy, what is the nature of the process and factors involved in the decisions to retain or to retire persons in their 60's and older? A series of case studies may be required to address this topic.

It is frequently stated that (1) in companies with small numbers of employees, the employer (and/or representative, such as supervisor) knows on a direct and personal basis the specific situation and attributes of their older employees, and thus no systematic across-the-board formal fixed-age policy is necessary. Conversely, in large-employee companies, such close, direct-knowledge relationships do not exist, and that therefore bureaucratic, impersonal rules must be applied for reasons of "administrative convenience," as indicated earlier.

Holding such factors as pension coverage constant, this type of question could be somewhat easily researched. The NLS data on the 45-59 year old males, and the 30-44 females, would be one useful source for an inquiry designed to test these propositions.

More important, how well does the "administrative convenience" argument hold up under scrutiny? Many large companies do not have a compulsory age policy, even though they have private pensions. How is the retirement decision "problem" resolved? To what extent is it resolved through self-selection on the part of the individual worker?

An overriding policy and research issue centers on the hypothesis implied in the following statement of Ahrens (1975):

> It is said that it is difficult to determine whom to retire and whom to retain. I find no qualitative difference in this difficulty and similar difficulties in determining whom to hire, to promote, to transfer or to terminate and whom not. These decisions occur at many points in a man's career. Difficulties in making them are related only incidentally to age, if at all. What they chiefly relate to are the problems inherent in achieving objective measurement of a man's performance...

Other research and policy aspects of the issue include the following:

1. As a general rule, unions have tended to be in favor of compulsory retirement, especially if negotiated through collective bargaining. Whether they will resist any legislative proposals to eliminate such a retirement policy (or to raise the age of mandatory retirement) is not clear, and studies of any changes in that policy, whether through collective bargaining or legislation, the factors affecting such changes

if any, among different Internationals should deserve serious consideration.

2. What are the policies and changes in policy, if any, among different types of industries? Within industries, are there variations and what are the reasons for such variation? Which kinds of companies are now engaged in a re-examination of their mandatory (or voluntary) retirement policies, and what are the results of such re-examinations as far as actual practices are concerned?

3. Will the recent increase in the number of state governments abolishing mandatory retirement in state agencies continue, and what factors explain this increase? Are these recent actions the result of employee pressures, of legislative studies of costs and benefits, and/or similar studies by the separate agencies themselves (or by the general state administrative offices)?

4. The same types of questions might be directed at the county and municipality levels.

5. What is the nature of the impact of mandatory vs. voluntary retirement policies -- and by age of mandatory retirement -- on younger segments of employees in each establishment? One hypothesis is that compulsory retirement is a positively motivating influence among such segments (which ones?). An opposite hypothesis is that it negatively affects morale, to the degree that younger segments plan on remaining with their employer.

6. Does mandatory retirement act as a disincentive to inter-organizational mobility on the part of middle-aged and older workers who otherwise might make a change to another organization if it did not have such a policy? This may be especially critical when years of service are required for vesting in the organization to which such persons might move.

7. To the degree that "public opinion" influences public policy, what is that opinion regarding the issue? In the 18-64 age group in the Harris 1974 survey, 86 percent agreed that "nobody should be forced to retire because of age if he wants to continue working and is still able to do a good job. The vast majority of that proportion agreed "strongly." Answers

to such a question, of course, will be affected by how the individual views the latter part of that statement (ability to do a good job), and it should be noted that only 59 percent agreed that "most older people can continue to perform as well on the job as they did when they were younger." "Older" is undefined, however.

The Harris analysis did not cross-tabulate these two items, nor did it report responses by sub-age groups.

Equally important, will these opinions change -- and in what direction?

8. The impact of mandatory retirement on early retirement and resulting problems, if any, if the Supreme Court decides that such retirement before 65 is not a violation of ADEA, if provided for in a "bona fide pension plan."

9. The impact, if mandatory retirement is abolished, either through judicial or legislative action.

Early Retirement

From the standpoint of the individual worker, and often from the standpoint of the individual firm, early retirement is more frequently than not viewed in a positive light, as not entailing any difficulties. For the first, retiring before some "normal" age may be viewed favorably because of (1) a desire to leave a dissatisfying job, especially after many years of working in such a position; (2) a desire, even if not unhealthy, to have greater leisure time; (3) an illness or disability which may be aggravated by continued employment; and (4) a calculation that early retirement income may be not much below -- perhaps above -- take-home earnings.

For the second (the individual firm), early retirement practices may be deemed (1) a cost-saving device -- especially if continued service means increased wages, or if continued service is expected to reduce organizational productivity; (2) a means of keeping valuable younger employees who otherwise might leave the firm.

After a number of years, however, the individual early retiree may find that his or her income had deteriorated in its purchasing power, or that even with little purchasing power loss, he or she is unable to keep up with the rising standard of living experienced by the working population. On the organization side, early retirement practices may turn out to be more expensive than originally anticipated, if total pension outlays are greater than anticipated, as a result of (a) cost-of-living provisions, if any, in the pension agreement, or (b) greater longevity than actuarially projected. A third cost element (c) may also enter into the picture, to the degree that valuable, less replaceable, workers may leave with an early retirement incentive.

In addition, aggregate data analysis does not show a pattern verifying the notion that early retirement is viewed as strictly positive by the individual. The Social Security study of men stopping work before 65 (Reno, 1976) found that 55 percent of those 62-64 years old would have worked longer, if they could. Among the previously self-employed, 38 percent of those reporting an answer said their business was not doing well enough to keep on. Among all retired 62-64, 13 percent reported that their jobs had been discontinued, or that they had been laid off, as a reason for leaving their last

last job, higher than among those retiring at 65 or later. Compared to those waiting until age 65 or later to retire, the early retirees, in other words, were much more likely to have lost their jobs. More important, 60 percent of the 62-64 year-old male retirees as of 1968 -- i.e., those awarded reduced benefits in that year -- were not employed at the time of the award; more than two-thirds of the women in the same category were not employed at time of the award (Lauriat and Rabin, 1976).

As another measure of the positive or negative nature of such early retirement, the data from the latter analysis by Social Security researchers indicate that "Men claiming reduced benefits [i.e., before 65] are ...less likely than those who claim full benefits to supplement their social security payments with private pension income." This last finding confounds the other viewpoint among some analysts - discussed elsewhere -- that the most important variable explaining early retirement rates is the financial incentive to retire (including Social Security and/or private pensions).

Thus the impact of pre-retirement unemployment experience must be included in any policy or research considerations of early retirement. In addition to the conclusion reached by the Social Security analysis, that early retirees had less continuous employment prior to making the "retirement decision," two separate findings by Sheppard (1976 and unpublished data) of the NLS study should be kept in mind: (1) a smaller proportion of 52-64 year-old unemployed men, as of 1973, were covered by a pension than those still employed, and (2) if unemployed in 1966, the odds for being unemployed, or not in the labor force, by 1973, were much greater than if employed. These two separate findings suggest that the problems of unemployment in "pre-retirement years" accelerate employment and income problems of subsequent years.

The model, or assumption, influencing much of conventional wisdom on the subject, apparently includes a scenario of working couples retiring at age 65, and possibly receiving benefits higher than earnings, but Social Security data from several sources indicate that (1) most couples actually retire before that age, and thereby are subject to substantial and permanent Social Security benefits (5/9ths of one percent for each month prior to age 65). Thus, persons retiring at 62 experience a 20 percent

reduction in benefits. (2) Since the benefit formula is based on earnings before retirement (which are lower than post 62-earnings, on the average), the result frequently is that benefits for the couple are actually less than the 150 percent of the husband's "Primary Insurance Amount."

Therefore, the typical couple assumed in the model of conventional wisdom may "turn out largely to be made of straw" (to use the language of Alan Fox of the Social Security Administration).

To a very great extent, the decision to retire -- to apply for and receive Social Security retired worker benefits -- becomes an alternative to longer-term unemployment, or sporadic employment at low wages. This point raises the more general question of:

- For which types of older workers (including pre-retirement unemployment experiences) do different kinds of "incentives" to retire early function to bring the workers to make such a decision?

There is another perspective to consider, namely, the total social costs, or the costs to the community and/or economy. To quote Bixby (1976),

> Early retirement has some cost to society, in spite of the actuarial reduction....It is costly to the extent that the national product is reduced by premature retirement and that earnings foregone necessarily result in smaller revenues to the social security system.

Early retirement practices, especially if encouraged by the employer and/or the union, may also affect the age of hiring. That is, the earlier the age of retirement in an organization, the lower the age at which employers may want to hire older applicants. This is a proposition that has not actually been researched, and it obviously touches on critical policy issues -- including discrimination.

Lowering the retirement age, furthermore, has the effect of shifting more of the cost of unemployment (when such a practice is applied or justified as a basis for "solving" unemployment) onto the older population. Kreps (1976) reasons that placing more persons, by definition, out of the labor force (in the name of retirement) results in levels of income for the retired which "are seldom equal to foregone earnings." In this sense, then, lowering retirement age incurs costs, part of which are borne by the older retirees themselves. This dimension of the early retirement phenomenon is simultaneously an example of the impact on the individual retiree and

of the impact on the total economy to the degree that the costs are also borne by more than the individual.

From a public policy point of view, therefore, there is a need to determine if there is a limit to which the economy can tolerate a continuation of the current early retirement pattern -- or a continuing decline in average age at retirement. How such an issue or question can be approached will require a highly sophisticated methodology and would involve the use of (1) quantifiable cost criteria, and (2) measures of public acceptability. Different assumptions about retirement income levels would also have to be used. Equally important, industry-specific and pension-system-specific variables must be given a special focus, since it is at such levels -- and not only at the more global "total economy" level -- that specific problems may arise, and specific decisions would be made.

Measures of public acceptance of early retirement remain at a somewhat primitive level. The Harris survey of 1974 found that 47 percent of the 18-64 public agreed that "younger required retirement is a good thing," but 39 percent disagreed (with 14 percent not sure). Whether it comes as a surprise or not, it is pertinent here to cite the fact that only one-third of the 65-plus sample in the same survey agreed, and 47 percent disagreed -- with 20 percent not sure.

The results would have been more useful if different subgroups of the 18-64 sample were analyzed (including labor force participants vs. non-participants), and if the questions also included specific items about various cost assumptions for the working population's support-level for early retirees -- and the cumulative population of all early retirees still alive. Furthermore, there are no trend data on this critical issue. It may be more important to initiate research on this topic on an intermittent basis -- with due regard for such variables as type of worker; industry; level of decision-making, etc.

Pension fund managers, as well as employment benefit analysts and corporate executives in industry, should be among the special subsamples in such research. The issue may become more salient, and sooner, in the public pension sector, and therefore, equivalent groups should also be a special focus of research efforts.

A great deal of research has been carried out, and continues to be a major focus on this topic and related issues. Much of it is not directly policy-oriented, but nevertheless does contain valuable material on the factors and conditions associated with "early withdrawal" from the labor force. Greater and more precise knowledge about each of these (and their interrelationships) should provide a practical basis for policy and program design for retaining, raising, or lowering retirement age.

We have already mentioned the role played by pre-retirement unemployment experience. (See also Abbott, 1974). Health status is perhaps the most frequently mentioned factor in much of the research. Besides the typical cross-sectional study of retirees versus non-retirees which finds that the former have a higher proportion of persons reporting illness or work incapacity as a reason for early retirement (or "regular" retirement, too, for that matter), the more interesting and perhaps more convincing analyses are derived from longitudinal studies, especially the NLS study of men 45-59 years old in 1966. Sheppard (1976) found that for the total sample -- regardless of age -- health status as of 1966 was a powerful predictor of early withdrawal (before age 65) by 1973.

We shall have more to say about the health factor in other sections of this report. At this point, however, we should note that (1) health should be studied not merely as an "influencer" of early retirement behavior, but also as a possible effect of:

- The employment experiences of different age groups by race and sex.
- Industry and occupation.

(2) If health is a critical determinant of early retirement, what can we expect in the future, if the health status of future cohorts of persons 55-64 years old improves? To what extent will that expected improved status -- which itself is an issue -- offset other influences on the current early retirement pattern?

Other "non-incentive-related" factors besides employment experience and health -- some of them noted by Sheppard (1976) -- include:

1. The number of children and other dependents, both during the pre-retirement years and at a time of retirement.
2. Number of parents (and parents-in-law) alive both during pre-retirement years and at time of retirement.

Each of these variables may affect the level of "retirement resources" of workers as they reach early retirement ages.

3. Total area unemployment levels prior to and at the time of potential early retirement age.
4. Size of labor market area population (or of total area population).
5. Time or age of entry into labor force.
6. The nature and quality of job tasks; job satisfaction. (Jacobsohn, 1972; Stagner, 1975; Sheppard, 1972. 1976; Pollman and Johnson, 1974.)

More recently, the literature on the topic of early retirement (and of retirement in general) has stressed the growing importance of the financial "incentives" to retire, including the level of retirement benefits; retirement income as a ratio of previous earnings (the "replacement ratio"); and expected retirement income in absolute terms, as well as in pension/earnings ratio terms (Gallaway, 1965; Fisher, 1975; Garfinkel and Masters, 1974; Barfield and Morgan, 1969). Some researchers (e.g., Boskin, 1975) assert that this incentive has overcome, in recent years, the role of health status. In fact, Boskin seems to imply that health is virtually insignificant now as a factor in early retirement, an implication which is itself highly controversial.

A continuing study of the number of private and public pensions providing for early retirement -- including the numbers of workers affected -- is necessary, such as the limited type periodically conducted by the Bankers Trust studies of corporate pension plans (e.g., 1975). Such studies

especially should focus on the degree to which such benefits are available at levels of retirement income on strictly actuarially reduced plans.

The Bankers Trust study of 1970-1975 plans found that only 10 percent reduced benefits on the basis of life expectancy, compared to 48 percent revealed in the bank's study of 1965-1970 data. While much of public attention is focused on such public plans as the Social Security system and its "solvency," much less is being paid to the impact of such private pension-benefit formulas on the very solvency (or increased costs) of plans providing high benefits without consideration to life expectancy.

However, the Bankers Trust studies provide no information on the (1) numbers of workers so covered, and (2) actual early retirement rates. But given the general finding that early retirement rates are partly (or even largely) a function of pension/earnings ratio, we may assume that early retirement rates increase under such conditions.

In any event, greater knowledge is required concerning the number of private and public plans, including the numbers of workers covered and actually retiring, on (1) an early-age basis; (2) whether on an actuarially reduced basis; (3) at what pension amount levels; and (4) the total costs of such patterns to companies including the "trade-offs" for the currently employed workers in each establishment and agency. These aspects are critical, in any evaluation of the individual, establishment and total-economy costs and benefits of variations in early retirement patterns and conditions.

While the state-of-the-art may be such as to indicate or suggest that the trend toward, or pattern of, early (pre-65) retirement is continuing, it is not clear whether this means: (a) an increasing proportion of workers reaching, say, 62 is retiring, or (b) the actual average age at time of retirement has been declining. To be sure, years in retirement are increasing, but this may be a result of slight increases in life expectancy after age of retirement.

It will become increasingly important to conduct research on the issue of whether or not -- and to what degree -- changes in the presumed early retirement trend may occur -- either in the direction of further increases in the proportion retiring before 65, for example, and/or decreasing average age of retirement; an increase in one or both of these, or a stabilization.

Among some of the factors at play in such phenomena are type of industry. The 1968 Retirement History Study of Social Security found that 40 percent of the 58-63 sample (excluding married women) in manufacturing were eligible for retirement as early as age 62 -- compared to only 27 percent for the total sample. State and local governments may reveal another very high proportion. The NLS data show that regardless of age, white and black males employed in manufacturing as of 1966 and who were healthy in that year, had an above-average early retirement rate as of 1973.

If manufacturing continues to have a high proportion of early-retirement "eligibles," but at the same time is declining in its importance in the future as a source of employment, will that mean a decrease in the proportion of all employees in the country eligible for, and actually retiring before the age of 65, or at age 62?

If state and local government employment continues to rise, does that mean, in the future, an increase in that proportion? It is more than pertinent to note that for fiscal and political reasons, the comparatively generous incentives for early retirement in state and local governments may be declining in the future, and/or that for the same reasons, the age of eligibility for "early" retirement may be raised in the public sector. (Cf. Munnell and Connolly, 1976.)

In this connection, the rate of retirement before the age of 65 in the NLS sample of men is higher in public administration (the bulk of which are in state and local governments) than for the rest of the sample. Equally important, within the context of another research and policy issue, the health status of such men was apparently superior to that of the rest of the NLS sample -- but despite that fact, the early retirement rate for public administration males was also the highest.

The changing industrial structure over future years is only one example of how changes in the age-at-retirement pattern may themselves be expected to take place.

For example, we have so far neglected any consideration of another variable that may take on increased saliency in the years ahead: inflation. Walker (1976) is among the management and pension analysts suggesting that

this factor may be among the forces serving as a brake on the early retirement trend. Paul (1974) and Babson (1974) are other pension experts writing on the issue of the ability of private pensions to "deliver" because of such factors as inflation.

All of the factors recited above must be included in a much-needed simulation-research model designed to provide projections concerning future trends, directions -- and costs -- concerning the issue not only of early retirement as currently defined, but also the issue of what should be -- from the societal and organizational viewpoints -- a feasible average age for retirement in future decades. Individual desires and societal capacities require some modicum of balance and equilibrium.

Finally, little is known concerning the current impact of inflation, both on (1) retirement intentions and plans of workers now approaching retirement ages in their respective places of employment, and (2) the thrust, if any, among recently, already-retired workers, toward some type of return to the labor force. This last phenomenon should acquire greater research and policy attention in the near future.

The Retirement or Earnings Test

The retirement, or earnings, test under Social Security is probably more unpopular and controversial than the issue of mandatory retirement. Considering this "reputation," it is also one of the least understood aspects of the work and retirement problems of older persons.

One criticism is that it tends to discriminate against those persons 62-71 years old who have little or no pension or other unearned income. Many older persons resent the fact that a "millionaire" (through unearned income) can nevertheless receive his or her full Social Security retired worker benefit. They view work after normal retirement as "the poor man's pension" (Bixby, 1976).

Other objections include the assertion that the earnings test becomes a disincentive to work (because of the penalties imposed after reaching the test's dollar limits), and therefore produces counter-productive effects, such as a loss of manpower and productive capacity to the economy.

Part, if not all, of the complaints about the earnings or retirement test (and such complaints were registered loudly at the 1971 White House Conference), may stem from the failure of the Social Security Administration to educate effectively the American public about the very nature and purpose of Social Security retired worker benefits. It is essentially the transfer of payments financed by the currently working population to persons no longer employed after a given age, now 62.

"No longer employed," or "retired" is a concept or status measured, primarily for administrative convenience reasons, by amount of earnings gained by persons in such ages. After a certain dollar amount of earnings (now about $3,000),[1/] the individual earning beyond that amount is no longer defined strictly as retired. Actually, the penalty consists of withholding of 50 percent of earned income above that amount.

1/ This amount is automatically increased whenever there is a benefit increase following a cost-of-living adjustment.

Thus, to abolish such a "test" (or operational definition of retirement) would mean that there would be no way of determining the "retirement" status of men and women.

Furthermore, abolishing the test would mean that the very nature and purpose of the Social Security system -- namely, as some form of "insurance" against the total loss of income due to loss of employment after a socially determined age (originally 65) -- would be abrogated. The alternative to such a policy would lead to the imposition of a "means" test which is not socially desirable (and also administratively costly) -- or to a system of public pensions for all persons reaching a given age, regardless of employment status, which (based on the experience of other countries) would provide substantially low payments.

As an alternative to abolishing the test, there are strong efforts to raise the dollar amount beyond which earnings are penalized (in addition to cost-of-living adjustments). Some experts claim that such liberalization would be costly and that if costs are to be incurred, the benefits should be diverted more to lower socio-economic groups than to the "high-paid" elderly. Nevertheless, past liberalizations of the maximum have resulted in increased proportions of "retired" persons earning higher levels (Quirk, 1975).

No doubt, the issue will continue to be a live one, for example, in certain retired persons organizations more than others, perhaps more in those organizations whose memberships tend to consist of persons retired from professions and occupations -- and in relatively good health -- which are likely to be in high demand.

The supply of labor in the 62-71 population affected by the retirement test as a disincentive to work has been a primary research and policy issue among some economists. The test is viewed as a barrier to the greater utilization of older workers, although discussions about this notion rarely raise questions as to how and why the "retired" (and how many) moved into that status, in the first place.

One specific, controversial issue centers on the claim that eliminating or "liberalizing" that test (which restricts the amount of earned income to beneficiaries of retired worker benefits) will be costly to the

Social Security system. Tolley and Burkhauser (1976) argue in turn that when an individual chooses to retire because of the "high tax on work" -- a function of the retirement test -- the economy thereby loses his or her production.

> Over 15 million retired workers between 62 and 72 years of age received social security benefits in 1974. If as few as one million retired early because of the work test, and if the loss in production due to their exit from work averaged only $5,000 per year, the loss in production was $5 billion per year. This compares with the estimate given in the [Robert] Ball paper of an extra cost to the social security system of $5 billion if the work test were removed.
>
> The difference is that the $5 billion cost to the system is a transfer from one group to another. The $5 billion loss in production of the Nation is a cost from which nobody gains. It is an absolute loss, not just a transfer. It is an example of the hidden costs resulting from behavioral responses which should be taken account of in designing social security.

This statement raises a number of critical research and policy questions, for example:

1. What is the evidence for the proposition that people do retire <u>because</u> of the retirement test?
2. If the proposition has any empirical basis, what are the actual numbers involved? What are the unique demographic and occupational-industry characteristics of those numbers?
3. Again assuming the empirical validity of the proposition, what is the actual production loss incurred as a result of the withholding of labor?
4. Is this loss equal to, below, or above the "extra" cost to the Social Security system -- and by how much?

Finally, if such a cost of the retirement test policy were demonstrated, what would or should be the nature of any new design of the Social Security system aimed at reducing or eliminating such a cost, without <u>other</u> negative consequences?

If it is correct that the Social Security system's benefits and provisions are increasingly a critical factor in older persons' labor force participation, we should expect to find that among persons 72 and older -- whose benefits would not be reduced if working with earnings above the retirement test maximum -- the extent of employment should be higher than those in the age group subject to that test. This is indeed what occurred, at least in 1957, at least for those men 72-74 and employed full time. (Wentworth, 1968)

There is thus a need -- given the growing saliency of the issue in certain circles among senior citizens (to repeat, apparently among retired white collar and professional persons), and the date of that early survey -- to conduct updated research on the issue.

1. What, for example, are the characteristics of the 72+ population whose rate of employment increases over that of the under-72 "retired" workers?
2. What is the longitudinal dimension of this phenomenon, i.e., as persons 70 and 71 become 72 or more, does their participation rate increase?

These types of research questions should be of more than academic interest given the projections of a rapid increase in the size of the 72+ population (and the assumption that such a population is disproportionately made up of persons with skills that are still "marketable").[1/]

The controversy over the retirement or earnings test applied by Social Security will continue for some time, and it is possible that before long, certain kinds of compromises or exceptions might be tolerated. From a public policy viewpoint, for example, would such compromises or exemptions be accepted in the case of those types of occupations designated as important for public service and health services -- in which the "retired" individual may feel constrained to offer his or her needed services on a

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1/ Between 1975 and 2000, the number of men 70-74 is expected to increase by at least one-third.

fuller time basis if controlled by the earnings test? For example, private duty, or practical nurses, in small or rural communities, may be in short supply but great demand, but if the earnings test were liberalized in some form (short of providing full benefits to persons employed full-time), such nurses might increase their availability.

Experimental and demonstration projects might be designed in appropriate areas (or occupations), with varying levels of "exceptions" to the earnings test, for the purpose of determining effects on labor time provided, and value to the community.

Other policy recommendations that have been entertained regarding this issue include a liberalization of the maximum amount; lowering of the "penalty" ratio (e.g., $1 withheld for each $3, instead of $2, earned over the maximum); and lowering the age at which the earnings test no longer applies (e.g., from 72 to 70). Few, if any, serious recommendations in official circles have been made to raise, instead, the age of retirement; or to provide incentives for continuing in the labor force, as additional alternatives to solving or mitigating the income problems of older persons.

Job Opportunities re: SSA

One issue-laden proposition is that Social Security eligibility (and the earnings test) function as major disincentives to remain in the labor force, and that "improved" benefits (coupled with private pension improvements) may, in future years, accelerate the influence of that disincentive. More recently, analyses by Burkhauser and Turner (May 1977) have pointed to another, but generally unrecognized function of the Social Security incentive to retire.

It may also affect work and participation patterns among workers in the "prime ages" -- those too young to retire under Social Security, for example, in raising their hourly working week hours above what they would otherwise be. According to Burkhauser and Turner, therefore, the Social Security provisions not only may cause a misallocation of resources (the non-use of older workers), but also a larger than "optimal" labor supply among younger workers.

One of the policy implications of this second process, in our view is that the effect is such as to reduce the work opportunities for older workers -- those close to age 62, as well as those who retire after 62 and who would otherwise seek a level of work beyond current levels.

Retirement Intentions

The conventional wisdom, gleaned from the literature on retirement intentions, points to the notion that as persons move closer to a given age of retirement -- i.e., as they grow older -- the preference for pre-65 retirement declines (Barfield and Morgan, 1969; Harris, 1965). Much of this wisdom is derived from cross-sectional research studies. However, the NLS study -- which is longitudinal -- also indicated that over a five-year span (from 1966 to 1971) employed men 45-55 years old in 1966 registered a decline in proportions intending to retire before 65. Actual retirement (by 1973) was much below the 1971 level of intentions.

These points prompt the need to (1) study this topic and trends, if any, on a longitudinal basis; (2) ascertain the influence of cyclical economic factors (such as unemployment and inflation) in changes in retirement intentions and actual retirement; and (3) determine the explanations for discrepancies between intentions and actual retirement.

A fourth research topic would focus on factors involved in differences, if any, between expected and desired ages of retirement -- and by age, race, and sex.

Finally, there may be some practical implications bearing on work performance and attitudes in the case of older workers who do not retire at the ages they previously expected or desired -- as compared to those who actually retire, on a truly voluntary basis, at an age close to their expected and/or desired age. Some of these effects might be gleaned from analysis of the NLS tapes, but the work performance and attitudinal items are limited. This type of study should include large enough samples from specific work organizations.

In this connection, Bertil Gardell of the University of Stockholm reports (through personal discussions) that an "advance warning" symptom regarding older workers on the job consists of such behavior as frequent, and above average, absenteeism -- especially in the case of those on the same job for many years and who cannot yet retire. (This finding is germane to discussions about internal labor markets.) The discrepancy between expected and desired age of retirement may be one of the influences in this phenomenon, and has yet to be explored.

"Delayed" Retirement and "Re-employment" after Retirement

Under certain circumstances -- yet to be determined (but clearly in times of specific types of shortages in labor supply, and possibly on a general basis in future decades) -- serious consideration may have to be given to "bonuses" to workers who postpone retirement beyond the "normal" retirement age. Norway, for example, provides somewhat liberal "bonuses" to workers who postpone their retirement beyond the "normal" retirement age (67) -- a 9 percent increment per year of deferred retirement. In the United States, the bonus is a mere 1 percent per year, hardly enough to be considered an effective incentive -- assuming workers are aware of the provision, to begin with. There are several issues involved here, one of them related to the argument that improvements in benefit levels at the lower earnings levels should have a higher priority than providing greater incentives leading to more continued participation previously among the "better off" older persons.

This may be an endless debate, since the factor of relative deprivation -- by definition -- means that there will always be a somewhat constant proportion of low-earnings workers. Can the two goals be separated, instead of making effective improvements in the bonus factor a captive to the notion that benefit levels must first be improved? This type of question requires policy analysis, and indeed, a process of value decisions, not merely regular empirical research or simulation exercises. The latter effort, however, could include consideration of the savings impact of such continued employment on the Social Security Trust fund, and indirectly on the private pension fund in cases where the individual is eligible for a private pension.

A critical factor might be the degree to which the government believes that the support burden is or will soon be serious enough to warrant a search for changes in existing public and private retirement income provisions that now serve as incentives for burden-creating retirement rates.

A topic that may probably grow in research and policy importance is the "return to work" pattern, which may become more pronounced among certain categories of retired men and women -- along with a greater emphasis on retention in the labor force on the part of persons otherwise eligible for retirement (discussed in another section).

These patterns and/or policies may become more salient if inflation and the costs of current retirement age policies become critical elements in our economic future.

Information on numbers retired and retiring each year (along with individual and other characteristics) is readily available. But there is still no clarity on the topic of returning to work after extended retirement from a given company or occupation; of the process of making a return-to-work decision (in various degrees of part-time, or full-time); the distinctive characteristics of such returnees, etc.

An analogy to this topic, of course, is the returning housewife to the labor force after some years of nonparticipation. But here we are talking about older men and women who have formally retired, and have already gone through a sort of "ritual of passage" into a self-defined state of retirement.

One new source of data on this topic is the Social Security Administration's Retirement History Study. SSA's tapes are available to the research community, and the SSA research staff itself is presently engaged in developing an "index of availability" of retirees for continued work -- based on:

1. Work attitudes
2. Perceived income adequacy
3. Self-reported physical capacity

Additional research needs regarding this topic should include (a) distinctions between availability for part-time vs. full-time work; and (b) periodic surveys of the same sort among future cohorts of retirees, by age, sex, and race -- and previous industry-occupation.

While most retirees to date may remain retired, it still may be significant that over a recent three-year period, 8 percent shifted back into work at an earnings level high enough to disqualify them for retired worker benefits under Social Security (Grad, 1977). Studies of trends, if any, in this phenomenon are lacking.

Assuming the desirability from an economic standpoint, and from the standpoint of the individual, of continued or renewed employment after the "normal" age of retirement, better information is needed to determine not

merely aggregate estimates, but on a more fine-tuned basis, for example, by occupation. The Harris Survey found that, as of 1974, roughly one-third of the 65-plus retired would like to be working again, but no further details were provided (although the data could be analyzed for that purpose).

For example, more than twenty years ago, Steiner and Dorfman (1957) reported that in a national sample of Social Security beneficiaries, 15 percent of retirees formerly in professional and technical positions were in good health and interested in working (although only 6 percent of aged men were in that occupational grouping); 11 percent of those previously in service occupations similarly were well and interested in working (although only 5 percent of aged men were in that category); and among managers, 11 percent (with only 8 percent then employed as managers).

This type of study needs up-dating, and perhaps periodic re-study, as one way of (1) ascertaining those specific subgroups of retirees who are willing and able to continue participation in the labor force, and (2) to determine the factors facilitating or hindering such re-entry.

Simultaneously with an accelerated thrust in the current period for earlier retirement, frequently expressed in some union demands and employee policies, another, but less obtrusive process may also be taking place -- what the French call le travail noir, or clandestine, illicit (unreported) work on the part of such groups as "retired" workers -- as one form of a return to work.

Among some economists and other policymakers, this type of work is one more explanation for high levels of unemployment in other segments of a country's population. "Moonlighting" is a more common variant of this phenomenon, if such work entails employee and employer failure to report for purposes of different payroll taxes.

But in the case of "retired" older workers, those who are as young as 55 to 60 (but even older ones) -- regardless of cause of such early retirement -- find it necessary to seek work, especially for financial reasons. (Among the 65-plus retired or unemployed in the Harris Survey, the proportions who did not look forward to stopping work varied according to current incomes -- the lower the income, the higher the percentage who

did not look forward to stopping work).[1] But, also, many may engage in clandestine work in order not to lose any of their Social Security benefits.

At the very least, clandestine work raises some questions about the indirect and unanticipated effects of any further lowering of the retirement age -- or of the magnitude of compulsory retirement -- broader issues discussed elsewhere in this report.

On the policy research level, some estimates of the "contribution" to the totality of clandestine work made by otherwise "retired" persons might be necessary, and the specific methodology required to make such estimates still needs to be developed.

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[1] With one major qualification: above the $15,000 income level, the percentage again increased to 49 percent. For the other income levels, the percentages were: under $3,000--61 percent; $3,000-6,999--43 percent; $7,000-$14,999--33 percent. This U-shaped curve suggests that upper socio-economic groups may have stronger reasons and different ones for wanting to remain in the work force.

The Future of Retirement Age Policy

Although the issue is referred to in several separate sections of this report, retirement age policy issues deserve a special focus here. According to Sheppard and Rix (1977), the issue may reach a critical point before the end of this century, contrary to the conventional demographers' view, and in official policy documents. Their position rests on a number of factors and developments, including actual labor force participation and work experience (as opposed to the demographers' use of "working age" population numbers in relation to the size of the population in "nonworking" ages); the apparently growing precarious nature of public pension funds, and to some extent, private pensions; the current concern about the allegedly increasing burden under presently structured Social Security financing (expenditures and receipts); unexpected changes in the life expectancy of men and women after given ages of retirement; the greater relative costs of supporting older versus younger nonworkers, etc.

If we take the perspective of the individual, he or she might argue that the individual should be allowed a choice of leisure instead of work, starting at some upper age called "old." But is this the only perspective? From the perspective of the total economy, how widespread and open should that choice be made effectively available before diseconomies result? The Social Security system was not exclusively designed to allow individuals a choice without conditions. It was created, in the opinion of many experts, to ease the problems of mass unemployment during the Depression, specifically, to reduce the number of job competitors in the form of removing the older segment of the workforce. In the same fashion, this has also been a major function of raising the school-leaving age.

The main point is that society -- through government -- has been the primary decision-maker regarding the nature of the "choice" offered to "older workers", between leisure (retirement) and work.

Also from the standpoint of the total economy, retirement rates by skill-level may be of considerable significance, that is, withdrawal from the labor force of types of personnel critical to the productive capacity of that economy can become a serious problem (Eckstein, 1966). While the

statistical data (and their accompanying narrative literature) is rich in supply, little analysis, if any, has been carried out from this point of view. The NLS data can provide information on differential rates by type of occupation. But this does not completely fill the need for projections concerning such rates.

Even without the best of projections, from a policy viewpoint it may be necessary to develop programs designed to retain valuable skill-level men and women in the labor force as they move into the so-called retirement years.

The Sheppard and Rix study should prompt greater attention of a research nature, including the use of simulations involving different assumptions regarding fertility and mortality rates (few projections allow for differences in the latter); changes in average age at retirement; retirement income costs, etc.

More specifically, research attention should be focussed on:

1. Current policy debates and empirical data regarding federal (including military) retirement policies.
2. State and local funding problems, and state legislative changes in age for mandatory retirement -- or outright lifting of any required age.
3. Changes and trends, if any, in private organizational and public opinion, regarding the so-called "dependency burden," and the "right" age for retirement.
4. Monitoring of the degree of acceptance and application of "functional" criteria (instead of chronological age) for retirement decisions among employers and unions.
5. Improvements in measures of relative costs of supporting the "young" vs. the "old" -- and the degree to which, if at all, declining fertility actually is an offset to the latter type of costs. This type of study must also deal with the changing age composition of the "older" population -- the point being that the "very old" (say, those 80 and older will be increasing in

numbers at a far greater rate than the 60-69; and the 70-79 population before the end of this century.

6. The impact of rising expectations regarding income adequacy on the part of the population in the "retirement" ages in the near- and long-run. In other words, the possibility that such expectations may lead to the point where continued employment may be preferable to accepting Social Security and private pension levels below an acceptable level.

7. The degree to which, if at all, the energy and resource problems now being experienced may lead to a greater use of labor-intensive industrial structure.

8. Related to this, the productive capacity of the working population and the general economy to support given sizes of nonworking persons, possibly at rising costs.

9. Demographic considerations are not the only ones that must be reckoned with in developing an employment policy regarding the country's older workers. Another significant factor -- even without any changes in the age structure of the country -- is the health dimension. HEW's 1969 Toward a Social Report indicates that the number of years with "good health" increased from 1958-1966, at a rate of 1.49 percent (from 67.2 years to 68.2 years). This rate of increase was greater than the overall increase, during the same period, in life expectancy, which improved by only 1.00 percent.

The point is that improved health status of older workers may tend to decrease the rate of retirement, or at least the desire to retire as early as previous generations of older workers "chose" to retire. Health status is a critical determinant of early withdrawal from the labor force, as the following data from the NLS study suggests:

Table 4

Early Withdrawal from Labor Force by 1973, According to 1966 Life and Health Status and Age, Among Black and White Males

	AGE IN 1966					
	45-47		48-52		53-57	
	Healthy	Not Healthy	Healthy	Not Healthy	Healthy	Not Healthy
Whites						
Retired	2.4%	2.7%	4.7%	7.0%	19.6%	17.6%
Unable to Work	2.6	7.2	2.6	9.4	3.9	12.1
Dead	4.8	4.5	6.8	16.0	11.4	18.1
Total EWR:	9.9%	14.4%	14.2%	32.4%	34.9%	47.7%
Blacks						
Retired	2.0%	2.6%	6.7%	5.3%	15.2%	13.0%
Unable to Work	2.9	15.8	5.0	9.3	6.3	16.9
Dead	7.8	23.7	11.4	20.0	10.9	16.9
Total EWR:	12.9%	42.1%	23.0%	34.7%	32.4%	48.1%

Total EWR percent may differ from column totals because of rounding.
Analysis by H.L. Sheppard

This table reveals, among other things, that the health status of adult male workers, white or black, even when their age is held constant, makes a difference in these workers' subsequent labor force and life status. These data refer to men 45-57 years old in 1966, more than a decade ago. To the degree that the health status of today's and tomorrow's adult workers is improved, we should expect an improved or sustained capacity and desire for continued employment -- past the age of 64. At least, this is a highly plausible proposition and perhaps should warrant research "monitoring." More concretely:

(1) Is the health status of men in this same age group, but in 1977-78, any different from the status of men of that age group in 1966?

(2) How -- if that health status is different -- has it resulted in changes in rates of retirement, inability to work, and death?

On the other hand, it is also plausible to argue that health status may have improved, but that retirement policies have not to the same degree, and

that therefore, the incongruity may be producing some type of "dissonance" manifested by greater demands on the part of older workers who remain capable of working but whose opportunities for such work have not improved.

Finally, while the need for changing retirement age (upward) may come to be recognized and accepted by key decision-making private and governmental bodies (as well as on the part of the general public), a host of implementational problems remain, such as:

1. Specific methods for the "first steps" to be taken, e.g., rewards for deferring retirement beyond 65 (not now available under Social Security), or increasing the "deferral" incentive for postponing retirement after 62.
2. Greater use of work sharing (with changes in the rate of improvements in the labor force's standard of living).
3. Variations in the general policy of raising retirement age, according to the nature of work in specific industries and occupations.

"Continuous increases in the relative number of older persons, together with decline in work-life expectancy," argues Spengler (1975), "could contribute to financial problems in a country in which payments to retired persons from such programs as social security rest essentially on a pay-as-you-go basis."

Early retirement, as he and others have pointed out, will be especially burdensome in a stationary population. According to Kreps (1976), "Removing those aged 55-66 from jobs would reduce the ratio of workers to retirees by 20 percent and increase the number of older dependents by 48 percent."

To repeat, in the near-and intermediate-future (and perhaps even in the immediate present), one of the overriding priority issues that will have to be confronted and dealt with has to do with the degree to which the economy can accept the current trends in lowered rates of labor force

participation in the upper (45 and older) age groups. Another way of expressing this policy issue is, what would be a socially acceptable or desirable level of participation in such age groups?

This issue must not be confused with the one that is of a more psychological nature, i.e., the degree to which nonparticipation (retirement) is truly a voluntary act, on the part of the individual. Much of what is called voluntary retirement is colored by such conditions as lack of job opportunities, poor health, pressures from younger work peers and management, etc.

Research on the issue of acceptable or desirable levels of labor force participation (or retirement rates) would need to be carried out on several levels, including (1) the use of objective simulation model exercises designed to determine at what points -- given different assumptions about rates of retirement at varying ages, mortality rates or life expectancy after retirement, levels of retirement income and whether or not post-retirement benefit adjustments are provided, etc. -- "counter-productive" economic results occur; and (2) careful surveys on a periodic basis of large enough samples of the working population to determine degree of willingness to support -- and at what levels of support (specifically rate or amount of taxation) -- different sizes of a nonworking older population as affected by age-at-retirement policies.

On the latter, some surveys are available (such as the 1974 Louis Harris Survey for the National Council on the Aging), but they have been only cross-sectional and more important, fail to stipulate the level of support beyond which the respondents (working population) would begin to resist any further reductions in take-home pay (i.e., additional Social Security taxes, or general revenue income taxes, etc.).

The Council of Life Insurance (formerly the Life Insurance Institute) has been conducting periodic surveys, and may yield valuable results, if analyzed in detail.

Beyond taxes, there may also be certain pension costs, depending on the nature of funding, that constitute, in some fashion, a transfer payment from workers to the retired. Drucker (1976) argues that:

> The worker who has part of his paycheck put into a pension account foregoes immediate consumption; someone else, already on a pension, consumes instead. In exchange the worker receives a claim to consumption in the future. But this claim can be satisfied only out of the production of the future. The shoes, automobiles...today's worker will want to buy with his pension check twenty-five years hence are not being produced and stored away... as a group, the retired people are just as "dependent" as before on the capacity of the people at work to produce a surplus of goods and services for them, and on the willingness of the "productive population" to hand over the surplus against the claims of the retired people.

Retirement age policy and its relationship to the issue of the "support burden" on the population and institutions will also require research now on projections, with a special focus on simulations based on different retirement age policies.

CHAPTER IV

Health, Safety, and the Older Worker

Retirement (early or not) is partly a function of the health status of the individual worker. But for purposes of a more fruitful research strategy on the job-related problems of middle-aged and older workers, it is critical to determine the degree to which the job itself -- and general working conditions or environment, as well as unemployment experiences -- contribute to the etiology or aggravation of specific and general health conditions -- both critical and chronic. The general literature on health as a reason for retirement (or discouragement) typically assumes, however, that health is independent of the nature of the individual's employment role and experiences. At best, the focus is on the effects of health problems on the labor force experiences of middle-aged and older workers.

In other words, health can be a crucial job-related problem of the middle-aged and older worker population. It has not received adequate attention by labor economists, and hence, deserves a greater priority than hitherto received. The NLS data may be one, but limited, source for studies in this area.

Judging from the NLS data on white and black males, health status as a factor in the retirement "decision" is critical. This is despite the conclusion of some recent studies (Boskin, 1975) that "nothing could be further from the truth" than the statement that poor health is by far the most important reason for withdrawal from the labor force, especially early (pre-65) withdrawal. Some of these recent studies may be faulted for failing to include in their analyses any mortality data, or severity measures. If there is a job-related explanation for part of an older worker's health status which in turn affects his or her labor force or life status, we have all the more reason for including health status in any research concentrating on the "job-related problems of older workers."

More pointedly, both white and black males in the NLS samples of 1966 who reported health conditions affecting the kinds of work they could do were much more likely, seven years later, to be dead than those without such work-limiting conditions, but the proportions with those work-limiting conditions varied, depending on industry and occupation.

The use of general occupational classifications lead to research findings that obscure the issue of the impact of occupational life on mortality and health status. If there is to be any serious program of improving job-related characteristics of middle-aged and older workers affecting these social indicators, more detailed breakdowns by occupation will be necessary.

We have already referred to the morbidity and mortality risks associated with the unemployment experiences of middle-aged and older workers. A more comprehensive research program on both these factors (type of occupation -- including work environment -- and unemployment experience) should provide the basis for designing policies and programs designed at mitigating these problems which clearly have job-related origins.

If deaths are omitted from the analysis of early withdrawal rates by health status, we get a smaller difference in early withdrawal rates between the healthy and unhealthy workers, thus minimizing the impact of the health factor. The failure to include mortality data may be an important criticism of those studies that tend to under-estimate the relative importance of health in the labor-force-withdrawal phenomenon. That criticism, however, does not mean that other factors (such as economic incentives to retire) are not gaining in their significance in this phenomenon.

Andrisani (1977) -- despite his omission of death data -- found in his NLS analysis, nevertheless, that there were inter-occupational differences in 1966-71 increases in health problems among middle-aged men who were without health limitations in 1966.

But regardless of cause of illness or poor health, and apart from the role they play in labor force participation, and age at retirement, such health limitations contribute, in the age group under consideration, to lost time from the job (Andrisani, 1977). Among white and blacks, differences in time lost were greatest among unskilled workers, and lowest among the skilled.

To the degree that the nature of occupations influences those health factors affecting lost time, which is a cost item not merely to the employer but to the consumer and general economy, this topic warrants special departmental attention. Apart from the issue of how changes in the nature of

occupations, or in their general work environments, can be effected, there is also the question of how, and to what degree, job transfers can be implemented in time to prevent the onset of increased health problems, such as those reported by Andrisani.

The 1969 health status study by the Social Security Administration, of 58-63 year old men -- married and with no spouse present -- and women with no spouse present -- reveal somewhat high proportions reporting no work limitations, with variations depending on age and marital status (Motley, 1976):

	58-59	60-61	62-63
Men, spouse present	67	62	58
Men, no spouse present	59	54	47
Women, no spouse present	65	60	58

Among those who did have work limitations but still were able to work, substantial minorities reported they had to change jobs. A significant point to be made in this context is that the married men were more likely to continue their work, compared to those without a spouse, despite their work limitations, and despite any eligibility for pensions.

Future research on this topic should not only concentrate on trends (i.e., "cross-generational" data), but should also include married women in the analyses, a group omitted from the Social Security Retirement History Study.

Safety and Health on the Job

One of the problems faced by older workers with respect to work is the matter of occupational safety and health. In some employer circles, there may be a belief that age equals decrement, which should be evidenced in accidents and health -- hence, the older the worker (or the job applicant), the greater the risks. A 1974 publication by the National Institute for Occupational Safety and Health (Sleight and Cook, 1974), provides an excellent review of the role of age in job safety and health. The following pages are derived in large part from that study. Equally valuable are the research analyses and experiments by Schaie, Baltes and Labouvie (1973).

One major criticism of most of the studies in this area is that they are based on cross-sectional, rather than longitudinal, research. There is no scientific basis for concluding that inter-age differences mean that as the individual worker grows older, his or her "decrements" will be the same as persons older than they are, or that their "decrements" will increase.

Another criticism is that they frequently omit the distributional, or inter-individual dimension of the behavior or trait being studied. Instead, they tend to report averages only, which can obscure more than reveal -- which is most pertinent in the decision-making that affects the job status of middle-aged and older workers..

Many physiological and psychological changes do occur as an individual ages. Identifying the specific areas of change, the nature of the changes and the consequences of these changes on an individual's work activity has been the subject of a large volume of research. Flowing from this research is the notion of functional age, as superior to the use of chronological age.

Sensory capacity changes, visual functions, audition and speech intelligibility, have been cited numerous times as age-related. Corso (1968), upon reviewing the literature on the effects of aging on sensory processes, concluded that visual acuity is relatively poor in small children and improves in young adulthood. It then declines from the mid-twenties to the fifties. McFarland and Fisher (1955) found a constant decline in the ability to see at low levels of illumination with increasing age and that an increase of 13 years in age requires a doubling of the intensity of light. It was also found that the rate of adaptation to darkness displayed a curvilinear relationship to age with a slower rate for both the younger (20-29) and older (50-59) groups than for the middle (30-49) group.

Accommodation, the ability to focus on objects at varying distances, is cited by Birren (1964) as age related, resulting in a more fixed focus in the older person and a lessened ability to adjust to objects close to the eye. Regarding color differentiation, Gilbert (1957) and Braun (1959) note a decreasing ability to discriminate between green and blue as age increases.

This is ascribed to a yellowing of the lens with age which acts as filter if the stimulus light is in the blue end of the spectrum.

Corso (1968) has compiled a general function from which hearing loss due to age can be determined. Combining the data of 8 publications, it was found that at low frequencies, hearing loss is minimal up to 50 years of age. After 55, hearing loss increases with frequency up to 8000Hz. Northern et al. (1972) conducted a field survey of high frequency hearing up to 18,000Hz and found decreasing sensitivity as age increases with greater decrements at higher test frequencies.

Related to hearing loss is speech intelligibility, according to Corso (1968). As hearing loss increases, difficulty arises in discriminating between consonants with high frequency components in acoustic patterns such as s, z, t, f, and g. However, these studies do not account for number of years of exposure to such "environmental insults."

Impairment of motor skills has been the subject of many studies, showing for the most part a decline in skills with age. A statistically significant correlation between mean reaction time and age was found by Cation, Mount and Brenner (1951). Welford (1962) cites a slowing of sensorimotor with age. In a review of psychomotor performance (1959) he maintains there is little change of speed or accuracy among older persons on simple tests of classical reaction time, but changes do appear with age increases when a continuous coordinated series of movements are performed. Also, greater changes with age are found when complications are introduced which require the subject to relate what is perceived to what is done. What is missing from most of these studies is the distribution of reaction time, by age, and the degree to which these distributions overlap among different age groups.

Increasing interest in the aging process and related behavioral changes has led to the large amount of documentation concerning functional implications of aging on work and work-related activities. This type of information has been of special interest in the field of occupational safety, performance and health because of the frequent use of age as a factor in hiring, promoting, and terminating employees. While it is safe to say that certain physiological capacities do decrease as an individual ages,

it is not safe to assume that these changes affect all physical capacities in the same manner; or that physiological changes due to aging cannot be compensated for. Wearing eye glasses, increasing illumination, working more slowly, working more accurately and self-selection out of dangerous or unhealthy situations, are measures of compensation utilized by older persons to maintain their functional age as chronological age increases. This may be part of the process explaining the NLS finding by Sheppard that voluntary job changing is highest among the "unhealthy" older males in the NLS sample.

Contemporary research efforts have focussed on three areas in order to more clearly define the effects of aging and related physiological changes on occupational safety and health:

1. work related accident and disability
2. job performance, learning and training
3. illnesses

Accidents

While a number of studies attempt to relate age to accident rates, very few of these studies are of use in identifying the relationship between the two. The reason for this lies in the manner in which data from various accident studies are reported. Often, only the frequency of accidents per age group is revealed, omitting the relative numbers of workers in each age group. Other times, the rate of accidents for a given number of workers is reported for an age group but the nature of the accidents is not indicated, implying homogeneity among the tasks studied.

This latter point is salient in the research findings of Bedford (1964), who concluded that frequency of different types of accidents change (in different directions) with age. For example, accidents involving falls and being hit by falling objects increase with age while such things as getting caught in a machine or being injured by starting a machine decrease with age. Government statistics (Public Health Service, 1963) support this claim showing a rise in injuries resulting from falls as age increases in the general population.

Birren (1964) generalizes on the basis of age/accident data and reports that accidents preventable by judgment based on experience decrease with age, while those accidents involving a quick evasive response to sudden events increase with age. Welford (1958), combining the activities of judgment and response, suggests that when accidents arise due to failure of adequate response to a hazardous situation, it could be because of either the failure to properly judge the danger of the situation or the failure to provide the adequate response. Welford also reports that young persons tend to fail to appreciate the demands of the situation, whereas older subjects fail to produce adequate response.

An important factor to be included in any comprehensive study of age-related accident rates is experience. It must be noted, though, that it is difficult to control for the experience factor, since the longer a person has worked on a job, the older the individual becomes! Some studies have attempted to control for experience.

Zeller and Moseley (1957) concluded from a study of air force pilots that experience was the most important factor in predicting accidents. They attributed a decrease in accidents to an increase in experience. The findings of Lentz and Zeller (1962), in another study of air force pilots, concur with those of Mosely and Zeller.

Van Zelst (1954) found that even when present job experiences were less, older employees maintained better safety records during an 18 month period. This finding suggests a possible skill/experience transfer from previous jobs in the case of older workers.

Kunce (1967) studied subjects from a full range of occupations with a mean tenure of nine years. He found that longer than average tenure was significantly related to low accident rates and a lower "accident proneness" score. Powell et al. (1971) also found that accidents decrease as work experience increases.

A word of caution is necessary in interpreting the above research findings concerning age/accident/experience rates. In most cases, accidents are seen as resulting from a homogeneous set of tasks regarding risk. This is not the case. Research by Thorndike (1951) and Dobrowlowski (1959) point out the variability of age/experience/accident records among various tasks.

Also, those workers who have accidents or are unable to cope with the demands of a certain job have a tendency to self-select themselves out of those jobs, leaving only the workers who know they can do the job efficiently and hence are less likely to have accidents.

Job performance, learning and training. It is generally believed that increasing age inhibits an individual's general capacity to work. This may be true for physically demanding work, but in situations where excessive physical strain is not necessary, it has been found that overall work capacity is not greatly affected by age. Snook (1971) studied the effects of age on continuous work capacity in two age groups and concluded that continuous work capacity does not decrease as age increases in moderate environments. Continuous work capacity of the 25-35 age group was the same as that of the 45-60 group. Henschel (1970), in a literature review, supports this claim saying that capacity to perform light to moderate physical work is not grossly age dependent, at least to age 65.

Regarding learning and training, Birren (1964) suggests there is little change in primary learning ability as age increases under most circumstances. When differences between age groups studied do appear, they are usually the result of differences in perception, set, attention, motivation and physiological state rather than learning capacity. Trites and Cobb (1962) studied test abilities of air traffic controllers and found that older subjects had lower test scores on tests of immediate memory and non-verbal abstract reasoning. But higher test scores for the older group were found on tests of arithmetic and verbal ability. On timed tests, the type of test (arithmetic, verbal, etc.) seemed to determine whether the older or younger group scored higher. Overall, the older members of the sample were viewed as more intellectually efficient, responsible and tolerant. We discuss other aspects of this topic in the section on education and training.

Illnesses. Individual differences in health and hygiene habits, as well as differences in physical fitness, contribute to the difficulty in determining the effects of age alone on incidence of illness. For example, Simons and Mirabile (1972) surveyed over 20,000 workers and found that younger workers had the greatest number of back injuries. This phenomenon is not merely the result of age differences. It may reflect the relatively more dangerous jobs younger workers hold.

An area where increasing incidence of disorder is seen with increasing age is in respiratory system functions. Boucot et al. (1972), Saccomanno et al. (1971), Naeye (1971) and Doll, Morgan and Speizer (1970) all cite increased incidence of respiratory disorders as age increases. However, in each study, workers (mostly miners) were exposed to specific risk-causing agents in the air during their normal work activity. For the most part, increased age meant longer time on the job and more exposure to the harmful elements. Therefore, more respiratory disorders were found in the older sample members.

Nevertheless, age does seem to be related to some respiratory disorders. Holland and Stone (1965) found an increase in respiratory problems with age in their sample of 625 telephone company employees in the eastern part of the country.

These findings suggest the need not only to improve the work environments of workers of all ages, but also to consider the feasibility of job transfers in the high-risk environments, after a certain age (the specific age to be determined on the basis of specific environments).

In summary, it should be noted that attempts to translate much of this research into action involves some major problems, for example:

1. Various capabilities (not all, and not all at the same age) decline with age, but efforts to correlate these declines with accidents has not always been successful.
2. There has not been enough appreciation of the substantial differences among individuals of the same age with respect to measured capability.
3. Similarly, with respect to the effects of compensations made by the worker to maintain a given level of work performance.

Furthermore, research on age and accidents does not adequately take into account the effects of experience. A partial remedy lies in studying pairs of equal-experience workers, differing only in age.

There also is involved the "survivorship" phenomenon: Workers involved in serious or fatal accidents are, by definition, not in samples of older workers. This raises the question of the extent of volunatry job changing, which may result in workers moving into safer jobs which allows them to grow old and employed; and also the question of the degree to which older workers remaining in a given occupation are those who are able to survive unscathed.

Other generalizations and principles include the following:

1. Workers from about 25 to 55 tend to have fewer accidents than might be expected by chance.
2. Job tasks requiring (a) substantial judgment and (b) expectation of unexpected circumstances place the older worker at an advantage over the younger one.
3. Rigidly structured tasks and those with rigidly determined performance pace are less likely to allow the older worker to finding or developing compensatory mechanisms, in which case the effects of "aging" can be serious.
4. Chronological age at best may be used -- and the precise age is partly related to the specific nature of the job involved -- as some type of indicator that specific capabilities should be monitored.

The NIOSH report also indicates some specific research needs, including:

- Physiological and behavioral performance standards defining functional age need further development. Such standards would be more useful in industry than chronological age.

- Since there seems to be an interactional process involving experience, age, sensorimotor capacity, and task-specific requirements, there is a need to identify types of jobs in which these effects operate, and their relative contributions to selected measures of work performance.

- Further research is needed in evaluating the effects of adult training and education in reducing illness and injury rates -- including measures designed to improve the use-rate of appropriate protective gear.

This section has raised various points that lead to issues and research centering on the work performance of middle-aged and older workers -- the focus of the following pages.

CHAPTER V

Work Performance

It is significant, in our opinion, that governmental research on age and job performance has not been of a sustained or systematic nature. Some of this research -- on an intermittent basis -- goes back as far as 1956 (BLS, 1956), and the report by the Department of Labor prepared for the 1971 White House Conference on Aging refers to two specific occupational studies published in 1960 and 1964 (BLS, 1960; Walker, 1964). Increasing jurisdiction of the Department (through ADEA) may warrant more concerted R&D thrust.

The general results show no consistent pattern of superior productivity in any age group. Intra-age group variations were greater than between age groups, a point which is frequently obscured in research analyses using averages only, but more important, in important decision-making situations affecting the job problems of middle-aged and older workers.

Typically, productivity studies compare older and younger worker performance on one or more tasks. But the tasks themselves need to be analyzed in terms of their ability requirements, and inferences made about the abilities used by individuals performing the tasks in order to develop ability profiles for older and younger workers.

Based on most of the productivity studies, there is -- to repeat -- either a slight positive relationship with age or not at all (McFarland and O'Dougherty, 1959). Three examples illustrate this point. Review of records of 6,000 clerical workers showed that many older workers performed better than younger workers, older workers had a steadier rate of output, and were as accurate as younger workers (Kelleher & Quirk, 1973). According to supervisory ratings of over 3,000 persons 60-plus in 81 organizations in retail, industrial, office and management positions, most were as good or better than younger workers regarding work quality, work volume, absenteeism and dependability (Peterson, N.D.). A survey of over 132,000 workers in New York State agencies where mandatory retirement is 70 shows that workers over 65 are "about equal to" or sometimes "noticeably better" than younger workers in job performance (NCOA Older Worker Specialist Newsletter, 11/12, 1972). According to Kaufman, differences in performance

and capacity are less a function of age than intelligence, interests, needs and career goals (1974).

Furthermore, any deterioration in performance capability of older workers can be somewhat offset by other characteristics. Experience and judgment play important roles in this regard.

Aging and functional changes. Another body of research literature of relevance to the development of typologies of older and younger worker performance capability is centered on behavioral changes that occur through the aging process. In particular, this research has been used in the field of occupational safety and health, reported earlier in this document.

In summary, the general picture created by available information suggests that older workers generally have the capability to do many different kinds of work. Even when physical tasks are required, older workers do rather well. Using the functional, 7-category physical capacity technique called GULHEMP, a 1973 NCOA study showed that most prospective employees seek jobs they are physically able to perform, and middle-age and older workers can perform jobs for which they would have been rejected because of age (Quirk and Skinner, 1973). The significance of this project lies in the fact that for the most part, the workers involved had been unemployed. Judgment gained through work experience counteracts any potential decline in performance capacity and helps older workers avoid certain kinds of accidents, as cited already.

One of the limitations in much of the research on work performance of older workers is that it is frequently carried out only with older "survivors," compared to younger workers in the same organization and occupation. That is, it is quite possible that many older persons had previously been employed but for reasons of poor performance (including attendance, illness, etc.) were dismissed and/or retired -- thus leaving only the relatively high-performance older workers to be included in any comparative evaluation.

One of the few recent studies not subject to this criticism was based on a comparison of company records of recently retired workers (retired at about 65) with a control group "whose respective years of company service matched those of a member of the retired group" (Bartley, 1977). However,

the still-employed, long service control group was, on the average, 20 years younger than the retired group.

Bartley found that attendance records for these male production workers showed a higher score of the older workers, using a number of different measures on attendance (number of times absent; percent with perfect attendance, duration, etc.). The retirees' records also revealed fewer visits to the medical department (for non-accident illnesses) over the five year period studied. A similar pattern was observed regarding job-related injuries.

In summary, Bartley reported that the data from his study

> clearly demonstrates that older workers have a better attendance, health, and injury record than younger workers. By more persistently staying on the job, they can help reduce management problems for all kinds of absenteeism.... Why, then, retire a person who has been a good employee if transfer or job redesign are reasonable alternatives? While it may be difficult to set up criteria other than age for determining retirement policies, it is not impossible.

In evaluating the policy implications of such empirical research findings, care should be taken to distinguish between the value of retaining, versus hiring, older workers. Bartley's conclusions, and those of other researchers finding the same results, may more directly bear on the retention policy issue than on the hiring issue. This point leads, therefore, to the need for research on newly employed older workers vis à vis newly employed younger ones and their comparative job performance records.

In this connection, Schwab and Heneman (1977) did include organizational experience as a factor in a study of the relationship between age and work productivity, unlike most previous research. Their sample consisted of semi-skilled operatives. By controlling experience, they found that older workers were as productive as younger ones. Older workers may be able to offset productivity declines occurring as a function of increasing age by capitalizing on improved skills and knowledge associated with increased experience.

If it is known that satisfactory productivity is dependent on experience, organizations should be motivated to retain existing older workers since they already benefit from the added experience. But, does this mean that organizations would not be motivated to hire older workers, since they may not necessarily possess the advantage of greater experience? This is a major issue, and its resolution can affect the job-seeking chances of such persons.

Schwab and Heneman computed average hourly productivity value for each worker each day for 5 weeks (by multiplying unit output by standard times for those units, summing the products, and dividing the total sum by total number of hours worked on piece-rate during that day).

The unadjusted productivity means indicated a tendency for productivity to increase with age, but there was considerably within-subgroup variability, reflected in sizable standard deviations. When experience was controlled, however, results showed no relationship between age and productivity.

The major conclusion of the study was that older workers are no more or less productive than younger counterparts after experience is taken into account. This should serve to encourage organizations to place less emphasis on chronological age in employment decisions. The problem of effective dissemination of this viewpoint thus becomes a major program priority.

It is possible that less productive older workers may leave the organization through self-selection and/or organizational personnel practices; thus the remaining older workers may be the ones whose productivity over time was so high that it is still acceptable -- even after aging. However, if this had been the case in the Schwab-Heneman study, they would not have found variability in older workers productivity compared to that of younger ones. An examination of standard deviations in productivity indicates that for older workers in this study, productivity was fully as variable as that of the younger workers.

Whether this same phenomenon is true in other types of work situations is a subject for new and continued research.

How particular workers will perform in particular jobs is a key personnel selection issue that is equally salient whether hiring new workers from outside an organization or promoting persons already employed by an organization, a dimension of the internal labor market side of older workers'

problems. Commonly used techniques to select people for jobs include formal tests, informal judgments by internal staff usually based on interviews with prospective job incumbents, ratings of job application forms, previous supervisory/peer ratings of job performance, and minimum/maximum standards (e.g., high school diploma or G.E.D., not taller than 6'6").

Employment selection procedures are under public scrutiny today for signs of bias, and no employment decision that emanates from results of selection procedures is immune to charges of being unfairly discriminatory. Although the major claims of discrimination are based on the male/female dichotomy or racial/ethnic categories, there are fundamental implications for older workers. Just as employer practices requiring a high school diploma, or equivalent, or height/weight limitations are now seriously open to dispute for many jobs, so the age criterion for selection and promotion deserves more careful scrutiny.

Dimensions like education, height/weight and age provide convenient administrative handles for selecting in or selecting out. Each dimension represents a continuous variable from which a single slice has been chosen. Why should it be the "right" slice? Why, for example, should a sanitation worker be required to have a high school diploma? The assumption frequently made is that an applicant who completed only three and one-half years instead of four years of high school cannot do the job. Is such an assumption reasonable and valid?

A similar line of argument can be developed for age. Why should someone not be selected or promoted solely because of age? In the extreme case, why should an individual one day older than an age limit be suddenly inappropriate? How much capability does someone lose in a single day? Such questions underly the functional approach to the job problems of middle-aged and older workers.

Rather than using age as a weeding-out device, selection should be made on the basis of job-relevant dimensions. This concept represents the crux of employee selection guidelines issued by EEOC and jointly by the Departments of Justice and Labor, and the Civil Service Commission. Keeping with the spirit of these guidelines, advocates of the functional approach argue that unless age per se can be directly tied to job performance requirements, it should not be considered in hiring and promotion decisions.

In order to establish appropriate job requirements, task analysis may be needed. Task analysis should not only provide information about what skills, knowledges and abilities are needed to do certain tasks, but identify the level of skills, knowledges and abilities needed. Then workers -- including older workers -- can be judged on the basis of their capabilities. Extraneous variables like age can be excluded.

Because of EEO considerations, task analysis has been used to describe a smattering of jobs -- mostly ones that employ large numbers of people. By virtue of visibility and attendant likelihood of legal challenge of selection procedures on EEO grounds, most task analysis efforts have been conducted for large government units and large corporations. Medium and small agencies and companies have not been subjected to the same level of scrutiny. Furthermore, the bulk of jobs available in the employment market have not been carefully described by task analysis methods.

The main point here is that, to our knowledge, employers have not applied this technique to situations involving older persons. To do so, requires that job selection procedures -- whether for new hires or promotions -- be validated for separate age subgroups, as suggested by Heneman (1974).

Not only do jobs need to be described in terms of their requirements, but people need to be described in terms of their capabilities. While no single task analysis methodology has clearly demonstrated effectiveness and general acceptability, a variety of techniques do exist and have been used with varying degress of success. What needs more attention is a systematic framework for describing human abilities. Most existing systems deal with but a portion of the human abilities spectrum. Even for those systems that are more comprehensive, considerable additional effort is required to validly relate the abilities to different jobs and job tasks.

As a longer-term goal, national norms for adults on cognitive, perceptual, psycho-motor and physical abilities might be developed -- not only for various age categories of older workers but across the total adult age spectrum, on an occupation-specific basis. Performance capabilities of older workers could be readily compared with those of younger workers, and equally important, the norms could provide a useful benchmark for employers, and changes, or trends, in those norms could be monitored.

CHAPTER VI

Part-Time Work, New Work-Time Arrangements and Work Restructuring

Each of these concepts has general applicability to the total working or working-age population. Older workers are no exception, and in the opinion of a variety of experts and organizations, may constitute a special target group for the concrete types of work suggested by those concepts.

In this connection, it cannot be stressed too much that survey research on the retirement decisions and intentions of middle-aged and older workers rarely poses a choice of options to the survey respondents. They are asked, instead, questions of an either-or character regarding employment: full-time work or full-time nonwork -- nothing in-between. The failure to use an alternative approach results in little useful knowledge regarding (1) the potential labor supply for voluntary part-time work; (2) for occasional, on-and-off employment; or (3) the "market" for a policy of tapered, or gradual retirement. (The latter is a variant of part-time work; it might just as well be conceptualized as part-time retirement).

In one study designed to overcome this limitation, Jacobsohn (1970) found that British factory workers nearing retirement age gave different responses, depending on the kind of question asked. When asked the either-or type, 55 percent preferred complete retirement. But when offered a choice, only 21 percent chose such complete withdrawal from work.

The proportion citing a preference for continued full-time work fell from 44 percent (when asked the either-or question) to only 15 percent when the question was re-phrased to include part-time, or occasional work. More than three-fifths of them, it turned out, preferred part-time or occasional employment. Altogether, then, only 21 percent -- not 55 percent -- preferred total withdrawal from the work force.

Research using a similar approach among American workers -- by type of occupation and industry, age, sex, race, and other characteristics -- is lacking, and information on the empirical dimensions of the issues involved should be valuable to employers and government, not to mention the individual pre-retiree who may be otherwise forced to think in either-or terms regarding employment in the later years.

On the other hand, the advantages of part-time employment -- on a voluntary basis -- may be more obvious to the middle-aged and older worker than they are for the organization or employer. There is little in the way of research-findings consensus on the latter. Indeed, little, if any, of the research on the topic of part-time employment focuses on age differences vis a vis advantages to the employee or employer. One study (which makes no reference to age) did find -- through personal interviews and mail questionnaires among users and non-users of permanent part-time employees -- that: (1) little net positive effect on the economic side (from the standpoint of managerial measures of performance); (2) few types of technologies affected these ratings; (3) the vast majority of such jobs consisted of those with discrete (and primarily repetitive) job tasks, and with cyclical demands for output; and (4) part-time jobs apparently are more acceptable to non-traditional, change-oriented managers, and in organizations with more informal "organizational climate."

More in-depth, organizational case studies might be necessary to gain further practical insights into how these and related dimensions of the employers of different age groups voluntary part-time workers on a permanent basis might differ between and amongst each other.

As part of the need to assess the market for voluntary part-time employment, a first step should consist of sophisticated analysis of the distribution of voluntary part-time employment by industry and occupation, with special attention on the former as a starting point. In 1976, for example, voluntary part-time employment was disproportionately over-represented in wholesale and retail trade (growing since 1966); and finance and other services. Unfortunately, Department of Labor statistics report no information by age in each industry (see Erenburg, 1970).

From 1966 to 1976, the total number of persons working part-time on a voluntary part-time basis increased by 41 percent. But the rate of increase in the case of the 45-plus group was much lower, only 25 percent. This fact, plus the additional one -- that total numbers employed on a full-time basis increased very little (in the case of the 45-64 group) and actually decreased in the 65-plus in the same ten-year period -- raises the

question of whether efforts must be increased to expand opportunities for voluntary part-time employment for older persons, if it is an agreed-upon policy that such employment is one of the positive solutions to certain problems of older workers.

The facts indicate that "opportunities" for such employment increased at a greater rate than opportunities for full-time employment, even omitting the 65-plus. From 1966 to 1976, full-time jobs for the 45-64 group expanded by only 2.6 percent, compared to a 26 percent expansion of voluntary part-time jobs in the same age group.

This type of discussion should also bear in mind that between 1966 and 1976, the number of persons 45-64 who usually worked full-time, but were working part-time because of economic reasons (because of slack work, and inability to find full-time jobs), increased by 39 percent. That rate of increase should be compared with the mere 2.6 percent increase in full-time employment during the same period.

These statistics (taken from the 1977 Employment and Training Report) tell us nothing as to the reasons for lower rates of increase in voluntary part-time employment for the older age groups (compared to younger ages); and for the greater increases in such part-time employment than in full-time employment for the 45-64 group. Nor do they give us any clues as to whether the latter phenomenon is a socially desirable goal or policy to pursue (despite the label of "voluntary").

How many of the so-called voluntarily part-time employed older persons would accept a full-time if offered one? Under what conditions, etc.?

All of these questions require pin-pointed research inquiries and policy discussions which, to our knowledge, are missing in the current scene.

Other specific research questions stimulated by these data, and which should have program and policy implications, include the following:

- In which industries, and areas, have there been the least and most increase in part-time employment -- and by category (voluntary and involuntary)?

- What are the trends (keeping the above in consideration) for males vs. females; whites vs. minority groups?
- How do the differences in rates of change in opportunities for full-time vs. less than full-time (especially on an involuntary basis) affect the "discouragement" process?

Any research and program focus on part-time work should, however, conceptualize such work as only one type of pattern, or option, available to older workers (in this case, say, 50 and older) -- ranging from:

1. Continued full-time employment in same occupation with same employer.
2. Continued full-time employment but with same or or different employer, but in different occupation.
3. Part-time employment with same employer, same occupation.
4. Part-time, with same or different employer, but in different occupation.
5. Voluntarily intermittent employment.

"Part-time" itself as a term can be misleading, since it encompasses a broad spectrum of number of hours and/or days per week. Furthermore, at a certain point in the worklife cycle, individual workers may choose, or be encouraged to choose (depending on a number of conditions), a gradual tapering down of total working hours, or days per week -- or even weeks per year.

Research in this area would require an identification of factors and conditions that are associated with different patterns of work-time distribution on the part of older workers (with due recognition of the heterogeneous composition of that population), by occupational groupings, family situation, etc.

Equally important, of course, is the extent to which employing organizations -- both public and private -- can actually function with such work-time patterns, the conditions under which such organizations can be induced

to initiate such personnel practices; the role of unions in facilitating or hindering the introduction of such patterns, etc.

Also, it is not clear how much of the desire for part-time work on the part of older workers is unmet because of their lack of job market information regarding the availability of such employment in different organizations. This topic should not be separated from an additional one, namely, the degree to which various forms of part-time employment, as an alternative to full withdrawal from the labor force, are known to older workers -- or to employers whose "cake of custom" blinds them to the use of part-time employees even when this might be of advantage to them (e.g., in times of high demand for labor).

Apart from the obvious research efforts that can be carried out on these topics, it may be more fruitful to conduct experimental and demonstration programs designed, for example, to improve the match between older workers seeking various forms of part-time employment and employers seeking such persons -- or who could be persuaded to hire them.

Finally, there is, at the present time, no comprehensive picture, based on empirical research, of:

(1) the distribution of and trends in work-time patterns by age, industry, and occupation;

(2) worker and employer evaluations of these patterns;

(3) projections of employee and employer demand for such types of work-time distribution; and

(4) cost-benefit analyses of these types.

Juanita Kreps (1971), in commenting on needed research on the general topic of work-time options for older workers, stresses the point that

> [It] would be useful to business organizations, public employers, and union officials in determining whether their employees and constituents would prefer a second career or early retirement, should such options be available. In the absence of such evidence on desired work-leisure patterns, the free time generated by economic growth will be

used in ways not necessarily compatible with preferences. It is also difficult to predict the degree to which firms could accommodate to worker preference without some evaluation of the institutional constraints operating against career flexibility. (emphasis added)

In addition to the position that holds that older workers should be treated the same as any other age group when it comes to the right to engage in all types of occupational employment and on a fulltime basis, we need also to recognize that many older workers -- especially those in the upper age groups (say, 65-74) -- seek only part-time or intermittent fulltime work.

The research need here is to determine (1) the size of such a population; (2) the types of work they are already capable of performing (without any extensive or intensive training); and (3) the "market" for such voluntarily less-than-fulltime paid activity (the demand side).

None of this implies that there is or should be such a thing as part-time types of employment for "older workers only," although many programs or program proposals may tend to adhere to such a doctrine.

Furthermore, on the experimental and demonstration side, pilot efforts might be designed and carried out to expand on the types of jobs that could be performed on a part-time basis, for (1) a variety of jobseekers (again on a voluntary basis) -- including older workers -- and (2) for older workers only. This would first require a survey of employers in given local areas to determine the possibility, or feasibility of creating such positions (or locating them, if already existing but not filled), and the numbers and types involved; second, an active job development effort coupled with an orientation and recruitment activity.

Some of these jobs might be traditionally viewed as full-time jobs, but could be the source of work-sharing design. Needless to say, such an E&D suggestion would also entail an examination of the legal and institutional barriers to its effective implementation; and how, if at all, other, previous similar efforts overcame such barriers.

In addition to, and perhaps as a prelude to this type of E&D project, research might be needed on previous and current programs to provide part-time and intermittent jobs to older workers, with a focus on:

- Types of jobs; and industries.
- Types of older workers.
- Degree to which nature of the local community and the local labor market affects the prospects for part-time employment activity.
- Previous experience with regard to barriers; recruitment of interest among employers and older workers themselves.
- Costs to the employer.
- Degree to which such employment facilitates the "adjustment" to full-time retirement.

Research on the topic of part-time employment should also concentrate on some specific issues including the following:

1. What proportion is truly voluntary?
2. What is the "universe of need" for such voluntary part-time employment -- by specific subgroups of older persons (type of area; previous occupation; current total income; race-sex differences, etc.)?
3. What is the current and potential structure of opportunities for such employment, according to industry?
4. What are the obstacles and facilitators affect that opportunity structure (e.g., government, company, and union rules and customs)?
5. What are the trade-offs involved, as far as effects on other groups' employment status is concerned?

6. What effect does such employment have on such programs as transfer payment systems? On community services?

7. To what extent would the already-retired (and who among them) take advantage of such opportunities for part-time work?

On each of these items, and related ones, experimental and demonstration projects might be expanded or developed, in order to obtain answers to the questions, and to determine what other effects are found, of an unexpected nature; and how obstacles were overcome, or facilitators were improved.

If voluntary part-time employment is to be accepted as a positive public policy, it would then seem appropriate for the federal government at least to serve as a model.

A report by the General Accounting Office (1976) on part-time employment in federal agencies spelled out the advantages and disadvantages cited by federal agency managers on the use of part-time employees. It refers to the age distribution of the total numbers involved in 21 agencies, but nothing on the constraints, advantages and disadvantages according to age. Nearly 28 percent of the overall numbers (105,000) were 41 and older; 40 percent, under 25.

For government agencies at the federal, state, and local levels -- as well as for private industries employing persons in similar occupations (typically white-collar) -- it may be valuable to ascertain whether the following examples of advantages and disadvantages also apply to older groups:

Advantages:

- Greater access to a "pool of talent" not needed or available on a full-time basis.
- Greater agency flexibility in meeting temporary demand during seasonal workload peaks.
- Greater productivity (reported only from some agencies) than by full-time employees.

- A new and valuable source for eventually full-time personnel.

Disadvantages:

- Excess training and administrative costs.
- Problems of work-time accommodation.
- Lack of job continuity and completion.
- High turnover.
- Poor morale among part-timers because of fewer, or no, fringe benefits.

In addition to research into the applicability of these and other advantages and disadvantages regarding the use of older persons as part-time employees, similar efforts should be directed -- of a research and demonstration nature -- toward other levels of government, and in the private sector.

But is part-time employment worth pursuing as a national goal or policy? Furthermore,

(1) Does such employment patterns suggest that it is a sign that the mainstream of the labor force is moving towards a general pattern of reduced working hours?

(2) If the country were to adopt an opposite policy, namely, a restriction on the number of part-time jobs, would that policy increase full-time opportunities -- and for which groups in the population, if at all?

(3) Do employers -- and in which industries -- respond to major changes in age in such a way as to influence the demand for persons available for less than full-time employment? That is, does the "supply" of such persons increase the demand for part-time employment?

(4) To what extent, can part-time employment serve (and under what conditions) as a transition for various adult and older groups to full-time retirement?

This discussion so far, and the research and policy questions raised, have dealt primarily with the topic of part-time employment from the standpoints of the individual and the employer. What about the "total economy" side? We can only answer this important question with questions.

For example, do such employment patterns affect opportunities, and to what extent, for full-time employment (and with fringe benefits, etc., not typically associated with part-time employment)? In which particular sectors of the economy?

Without such employment, would there be a deterioration in the numbers and kinds of services desired and required by the community and consumers?

These and similar questions have been treated at length recently by Owen (1976), but the study does not include attention to the age factor.

Work sharing, flexi-time (on less than a full-week basis), and similar concepts should be considered as variants of the basic part-time employment topic, and the issues, research and demonstration prospects -- as far as older workers are concerned -- should not be too different, if at all. (State of Wisconsin, 1977; Glickman and Brown, 1974; Evans, 1973; Baum and Young; 1974; Kimzey and Prince, 1974). However, few, if any, of the many reports and research studies include considerations of the age factor.

Tapered, or "part-time" retirement, also is another variant (the other side of the coin), but because of its special character, warrants more attention in this report. It is discussed in other sections of this report.

These separate topics can be conceptualized as specific examples and facets of a more general, perhaps more basic, approach concentrating on the lifelong allocation of time -- or the lifetime distribution of work, leisure, and education. That approach highlights the issue of how society and economies "decide" on who shall (and when they shall) learn, work, and not work over the total lifespan, and the value of redistributing, intermittently, each of these activities over that lifespan (Sheppard, 1977; Best and Stern, 1976; Chalendar 1976; Wirtz, 1975; Kreps, 1971).

It may be too soon for the Department of Labor to devote its research and demonstration resources to this intriguing subject which is issue-laden. For the immediate future, however, the sub-topic of mid-career change and development cannot be ignored now. That dimension of the lifespan approach is treated in a separate section of this report.

Work and work environment restructuring. Separate and distinct from the topic and issue of time-allocation of work, is another category of alternative work patterns, generally found in research and policy discussions about job satisfaction, job redesign, job enrichment and "quality of work," etc. In recent years, this topic has reached a stage virtually of a movement in various circles, in many countries.

One of the ways in which it bears upon the job-related problems of middle-aged and older workers is with respect to the retirement phenomenon. Jacobsohn (1972) found that workers' acceptance of their companies' retirement age was clearly related to the level of job strain, and of worker autonomy in job performance (e.g., machine-paced vs. bench work). Sheppard, in his simple cross-classification analysis of NLS data (1976), found that level of 1966 job satisfaction predicted for early retirement rates, but only among unhealthy whites, with no analysis by age. The fact that no relationship prevailed in the case of unhealthy blacks raises the issue as to whether these men are in any economic position -- despite their poor health -- to leave the labor market if dissatisfied with their jobs.

However, Andrisani (1976) found, through a more sophisticated analysis of the same data, that for both whites and blacks (regardless of health status) early retirement was a function of job dissatisfaction.

What may be one of the most interesting research and policy changes is the fact that while the economic rewards of the NLS sample of middle-age and older men increased, on the average, over the 1966-71 period, job satisfaction actually declined in this same period. While the latter has been found to be generally associated positively with income level -- in cross-sectional research -- this does not automatically mean that the components and roots of job satisfaction are exclusively economic in nature (Sheppard, 1976). Because of this, improvements over time in economic status (as measured by real income changes) are not necessarily accompanied by improvements in satisfaction with other dimension of a person's work life and its environment.

The analysis of quality of task levels among white male blue collar workers -- i.e., degree of variety, autonomy, and responsibility -- by Sheppard (1972) found that the lower the task-quality level, holding age constant, the greater the proportion of such workers indicating that if assured of adequate income, they would retire immediately. More important, UAW data for 1972-73 indicate that among workers eligible for "30-and-out" retirement, actual retirement rates varied according to skill-level; the higher the skill, the lower the rate.

The analysis of the Survey of Working Conditions survey by Quinn showed that low autonomy was associated with early retirement -- for men but not women. Why should this be ? Does it mean that work itself -- at least in the past and contemporary scenes -- is of a greater central life focus for men, that men are so much identified with their jobs that negative features are more salient to them? Will this change, as women become more regularly attached to the labor force over a greater portion of their lives?

Andrisani's multi-variate analysis (1976) of the NLS data (for all age-sex-race sub-samples) found that:

1. Regardless of the state of the economy, dissatisfied middle-aged males were more likely than the satisfied ones to change jobs voluntarily.
2. Black middle-aged males -- but not whites -- who were dissatisfied with their jobs and who changed voluntarily made higher advances (in terms of job status and earnings) in subsequent years.
3. With the exception of blacks, job satisfaction among the middle-aged declined , from 1966 to 1972.

The reasons for these relationships and trends should provide some basic policy guidelines for approaching the qualitative dimension of job-related problems of middle-aged and older workers.

The decline in job satisfaction among the non-changers in the NLS sample is a case in point. Policy thinking regarding labor turnover and mobility -- which are partly a function of level of job satisfaction -- is

characterized by contradictory values. On the one hand, there is a concern about turnover as a cost item -- especially at the organizational level. On the other hand, there is also a great emphasis on the virtues of mobility for the sake of a highly rational and fruitful functioning of the economy. If job satisfaction among job-stayers does decline -- even among middle-aged and older workers who conventionally are deemed as having become "satisfied" over time -- this might lead to various kinds of diseconomies and costs to the firm, and thus indirectly to the total economy.

Finally, there is a more intriguing dimension of the various efforts for improving the quality of work life. If it is correct that job attitudes, and early retirement (coupled with quality of job performance itself), are in part a function of such criteria as degree of task autonomy, what is happening in the many organizations -- in both the private and public sectors -- now experimenting with, or institutionalizing, such notions as job redesign, job enrichment, autonomous work groups, etc.?

For example, to the degree that such notions have been put into actual practice -- on a pilot or regularized basis -- is there a change in early retirement intentions? In actual retirement rates? How do these measures in such situations compare with findings in workplaces producing the same product or service but which have not introduced similar practices?

The time is ripe for research on these questions which may be of import to workers, organizations, and the economy.

Job redesign has, over the years, been recommended as one of the solutions to selected problems of older workers, usually in response to presumed physical and mental changes associated with advancing age, as a way of coping with their inability to maintain performance in their regular jobs. Such a notion consists of changing those regular jobs in such a way as to make the jobs match the working capacity of workers growing older -- as opposed to transferring them to "easier" jobs (frequently resulting in lower pay and loss of status). (OECD, 1966.) This particular meaning of job redesign, however, is not the same as that intended by other researchers and consultants using the same term (e.g., Davis and Taylor, 1973).

According to a Department of Labor report (1967), few of the 1,000 largest American industrial corporations have specifically redesigned jobs for older workers for purposes of matching the job to the presumed decline in older worker performance. There is no compelling reason to think that much has changed in this regard in recent years (although the "quality of work life" projects may coincidentally include older persons). Corporations generally have tended to exercise two options -- transfer older workers to less physically demanding jobs under the presumption older workers could not continue in their present jobs, or persuade older workers to retire early.

Instead of resorting to either of these courses of action, corporations could benefit from job redesign based on task analysis by creating new jobs that tap the skills and experience of older workers, and reduce the odds for increased job dissatisfaction. Such efforts might be encouraged by Departmental experimental and demonstration programs.

Whether or not an older worker will like a job is no more important than whether or not he or she can do a job. An experimental program may involve the creation of new jobs by new combinations of tasks in a given industry.

Does combining so many demanding tasks together make a job "undoable" or stressful?

Does combining many low level tasks together make for a high error rate due to boredom?

Does the "right" combination of tasks ("right" from the standpoint of job enrichment proponents) make a positive difference for all age groups?

It is recommended that tasks that make up several jobs be considered in the experimental effort to allow latitude for innovative, new job-quality creation. Results from such a study could be considered in relationship to other experimental job redesigns such as re-clustering of tasks from a single existing job into "higher" and "lower" task-quality groupings.

No easy predictions -- and no comforting prescriptions -- should be made on the potential outcomes of improving the quality of worklife (as defined from the standpoint of experts on the subject) on the job behavior and retirement decisions among older workers. In the first place, there is no such animal as the "older worker," as we have tried to make clear throughout this report (and despite our own frequent violations of that percept): there are varieties. The response to changing the nature of job tasks will be influenced by the nature of the individual older worker -- and of younger ones whose retirement desires also may be affected by the nature of the job.

Experts on the topic of work values and personality types vis a vis quality of work (Yankelovich, 1972, for example) suggest that the young workers of today -- the older workers of tomorrow -- will tolerate less the low task quality of many job assignments; that many, if not most of them -- but to a greater extent than in the case of today's older workers -- will require job tasks of a higher quality to keep them productive, in the future.

Furthermore, the way in which such changes are introduced play a role in worker reaction. Pollman and Johnson (1974), for example, found that retirement decisions among auto workers were partly affected by job changes not initiated by the workers themselves. It is not clear from their study, however, which of the jobs the workers were transferred to were, if at all, of a more positive task-level quality.

The critical questions stemming from that research and from the general theory (and expectation) concerning the virtues of job redesign, job enrichment, and other forms of work-quality improvement involve the extent to which changes in those directions are made with the participation of the workers themselves, and not merely initiated by management. As workers grow older in jobs already "enriched," are their job performance and retirement behavior any different (and in what way) from their age peers not in such jobs? These and related questions should be part of a research agenda in this arena of job-related problems of middle-aged and older workers.

CHAPTER VII

The Older Working Woman

As women have become a more significant segment of the labor force, and with their participation rates increasing, the topic of older working women and the issues and problems associated with these phenomena gather in importance. Chief among these problems are the following (not necessarily in order of importance):

1. Once unemployed, average duration of joblessness for women is higher than for men of the same, older ages.

2. The older the discouraged woman worker, the greater the length of time between last job and the "decision" to drop out of the labor force (Moser, 1974).

3. Compared to discouraged older males, the length of time is also greater.

4. The chances of adequate retirement income are more severe for women than for men, and while the future may see improvements over the present, these chances will remain lower than for men (Bernstein, 1974).

5. The uncertainty regarding the shift toward "male" occupations which typically have higher status, and which affects employment and retirement status in the later years may characterize the employment world of adult women.

6. Even with improvements in vesting provisions, due to ERISA, women face more serious problems than men, given their shorter tenure in any given job, and their high representation among the part-time employed (who typically do not enjoy fringe benefits such as pension coverage). However, taking women of all ages, the proportion of the total population of women working on a year-round, full-time basis has risen over the past decades; and in the middle-age groups, at least, this proportion is greater than in the younger groups of women.

7. Given the general pattern of no survivors' benefits in private pension plans, the higher survivorship of wives beyond their husband's time of death means serious problems for them, unless they themselves have gained adequate work experience with private pension coverage

as well. Frequently, this element plays a role in the work-nonwork decisions of married women.

8. This point also may prompt decisions to re-enter the labor force, or enter for the first time, at a late stage in life, with many attendant problems.

9. Among these problems are the need for training or re-training as well as for "occupational socialization" in the world of work after many years of nonwork.

10. But such investments in training can be stymied to the degree that both "sexism" and "ageism" together persist as barriers to the employment status of older women.

11. Mature women seeking employment in part-time professional jobs and those with high levels of responsibility encounter obstacles in that search.

12. Retired older women have lower morale than those employed (with the exception of the higher income groups). Those who never worked have the lowest morale (Jaslow, 1976).

13. Lack of training in the early years produces a "retrogression" in economic status between the first and current jobs (Parnes, et al., 1975).

14. Nonmarried older women (58-63) tend to have the lowest proportions covered by private pensions prior to retirement.

15. Because they are typically in lower-paying jobs, with less continuous attachment to the labor force, and with wages below the taxable wage ceiling for Social Security purposes, women are affected more than men by the "regressivity" of the system's payroll tax.

16. If old enough, they are more likely to "opt" for early retirement (with severely reduced benefits) than men, in times of unemployment (Sommers, 1975).

17. On the other hand, if under the age of 62, they run the risk of being "too old to work, and too young" -- i.e., little work experience -- for adequate unemployment insurance (Sommers, 1975).

18. Because of many of the above problems, and others, mandatory retirement age requirements -- and not-completely voluntary early retirement -- can mean even greater problems in the later years for women than for men.

Labor force participation. The topic of, and problems related to, labor force participation among older women (and the longitudinal dimensions of such participation) is important for a number of reasons, including (1) those stemming from the cultural shift among women themselves regarding their roles in the society; (2) the relevance of such participation -- at what scale, i.e., part- or full-time -- to the broader issue regarding the need to find "offsets" to the allegedly growing problem of the "dependency burden" of supporting larger numbers and proportions of older nonworking persons; and (3) the possibility that work itself is becoming a more salient dimension of women's lives than in the past.

In this connection, we find it of more than passing interest that preliminary findings from a current AIR study of a national sample of 1,000 men and women 48 to 52 years old, indicate that out of 15 factors associated with the quality of life, work among women was the most important influence. Among men, however, it was only the third most important. This is a study (by Flanagan and Russ-Eft, sponsored by the Administration on Aging) which has not yet been fully explored, of the jobs and work experiences of this middle-aged group which explain the high influence-rank of work for women in this age group, and the reasons why it is higher in rank for women than for men. Other studies (e.g., Lowenthal, 1975), however, indicate that work as a source of stress is greater in the lives of middle-aged men than for women.

In any event, work as a major element in the lives of women, especially as reflected in the experiences of those with continuing attachement to the labor force, seems to be on the upswing. This development may even influence such spheres as the retirement decision, early retirement rates, and degree of acceptance of mandatory age-at-retirement practices.

Attention to this possibility is rare in the research literature and in policy documents. In a study of British semi-skilled factory workers, Jacobsohn (1970) found that among the women 50-59 years old, there was a greater reluctance to retire than among men of the same age; they were less positive about the prospects of retiring than the men.

Is this type of contrast a matter of cultural differences, i.e., not to be found among American women in similar circumstances?

Is it -- regardless of culture -- a portent of any divergent tendencies among women as opposed to men regarding the trade-off between work continuity and nonwork, or "leisure" (retirement)?

Is it a specific manifestation of the general socio-cultural shift in the life and work ethos of women (in its most dramatic form, a result of the "women's liberation" movement)? That is, are today's women becoming attracted more to the world of work as a more desirable alternative to the unpaid work-role of homemaker, which is what "retirement" more typically means for women than for men -- at least, so far?

These and many other questions can be translated into hypotheses for new research efforts supported by the Department of Labor. The empirical facets of such research may have policy and program implications regarding, for example, demands of working women for improved status in the labor force as they grow older, including rights to training and promotion opportunities; tailor-made provisions regarding retirement options, instead of universal policies.

The rising participation rates of women accompanied by an opposite trend for men -- especially in the middle-and older-age groups -- is a phenomenon that has both facinating research and policy-problem nuances. In what ways, if at all, are these two opposite trends related to each other? Or are they, to some extent, unrelated -- or fortuitous? The relationship has only been asserted, and descriptively reported with statistics showing each of the two separate trends. But, to our knowledge, there has been little research as to any presumed causal relationship.

Are women actually taking the place of older men -- on a job-by-job, occupation-by-occupation, industry-by-industry basis?

Does the current EEO emphasis on the employment rights of women -- regardless of age -- result in the reduction of opportunities for older men?

Or is the process essentially due to the growth of occupations "traditionally" held by women, and the simultaneous decline of those traditionally filled by men? As Oppenheimer (1973) has pointed out, men and women have been "used" interchangeably in some occupations over recent decades, but "most demand for labor has usually been sex specific," that is, the growing participation rate of women is to a considerable extent a function, so far, of the pattern of economic development which has characteristically moved the demand for labor toward those service occupations and industries historically associated with "women's work." The usual explanations, such as reduced fertility, higher education, urbanization, etc., (which increase supply) all may be relevant, but the economic development factor must also be reckoned with.

On the policy side, how feasible would it be to break up the general pattern of "male" versus "female" types of occupations, in order to maintain or to increase the participation opportunities of older men?

Is the current effort to change the "sex identity" of certain occupations primarily one-sided, i.e., directed toward placing women in traditionally male positions, and not directed without regard to sex? On this latter point, internal labor market situations might be the best sites in which to study the question.

Each year has witnessed a rising proportion of the 45+ group in the labor force. At the end of World War II, 33 percent of women 45-54 were in the workforce. A little more than a quarter of a century later, the percent for women of the same ages was 55 percent. The corresponding figures for the 55-64 age group are 21 percent (1947) and 41 percent (1974) -- nearly a 100 percent rate of increase. During the same period, the rates for men in both age groups declined.

The 65+ group's participation rate has by and large remained the same, about 8 percent, with slightly higher percentages from about 1955 to 1965. Even among just the 65-69 year olds, the rate has remained basically unchanged.

In 1947, women made up only 23 percent of the 45+ workforce, but by 1976, this proportion had increased substantially, to nearly 39 percent.

The greatest rate of increase in labor force participation has been taking place among married women. Commitment or attachment to work among married women may be becoming increasingly like that of their husbands, a possibility which deserves greater research attention.

From 1959 to 1974, the percentage of women in the age groups of 45-54; 55-59; and 60-64 who worked on a year-round, full-time basis (YRFT) has also increased sharply -- with the greatest rate of increase occurring in the 55-59 age group.

Contrary to what has been happening to men in the 62-64 age group, there has been little decline in the percent of women of the same ages with some kind of work experience, and/or working on a year-round, full-time basis -- this despite eligibility for retired worker benefits at age 62.

If opportunities for year-round, full-time employment are viewed as a desirable goal (since, for example, it means a higher income), then it is important to see how such factors as education affect those opportunities for older women workers. The proportions of each age group working YRFT in 1974 show a clear relationship to amount of schooling (see Table 1).

Table 5

Percent of Women Working Year-Round Full-Time, by Age and Education, 1974

	25-34	35-44	45-54	55-64	65+
Total	42	44	48	37	3
Less than 9 years schooling	21	30	33	27	2
9 to 11 years	25	40	42	34	3
High school (12 years)	42	45	52	42	5
1-3 years, College	47	46	49	43	6
4+ years College	54	52	60	56	5

Source: Census Bureau, Current Population Reports, P-60, No. 101, "Money Income in 1974 of Families and Persons in the United States," 1976. Table 58.

While the proportion working YRFT in each level of schooling peaks in the 45-54 age group, the important point is that within each age group, including the key 45-64 group of women, the higher the educational level, the greater the proportion of women working on a year-round, full-time basis.

It is equally important that in each of the levels of schooling, the median income of the older women, especially those 45-64, is equal to or greater than the income of younger women.

Finally, although the proportion of older women working year-round, full-time is generally lower than the proportion for men of the same age group, that proportion rises depending on level of schooling. The greater the schooling, the greater the proportion working YRFT.

The importance of marital status of older women regarding labor force participation rates can partly be seen in the 1969 Retirement History Study of the Social Security Administration. Despite the eligibility for retired worker benefits at age 62, one-half of the nonmarried women were still in the labor force. If they were widows, the proportion was only 42 percent -- in contrast to 62 percent of those never married. Unfortunately, the Study did not include married wives with previous or current attachment to the

labor force. In any event, trends in participation (or retirement) rates warrant monitoring on a systematic basis over the short-and long-run, including the rates of married women in this age group.

More sophisticated research should also include consideration of educational and occupational levels -- simultaneously with marital status -- as factors associated with trends in labor force participation rates of this older female age group (for example, similar to the 1900-1960 analysis by Darian, 1972).

As stated already, the participation rate of women has been increasing over the past several decades. The greatest rate of increase has occurred in the case of married women -- almost by definition, since the rates of participation among women of other marital statuses are already high. Using an approximation to a truly longitudinal method, analysis of the data indicate that from 1966 to 1976, the rate of increase (based on the "Stouffer Method" [1]) in participation of married women 25-34 years old in 1966 had increased -- by the time this cohort was 35-44 in 1976 -- by over 32 percent. This was greater than for other women of the same age in 1966; greater for those 35-44 in 1966 and 45-54 in 1976, and for those 45-54 in 1966 and 55-64 in 1976 -- regardless of marital status.

Nevertheless, unmarried older women do have the highest participation rates. One major research and policy-related question here is, to what degree do unmarried women in the labor force remain in it, and thereby -- as they grow older -- enjoy greater prospects for upward mobility than married women who typically enter (or re-enter) the labor force at a later age? This possibility thereby places the older married female re-entrant (or new entrant) in what may come to be a disadvantageous position.

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[1] A measure developed by Samuel Stouffer, in his volumes on The American Soldier, that accounts for the fact that an increase from one level of percentage to some maximum percentage (such as 100 percent) will be affected by the size of the base percentage. It is a more sensitive measure, and more relevant than the one that takes a percentage at one time and uses the absolute percentage points between that one and the succeeding one as a proportion of the original percentage, i.e.,

$$\frac{\text{Difference in \% points from Time A to Time B}}{\text{Difference between 100\% and Time A\%}}$$

Furthermore, we have little information on the "job adjustment problems," if any, of the middle-aged housewife who, for a variety of reasons, enters the labor force and finds employment. For those previously employed, does this experience facilitate the establishment and acquisition of new substantive and adaptive skills, as compared to those without previous job experience, and to those women of the same age but with long years of uninterrupted employment?

The higher the educational level, the smaller the gap between labor force participation rates of older married and other women. How far this development will go is still not clear, and requires regular research monitoring. This "gap-narrowing" qualifies the general view that there is less economic need for upper socio-economic groups (one proxy of which is years of schooling) of older married women to seek employment.

Is part of the explanation due to the differences in opportunity structures according to education?

Is it because higher education is associated with having fewer children, thus making such women more available for employment?

Are there other socio-cultural values involved -- such as careerism -- that distinguish the upper socio-economic groups of married women?

In what ways do all of these, and other factors interact to produce the higher participation rate of married women with greater education which, in turn, narrows the gap cited above?

Finally, what are the average retirement ages of such married women relative to all others -- and to men as well? We cannot accept, without empirical research, the assumption that parity between the sexes -- especially holding education constant -- will produce parallel retirement plans and decision-making.

Comparisons between 1964 and 1974 data reveal that among married women 55-64 years old, participation rates in each ascending level of schooling achieved had risen, with the exception of those with four or more years of

college completed.[1] For this latter group, the drop was quite marked (from 59 down to 50 percent, while the rate for other women remained relatively unchanged -- thus increasing the gap).

Finally, it may be critical to explore the reasons for, and the implications of the general increase in participation rates for married middle-aged women (45-64), accompanied by a general decrease in rates among widowed, divorced, and separated women, over the past dozen years, even in the higher-educated groups.

Because the greatest rate of change in female labor force participation has been occurring among married women, it is important to determine the extent of their work experience, e.g., the percentage working part-time, or less than year-round full-time. From 1971 to 1975, according to work experience tables of the Department of Labor, the proportions of married women, by age, with any work experience who were employed less than 27 weeks, were as follows:

	1971	1975
All Women, 16+	23.7	20.7
Married, spouse present	22.8	19.8
25-44	24.3	21.5
45-54	15.0	12.9
55-64	15.0	12.1
65+	30.9	25.5

Source: Special Labor Force Reports for 1971 and 1975
Department of Labor, Bureau of Labor Statistics

Since these percentages are based only on those with work experience, it is not clear whether the downward changes are a function of an increase in full-time job opportunities, or of a decrease in opportunities in general due to cyclical changes, etc. This clearly is an untapped research topic.

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[1] Special Labor Reports on Educational Attainment of Workers, for 1964 and 1974. By 1976, the participation rate for this group rose, slightly, to 53 percent.

Also, to our knowledge, little, if anything, is known about the relationship between (1) changes in the labor force participation rates of different age groups of married women (and/or proportions working or seeking full-time employment, etc.), and (2) the employment status of their husbands. While it is generally accepted that the rise in such rates must be associated with such factors as a rising educational level of women, decline in size of family, etc., we do not know the extent to which husband's employment status is also influential in this changing phenomenon. We should add, too, the influence of rates of change in inflation, insofar as efforts to maintain a given family standard of living requires the wife to seek employment or -- if already employed part-time -- to seek full-time work. The current longitudinal project by Sheppard and Rix (with support from the Administration on Aging) -- focusing on persons 40-69 in two large labor areas with widely contrasting rates of unemployment -- is partly designed to test the hypothesis that the husband's employment status may influence the labor force status of other family members.

In any type of research on older women in the workforce, it may not be sufficient merely to refer to statistics on "labor force participants," since such figures do not actually tell us how many women actually worked in any given year, i.e., work experience. This is especially true of middle-aged and older women. For example, in 1975, the female "labor force" figure was reported as roughly 37 million (all 16 and older), but work experience tables for the same year indicate that nearly 49 million worked for some period of time, a difference of nearly 16 percent.

More important, the older the woman (starting at age 60), the greater the discrepancy between the labor force size and the size of the female population with any work experience. The same is true in the case of men, incidentally, but the discrepancy is of a smaller magnitude, reflecting the sex difference in proportions working year-round and/or on a full-time basis. Furthermore, comparisons between 1970 and 1975 data suggest a declining discrepancy in the case of women, which may reflect the growing proportion of women working on more than a part-time, or part-year basis.

To repeat, labor force participation rates of women, by age, marital status and race, are one phenomenon: They should not be confused with data on work experience. More important, from the standpoint of eventual retirement income, are years of full- and/or part-time employment. But there is little systematic or periodic information on this topic.

The National Longitudinal Study of women -- if supported long enough and with little attrition -- could become one major source of such information. The type of research required, however, must ideally include women currently not in the labor force, or currently not employed, and must also be designed to reckon with the possibility of intermittent participation and employment (full- and part-time) in future years, prior to full and permanent retirement.

There are other aspects of the older woman worker topic which need research and policy attention, and which may contain the roots of potential problems. The major conceptual point regarding one of those aspects is that the relationship between marital status and labor force status among women as they become older may not be uni-directional. We cannot ignore the possible impact of employment among women upon their marital status, and their eventual socio-economic status in later life. Many single women obtain satisfying employment and partly because of this, remain single for a longer number of years than otherwise, or may even remain single throughout their lives -- again, partly because of the nature of their work experience.

Equally important, if not more so, many married women may obtain and keep a satisfying type of employment, and this fact itself might increase the odds for separation or divorce -- thus making them "unmarried" for the rest of their lives. To the degree that family dissolutions are a critical problem for individuals and for society, the topic acquires a policy-implication significance.

There is, however, little in the way of research designed explicitly to test the hypothesis that labor force status is itself an "independent" variable in marital patterns and trends, including the phenomenon of divorce and separation. One research model might consist of longitudinal analyses

of cohorts of young adult and middle-aged employed vs. not employed wives, concentrating on relative changes in marital status over an extended number of years. Data of a cross-sectional nature already exist on the labor force status of divorced and separated women, but they do not contain information regarding the relative time position of entry into the labor force and of change in marital status.

Finally, with regard to labor force participation, no attempt to carry out projections of participation rates of middle-aged and older women should ignore those factors that may function, over time, as possible deterrents (or conversely, facilitators) to their continued participation in the workforce, with special regard to socio-economic differences among such women. In discussions of this nature, the observations of Taeuber (1976) on projection efforts in general should be heeded:

> To the chagrin of forecasters and other seers and to the delight of the human spirit, the future cannot be foretold....No single manpower projection, no matter how careful and sophisticated, can lay claim to much confidence that it portrays the future path. Policies need to be adjusted to changing circumstances, and so do projections. The activity of projection should be continuous and it should be focused on the delineation of multiple alternatives. The alternatives should represent varying perspectives on what is likely to happen and on what may happen as a result of various deliberate policy interventions.

To be sure, labor force projectors cannot be expected to know about all the various developments and problems that other social sciences may include in scenarios of alternative futures, but they should make use of some of those resources to identify the important, more plausible sets of alternative possibilities, and to work out the major indirect effects.

For example, in professional and technical classes, a middle-aged or older husband-wife family may have to make a trade-off between dual employment and higher taxes required by the higher joint income of the two. In such cases, where the couple decides the marginal return is not sufficient to warrant a second person working (both of them on a year-round, full-time basis), who shall stay in the labor force? Who shall drop out? Or might we not also see a new pattern emerging, one in which the two take turns

participating in the labor force, as another variation of the notion of alternative work schedules?

As another example, among the older married working women in the future, will it be as safe at that time, as it apparently was nearly ten years ago, to assert that retirement for them will be defined in terms of their husbands' withdrawal from the labor force? This was a major reason given by the Social Security Administration for excluding married women from their Retirement History Study, begun in 1968.

As of 1966, in the NLS sample of middle-aged males, nearly one-half of the whites and nearly three-fifths of the blacks reported working wives. This survey, because of its longitudinal nature, should be a valuable source of findings on (1) relatively recent patterns regarding such an assertion, and for (2) suggesting new avenues and hypotheses for research on future cohorts of middle-aged husband-wife labor force members.

Older female heads of families. Marital status -- whether married, divorced, separated, widowed, or never married -- is an important factor in the labor force participation of women, but among the non-married, there are female family heads. Middle-aged and older women in this classification may have been experiencing different patterns of labor force participation -- and special problems associated with those patterns -- compared to others. From 1970 to 1975, the labor force participation rates of 45-64 year-old female heads of families declined -- in contrast to those of married and all other women (McEaddy, 1976; Employment and Training Report, 1977).

Equally important, among family heads only, this decline occurred only in 45 and older age groups.

There are no definitive explanations for these contrasting trends and patterns, nor anything that tells us much about the problems, if any, accompanying the trends and patterns. What is there about such middle-aged and older female family heads and their circumstances that explains their declining participation rates, relative to younger female heads, and to other women of the same ages? Is the decline indicative of special

difficulties faced by them and their families? Once such information is obtained through careful research efforts, special programs and policies could then be developed to meet those difficulties, if indeed they exist.

Unemployment duration and discouragement. Once unemployed, middle-aged and older women remain unemployed longer than their younger peers, just as in the case of men. From 1973 to 1976, the proportion of older women unemployed for 15 or more weeks increased at a greater rate than for other age groups -- but still slightly less than for older men. But by 1976, for both older women and men, the long-term employed were at least 42 percent of all older unemployed -- in contrast to approximately 30 percent for all others.

Because of their generally lower number of UI eligibility weeks, older women are also disproportionately among the UI exhaustees, and thus perhaps more likely to become "discouraged workers," i.e., labor force "drop-outs."

In the older studies of workers subjected to plant shutdowns and mass layoffs, it was generally found that older women were much more likely than older men to cease job-seeking activities altogether, or to persist at a lower level than in the case of men. There have been few studies of such situations in the past five years or so, but one hypothesis would be that the extent of continued job seeking persistence among older women in similar situations would be greater than in the past. This hypothesis is based on the assumption that today's female labor force -- including the older segment -- has a greater attachment, for economic and social-psychological reasons, to the labor force than in the past.

The late entrant. We have already stressed the importance of continued, and well-paying, employment in general for the ultimate retirement status level of Americans. The principle applies more directly in the case of women (and for disadvantaged minority groups, too). Even with the improved mortality rates of older men, women can still "count on" outliving their spouses, and thus exposed to higher risks of low status in their retirement years. The longer a person lives, in other words, the greater the unmet needs. We should add to this factor the implications of an apparent trend toward never-married and divorced women, a phenomenon which portends new job-related problems for women.

Apart from the general issue of sex-bias in the occupational structure of the labor force which exacerbates the current and future job-related problems of middle-aged and older women, another source of these problems lies in the large number of women who, in middle-age, enter the labor force for the first time, or after many years of only "home-making" experience.

The extent to which women enter the labor force at relatively young ages, and remain employed, should, of course, tend to reduce this problem. It is incumbent, therefore, that research on trends in proportions who are long-term employed, by different age groups, be a regular component of the Department's activities. This does not rule out, however, the strong possibility that for many women over the long-term future, first-time entry (or entry after an extended period of non-attachment to the labor force) will continue to warrant strong research and program attention. The fact that the general educational level of women has been improving, and will continue to improve, constitutes (1) an ameliorative factor in improving the job chances of such new entrants; and (2) a challenge, in that such higher-educated women may face problems of under-employment -- i.e., employment in types of jobs not commensurate with their levels of education and the expectations that such education usually create.

But for some time to come, we will still be faced with the "displaced homemaker" problem, and that of all middle-aged and older women re-entering or entering for the first time, the labor force. They may frequently need special training because of their limited work experience.

On the research side, there may be a need to identify the types of "deficiencies" for which such special training would be designed -- including training in more than the substantive skills.

Congress has, in recent years, been considering legislation (similar to that already existing in some states) which would provide special assistance to what has been called the "displaced homemaker" population, i.e., women who -- because of widowhood at an early age, or divorce and separation -- desire and need employment. This assistance would consist of, among other things, special counseling, training, and job development.

Without waiting for such national legislation to be passed, the Department could, at the present time, support projects designed to evaluate such few ongoing programs as do exist, for example, in California, and Maryland, in order to learn critical lessons from such experiences as a means of being better prepared to design more effective nationally legislated programs, once passed.

Social Security. Another job-related problem of women is that they are treated "equally" with men as far as "years of forgiveness" for interrupted work experience or low earnings years are concerned, in calculating retirement benefits. Women's rights advocates point out that the maximum of five years lowest earnings may have been reasonable in the case of men, but that the special labor force status of women is such as to result in many more years of such earnings levels.

As women enter the labor force on more than an intermittent level, this problem will become somewhat attenuated, but will proportions of women with such regular labor force attachment and employment reach -- at least in the intermediate future -- those for men?

Here too, is a topic for research attention. While the problems facing the Social Security system are not directly those of the Department of Labor, some types of cooperative policy research analyses (with an aim at alternative solutions) might be carried out.

Middle-aged and older women in -- or seeking to enter -- the labor force not only face the obstacles encountered by their age peers among men, such as stereotypes regarding work performance. In addition to the "ageism" hindering their chances in the labor market, they face also the "sexism" encountered by women in general. Other complaints registered by advocates for the job rights of women include the apparent penalty paid by married women as far as entitlement to retired worker benefits are concerned, under Social Security -- a reflection of the "cultural lag" surviving from the time of the passage of the Social Security Act when it was taken for granted that few married women would work for extended numbers of years, and that the only protection they needed was as widows or wives of retired males. Thus, today, according to these critics, they do not accrue, upon retirement, their full benefits as retired workers.

On the other hand, even with an intermittent work career, her benefits as a wife can be larger than if she had never worked at all, even though her earnings were subject to deductions for Social Security contributions.

Much of the problem is rooted in the original and basically still prevalent principle (and financing) of Social Security -- namely, that it is a form of "insurance," defined as a payment (a transfer payment, and not an annuity) to a previously employed person after a certain age (now 62) in the event -- the contingency -- of no employment.

Defenders of the current Social Security system point out that "it is not correct to argue for...changes on the ground that women workers as a group get less for their contributions than do men workers as a group." 1/ This does not address the issue of whether some women -- especially working wives -- have a legitimate complaint. As a research topic, this issue is important if only to delve into the degree to which such inequities, if they exist, function as disincentives among women to enter the labor force in any meaningful way.

This topic is thus related also to the adequacy or accuracy of projections (and the assumptions used in such projections) concerning labor force participation rates among women, especially married middle-aged and older ones. The Social Security Board of Trustees report of 1975 projects that "ultimately" (no date specified) the female participation rate will be about 73 percent of the male rate. Such projections call for regular assessment and re-examination, as already suggested.

Older minority women. Currently, the occupational structure of middle-aged and older female blacks shows a much lower socio-economic profile than the structure of comparable white women. The critical research topic here is to determine, over the ensuing decades, the degree and direction of changes absolutely and relatively, as the current "new generation" of female blacks (and some other minority women) -- with their improved educational achievements, reduced fertility rates, etc. -- move into their older years.

1/ U.S. Senate Special Committee on Aging, Women and Social Security: Adapting to a New Era, October, 1975.

We do know, for example, that much smaller proportions of young female blacks, compared to their older ranks, are in such low status jobs as domestic servants, and that their educational achievements are far superior to those of older black women -- all of which suggests the possibility of an improved status in the future. But there is a need to distinguish between improvements over a previous generation of women of the same race, and improvements relative to women of other races.

CHAPTER VIII

Older Minority Group Workers

In the past, little attention was paid to the special and unique job-related problems of older blacks and other minority groups -- partly because it was asserted that they were preponderantly in rural and farm areas where unemployment was little studied (apart from problems of low income from rural-farm pursuits); partly because the civil rights movement had not yet succeeded to the point of raising the consciousness (and conscience) of the majority society. Another extended viewpoint was that since so few blacks survived into the upper ages, there was no problem worth considering!

Current facts and projections for the future no longer justify such neglect. For example, in 1975, there were nearly 2.6 million nonwhites 62 and older; more than 1 million 55 to 59; and nearly 4 million, 40-54 (2.3 million; over 900,000, and 3.5 million blacks respectively).

By 1990, slightly more than one decade from now, these figures will rise to about:

	All Nonwhites	Blacks Only
62+	3.7 million	3.2 million
55 - 59	1.3 million	1.1 million
40 - 54	5.5 million	4.5 million

The rate of increase in such numbers is actually projected to be higher than for whites or similar ages. These figures assume no marked improvement in mortality rates, an assumption which can no longer be accepted with as much sanguinity as in the past. The median age of the black population in 1975 was only 23.4 (compared to 29.6 for whites), but the projected median age for 1990 is 28.5 for blacks (compared to 33.6 for whites) -- reflecting declines in fertility rates, but with no account taken of possible improvements in mortality rates for middle-aged and older persons.

Just the increase of roughly 1 million additional blacks 40-54 between 1975 and 1990 will present a special challenge to the country's general problems of employment of its middle-aged workers. At the very least, it

suggests the importance of special research, policy and program attention directed now to those blacks and other minority group members who are in their 30's and 40's -- the future 40-54 year olds of a decade from now.

Preventive measures, unfortunately, receive a lower priority than those measures designed to cure and alleviate the job-related problems of today's older persons, regardless of ethnicity. But for such minority groups, the generalization is especially pertinent. The current emphasis on the "welfare population" can be interpreted partly as a cost of past failures to cope with the job-related problems of such persons at earlier ages. The magnitude of the future welfare population problem will depend in part on what is done with and for current critical segments of the "young middle-aged" in minority groups.

It is difficult to accept the explanation that voluntary retirement, for instance, is the critical factor involved in the far greater decline in labor force participation rates among nonwhite males -- compared to whites -- from the time they were 35-44 in 1956 to the time they were 55-64 twenty years later, in 1976.

This is apart from the greater mortality rate among nonwhite males over these two decades -- itself partly due to job-related problems. The latter phenomenon is also a critical research, program, and policy matter.1/

A report by the National Center on Black Aged (1976) highlights the special labor force problems of older blacks, including the following:

- Higher labor force drop-out rates.
- Greater involuntary part-time employment.
- Few, if any, local black sponsors of such limited programs as Title IX programs.

1/ By 1976, the total 55-64 nonwhite male population was only 77.5 percent of the corresponding 1956 35-44 population, as contrasted to 86.1 percent of the whites, an indication of the lower survivorship rate of the nonwhites.

Much of that document is devoted specifically to the issue of participation by older blacks in job programs, a topic of a separate section in this report.

"Double jeopardy" is the term frequently applied to the situation of older black workers. As one example, while white workers 55-64 experienced an increase in labor force participation in the 1975-76 "recovery," the opposite -- a decrease -- occurred among blacks and others (the BLS tables in the Employment and Training Report do not separate other racial groups from blacks, but the latter constitute the vast majority of that category).

Actually, the decrease took place among black males, not females. The 55-64 year old nonwhite male participation rate fell by three full percentage points from 1975 to 1976 -- in contrast to a mere 0.4 decline point for black females of the same age group; a decline of 1.1 point for white males; and only 0.1 point for white females.

The reasons for such differentials still need exploration and warrant continued research.

Rates of unemployment also are critical, and as the accompanying table reveals, only the nonwhites in the 55-64 age group -- in contrast to their white peers -- experienced an increase in unemployment from 1975 to 1976, otherwise a period of job "recovery."

Persons 65 and older are excluded from this table because of the age-heterogeneity of that category -- a point which needs correction in future statistical reporting series, since it should be useful to ascertain rates for such age groups as 65-69, and 70-74, but especially the 65-69 group. Furthermore, since men and women can retire as early as age 62 under Social Security, even the 55-64 classification should be broken down into 55-59; 60 and 61; and 62-64 -- just as the Department's work experience tables have done for some years. (By 1990, there will be at least a 36 percent increase over 1975 in the number of nonwhites 60-69 years old.)

Adult Unemployment Rates by Race, Sex, and Age, 1970-76

	1970	1971	1972	1973	1974	1975	1976
All 16+							
White Males	4.0	4.9	4.5	3.7	4.3	7.2	6.4
White Females	5.4	6.3	5.9	5.3	6.1	8.6	7.9
Black & other Males	7.3	9.1	8.9	7.6	9.1	13.7	12.7
Black & other Females	9.3	10.8	11.3	10.5	10.7	14.0	13.6
25-34							
White Males	3.1	4.0	3.4	3.0	3.5	6.3	5.6
White Females	5.3	6.3	5.5	5.1	5.7	8.5	7.6
Black & other Males	6.1	7.4	6.8	5.8	7.2	11.9	11.0
Black & other Females	7.9	10.7	10.2	9.7	8.6	12.9	13.0
35-44							
White Males	2.3	2.9	2.5	1.8	2.4	4.5	3.7
White Females	4.3	4.9	4.5	3.7	4.3	6.6	5.8
Black & other Males	3.9	4.9	4.8	4.0	4.1	8.3	7.1
Black & other Females	4.8	6.9	7.2	5.3	6.7	8.6	8.1
45-54							
White Males	2.3	2.8	2.5	2.0	2.2	4.4	3.7
White Females	3.4	3.9	3.5	3.1	3.6	5.8	5.0
Black & other Males	3.3	4.5	3.8	3.2	4.0	9.0	7.2
Black & other Females	4.0	4.2	4.7	3.7	4.3	6.7	6.1
55-64							
White Males	2.7	3.2	3.0	2.4	2.5	4.1	4.0
White Females	2.6	3.3	3.3	2.8	3.3	5.1	4.8
Black & other Males	3.4	4.7	4.6	3.1	3.6	6.1	6.2
Black & other Females	3.2	3.5	4.0	3.2	3.3	5.3	5.5

Source: Employment and Training Report of the President, 1977, Table A-20.

More important in this context, however, is the fact that from 1973 to 1975 (the start and end of the recent "recession"), black males in each of the age groups in the 25-64 range experienced a doubling of their unemployment rates which were already high as of 1973; for the 55-64 group the 1976 rate (which in general declined) was even higher than in 1975. The same was true, too, of black females. Age and race thus combine to produce the double jeopardy.

Such job-related problems of older minority groups may be further aggravated by the possibility of their having more dependents than whites. Among the 53-57 year old black males in the NLS sample, for example, nearly 12 percent still had three or more children under 18 in 1966, still living with them, in marked contrast to only 4.3 percent in the case of white males of the same ages. Among Spanish-speaking and other minorities, the proportion may be even higher.

To be sure, white males 25-54 also experienced a doubling of unemployment rates from 1973 to 1975, but the rates were lower to begin with, and more important, declined from 1975 to 1976. Furthermore, the rate for white males 55-64 did not double, unlike the case of black males, from 1973-75, and they experienced a slight decline in unemployment after 1975.

One of the crucial dimensions of the double jeopardy status of older minority workers can be seen in the fact that even for the NLS sample of "healthy" middle-aged blacks (45-57 in 1966), unemployment in that year had a greater statistical relationship to nonparticipation (i.e., withdrawal from the labor force) seven years later than in the corresponding group of whites. In both cases, for both whites and males, the relationship held, but more so for the blacks.

In both cases, the finding points to the need to consider "exogenous" influences on the "decision to retire" and also the need to cope, when conducting research on the impact of unemployment, with the "lag" factor which suggests that a process is involved which cannot be captured through cross-sectional kinds of research. It should be noted that labor force withdrawal in this particular analysis (Sheppard, 1976) refers to withdrawal before the age of 65 (EWR). The older the unemployed individual,

furthermore, the higher the early withdrawal rate -- even for those only 45-47 years old in 1966. Again, the relationship was greater in the case of black males.

Health and employment status as of 1966, when added to the race variable, clearly shows the disadvantaged position of black males, as demonstrated by the following tables showing early withdrawal rates (including death before the age of 65).

1966 Employment, Race, and Health Status

Rank		EWR by 1973
1.	Employed Healthy Whites	19.1
2.	Employed Healthy Blacks	22.5
3.	Unemployed Healthy Whites	29.5
4.	Employed Unhealthy Whites	33.9
5.	Unemployed Healthy Blacks	37.5
6.	Employed Unhealthy Blacks	39.2
7.	Unemployed Unhealthy Whites	40.0
8.	Unemployed Unhealthy Blacks	63.2

Presenting the findings in another way, (1) among the workers employed when interviewed in 1966, and (2) among those unemployed that year, the 1973 EWRs were as follows:

	Employed in 1966	Unemployed in 1966
Race and Health Status	EWR	EWR
Healthy Whites	19.1	29.5
Healthy Blacks	22.5	37.5
Unhealthy Whites	29.5	40.0
Unhealthy Blacks	39.2	63.2

The higher rates of unemployment and of poor health status (as measured by self reported estimates of work-limiting capacities) among black middle-aged and older males are reflected in this table, and call for special research analyses and appropriate program responses to cope with the special problems of that group -- including measures designed to intervene before such men reach their 40's and 50's. The fact that the early withdrawal rate of employed healthy blacks is not much below that of comparable whites reinforces the importance of both health and employment status.

Relatively good health status, among older blacks, however, does not necessarily mean that their labor force participation rates will be similar to that of whites. Their poor health status may be offset by a greater economic need to remain the labor force.

The NLS data file contains a rich source of information concerning some aspects of the factors processes involved, that is, the experience and attitudinal changes in the intervening years, and research should be encouraged on the work-capacity and employment aspects of the labor force experience of blacks and other minorities as contrasted to that of whites.

Future Years. Given the reported sharp improvement in the occupational gains of young blacks in recent years, it is important to carry out longitudinal studies to determine whether such gains are not only sustained, but to ascertain the extent to which such phenomena as changes in early withdrawal rates occur -- and in which direction -- among minority groups, relative to whites, and by sex. The NLS samples of women, if continued to be surveyed, would be a major contribution to this effort.

Furthermore, a new sample survey of men 45-59, beginning no later than 1979 or 1980, would provide information of an important nature and quality concerning "generational" differences, if any, in the labor force and life status of blacks relative to white middle-aged and older workers. In other words, in what respects are the 45-59 cohorts of, say, 1980, different from those of 1966?

Part-Time vs. Full-Time. The work experience data available through the Department of Labor (BLS) have not, to our knowledge, been as fully exploited for research and policy purposes as they might be, a point made in other parts of this report. In the case of minority groups, for example, in 1975, nearly 16 percent of nonwhite males 45-64 years old worked either in full-time jobs for less than 27 weeks or at part-time jobs, compared to 10 percent of white males. Corresponding figures for females were 39 percent in the case of nonwhites, versus 36 percent for whites. For both male and female nonwhites, the proportion working only part-time was greater than among whites. Compared to the 25-44 age groups, the part-time proportion was greater for the older persons, especially among nonwhite females.

Unfortunately, these age groupings are too broad for any useful policy-research purposes, and furthermore, information is lacking regarding the degree to which such work experience on less than a year-round, full-time basis is voluntary vs. involuntary.

Furthermore, the percentages reported here are based on only those with any work experience at all. Perhaps a more sensitve measure would be derived from using as the basis the total population in each race and age group (with and without work experience). This failure to use a total population base may serve to obscure the discouraged worker phenomenon in such age groups, especially when trend analysis includes cyclical changes in the general level of employment opportunities.

Underemployment. Anecdotal literature is replete with case studies of black males who achieved higher education degrees in the 1940's and '50's, but remained victims of race discrimination in the world of employment; they thereby became "underemployed." No study of a systematic nature has been carried out to find out if the recent progress in equal employment opportunities has produced any marked effect on their current employment status levels.

Has their older age become the new barrier for any upward mobility?

Have they become "locked in" (because of pension rights and other equities built up over time), and thus reluctant to seek upwardly mobile opportunities?

Has the long-term experience with such underemployment produced an "adaptation" on their part, of a form of resignation?

To what extent does the same phenomenon occur even today, and with what different implications for the future?

Each of these questions needs to be examined within specific industries, occupations, and regions. The NLS-occupational mobility items would be one general source, in both the 30-44 female sample, and the 45-59 male sample, for exploratory findings.

The NLS sample should be analyzed to seek answers to these and related questions. The 1974 report (Parnes, et al., 1974) on the 1966-71 data does not shed any direct light on the issue, but the material on voluntary job-changing during those five years (with no white-black comparisons) may provide some suggestions for further research on the questions, for example:

1. Education was positively associated with voluntary job-changing; pension-coverage, negatively associated.
2. Job satisfaction with new job among black voluntary job-changers increased over satisfaction with previous job, much more than among white changers.

Policy Dimensions of Life Expectancy Differences. One of the issues among researchers and advocates concerning problems of the minority aged emanates from the lower life-expectancy at birth of racial groups such as blacks. Accordingly, such persons argue that special provisions should be made in the Social Security system to rectify this disadvantage -- either in the form of even lower retirement ages for such groups, and/or higher benefits for those persons retiring at the same age as the white majority.

Apart from the administrative and cost problems entailed in such proposals, there remains the issue of whether or not, among the older black workers (i.e., those who survive into the upper ages), such differences in life expectancy -- say, at 60 or 65 -- are as great as implied. According to the National Center for Health Statistics, life expectancy at 50 and 65 -- as of 1973 -- for white and nonwhite males and females was as follows:

	Whites	Blacks and Others
Male:		
Age 50	24.3	22.4
65	13.7	13.7
Female:		
Age 50	30.3	27.9
65	18.1	17.5

Source: National Center for Health Statistics, Vital Statistics Report, Vol. 28, No. 11 Supplement, February 1977, Table 2.

This table suggests that by age 65, the white-nonwhite "gap" among males is non-existent, although among women, the life expectancy for whites is greater. But none of this pinpoints the specifics of life expectancy among workers -- or those retiring from the labor force -- by race, sex, and age. As long as the industry-occupation mix is not "equal," factors such as mortality and health (as affected by the nature of the job, for example), and "retirement resources" (as affected by pension eligibility, number of dependents, etc.), may also continue to be unevenly distributed. Regardless of the legal and financing dimensions of the issue

of differential benefits and retirement ages under Social Security, black "caucuses" of/and for the aged can be expected to keep the issue alive.

All of these and related facets raise the question of the degree to which EEO laws, regulations, and enforcement will move minority groups into industries and occupations which (1) improve their pension-coverage status; (2) raise their total life work experience and wage levels; (3) impact on their health status as a function of the nature of the job -- and thus their life expectancy, etc. Current research should make this one of its major focuses, and simulation models might be constructed to project future conditions regarding these phenomena.

As an example of the "inequality" dimension, in 1966 (according to the NLS data), among men 48-52 years old, (1) only 15.7 percent of the blacks were craftsmen and foremen, compared to 26.3 percent of whites. (2) Their "health" rate was lower than for whites. (3) On the other hand, their death rate by 1973 was no different -- perhaps even better -- compared to whites. (4) Among those still alive in 1973 (55-59 years old), their "unable to work" proportion was about the same as for whites.

But, to repeat, a much smaller proportion of black males was in this occupation. As a result, for all blacks 48-52 in 1966, compared to their white age peers, their early withdrawal rate (including deaths) by 1973 was much higher than for whites. And among those still alive in 1973, their "unable to work" proportion was higher than for whites. In general, such data imply the difference it makes to have an equal white-nonwhite occupational distribution. It should also be noted that as of 1966, few blacks -- if any -- in the 48-52 age group were in managerial, official, or proprietor, sales and clerical occupations.

Another inequality dimension can be seen in (1) the relation pension coverage of whites and blacks in the NLS data on 45-59 year old males; in 1971, 72 percent of the white, but only 59 percent of the blacks, were employed in establishments with pension programs. (2) In 1973, 70 percent of whites 62-64 were retired with a pension, compared to only 52 percent of blacks of the same age.

Many of the research and program recommendations of a general nature discussed throughout this report should be applied, naturally, to the special subgroups in the population. For example:

(1) Trends in proportions affected by mandatory retirement age policies.

(2) Similarly, measures regarding other forms of involuntary retirement, before any mandatory retirement age.

(3) Extent of voluntary vs. involuntary part-time employment -- and the "universe of need" for voluntary part-time employment.

Other elements of the minority older worker topic which contain research, policy, and policy suggestions include:

- The impact of union vs. nonunion membership. One study (Parnes, et al 1975) indicates that middle-aged black operatives who are not union members earn at least 25 percent less than comparable whites while the differential between black and white union member operatives is much less (about 10 percent). But this latter differential itself warrants special attention.

- The importance of labor market information. For example, most jobseeking studies indicate the importance of job-openings through friends and relatives or other informal mechanisms. Typically, whites are more familiar about such knowledge, and the challenge here relates to how such information can be improved among minority middle-aged and older job seekers.

- Effects of workplace "outmigration" from central cities. To the degree that restrictions on access to housing in suburbs and in urban areas to which industries might relocate continue to be greater for minority groups, the drift in the direction of greater and greater concentrations of older persons in the central cities constitutes

not only a serious problem for older minority jobseekers, but even for the central city governments as well. New trends, if any, in the migration patterns and opportunities, require special research attention.

- Changes in the industry-occupation composition of middle-aged and older minority workers. Independently of the characteristics of such persons, the dynamics of change in the Nation's industry-occupation mix will serve both to improve and to damage the job-related problems of minority groups, especially the middle-aged. The effects of such changes in this regard should be a major focus of empirical and projection studies.

- Greater union contract coverage. The NLS data indicate that, contrary to some expectations, a higher proportion of middle-aged and older blacks are covered by collective bargaining contracts. If this is so, and these contracts provide for some form and degree of seniority rights, such contract coverage becomes a valuable beachhead for these workers, not available to whites in general. The facts do not contradict, however, that among only whites and blacks covered by contracts, the former may have higher seniority (including senority restricted to more desirable jobs and departments).

How will blacks fare, in the future, relative to other non-unionized blacks, in the same occupation, and in other occupations? What will be the trends vis á vis unionization and its presumed benefits among today's younger blacks (and other minorities, too), as they themselves become middle-aged or older?

- Effects of Rulings on Seniority Coverage. In recent years, in the steel industry for example, restrictions of seniority rights within only departments (e.g., in foundries) have been abolished by court action. What have been the effects of greater company-wide seniority

rights in the internal labor market experiences of minority workers? How widespread is the pattern of company-wide seniority rights, and in what ways are minority group middle-aged and older workers benefitting from such a pattern?

- Relationship of type of job to health status. While work environment attributes contribute to the health status of all workers, in what ways is that status among minority middle-aged workers any better or worse, given their current lower positions, in general, with regard to their location in types of industries and workplaces characterized by greater risks regarding safety and health? Are OSHA's activities having any effect on this phenomenon?

Other minority groups. The fact that this report devotes little space to minority groups other than blacks should not be interpreted as a reflection of any intent to place a lower priority on their job-related problems. Blacks, however, are the dominant minority group in this country, and have been the most politically effective in expressing their unmet needs in the employment area. But even for this group, attention to the middle-aged and older segments' job-related problems has been only recent. Detailed, systematic statistical reporting for blacks only (as contrasted to "nonwhites" as a statistical category) is only beginning to improve.

Departmental research should be systematic in disaggregating such data, even if this requires over-weighting of their representation in samples (such as in the case of the National Longitudinal Survey). In special local areas, where it is known that other minority groups are concentrated more than in other areas (such as Filipinos, American Indians, and Spanish-speaking persons), the same principle should be applied.

Unfortunately, national data of a detailed nature, by age, are lacking regarding such items as participation rates of other minority groups (e.g., those of Spanish origin), according to age and education, for example. As a case in point, the 1975 BLS report on Educational Attainment of Workers,

1974, provides a participation rate table, on persons of Spanish origin using the broad age span of 25-54, by sex and education, which thereby obscures age differences, if any, within that span. This makes it impossible to make meaningful comparisons between specific age-sex-education-ehtnic groups vis á vis whites and blacks. Furthermore, the samples for the upper age groups (55-64, and 65-plus) are too small for any reporting purposes ---part of which, of course, is a reflection of the very low educational achievements of those age groups.

CHAPTER IX

Older Workers in Rural Areas

Typically, rural areas are characterized by work forces older than those in the larger urban areas -- attributable partly to the greater likelihood of young persons to emigrate from them because of restricted job opportunities. The range of severity of rural older worker problems is affected by the latter, too, but also by type of rural area (e.g., the midwest wheat belt vs. Appalachia, and the rural South). Generalizations on this topic are not too secure.

Nevertheless, it may be safe to say that in most instances, the traditional structure and dynamics of job opportunities in rural areas are such as to increase the odds for middle-aged and older workers in those areas to move into a poverty status by the time they reach 65 or more. This may be especially true in the case of rural nonfarm population.

Departmental and other governmental concern with the rural older worker should probably concentrate more on programs, and demonstration projects, than research -- except to the degree the latter is required as part of programs and demonstration projects, including evaluation.

Given the limited opportunities in many, if not most, rural areas for employment in the private sector for persons of all ages, emphasis should be placed on greater involvement of the local rural public sector agencies, especially with regard to the older worker. Limited experience with Title IX programs in such areas suggests that public sector opportunities might be expanded.

In one effort, carried out in several counties (by the American Association of Retired Persons), jobs were developed for persons 55 and older as school matrons, teacher aides, hospital and library aides; assistant school bus drivers -- and even maintenance mechanics. Other examples include welfare agency case worker assistants and commodity distributors.

The benefits for the individual persons employed, the agencies employing them, and the families of such persons should be obvious. But there is also a community benefits side that requires consideration and perhaps evaluation. For example, as a result of employing elderly persons as pick-up truck drivers to bring children to county health clinics, the number of

children and of clinic visits increased -- presumably with positive effects on the health status of the children. Even the Food and Drug Administration improved its rural consumer education program by enlisting the older persons as part-time employees.

On a more general policy level, serious consideration should be given to relatively permanent rural community service employment programs for older men and women. For middle-aged rural workers, public works programs might also be given greater emphasis. Without any additional public works programs in such areas (when truly needed, of course), there may be a tendency to disregard that age group in favor of younger persons still remaining in the rural areas.

In any event, all of these kinds of programs should be studied, with a focus on income effects; migration rates and patterns of program participants and their younger family members.

Census reports suggest that starting in the early 1970's, the rate of growth in metropolitan areas declined and that nonmetropolitan areas continued to gain populations from the former (Bureau of Census, January, 1977): "Many 'rural' counties, particularly those with a large State university or an especially recreation area," show a new inmigration from other parts of the country.

To our knowledge no special focus has been directed to the impact of this phenomenon on the socio-economic status of the older age groups in the native, nonmigrant population of those rural areas. Ostensibly, such areas should be experiencing a growth -- at least a stabilization -- of employment opportunities, to the benefit of middle-aged and older persons, as well as to that of younger ones. But no attempt has yet been made to verify this hypothesis. At the very least, such information should help in the fine-tuning of policies and programs designed to assist rural-area middle-aged and older persons in their job-related problems.

Contrary to stereotypes, older persons do nevertheless migrate -- especially if unemployed. Therefore, in addition to the phenomenon of older rural nonmigrants and their related job problems, there remains the equally significant phenomenon of older rural migrants to urban labor

markets, and the differences over time (as persons "age") between migrants and nonmigrants in places of destination. It should be obvious that an integral part of a systematic effort to ease the problems of rural persons in general is the facilitation of adjustment to the urban labor market among those who do not stay in rural areas, but rather migrate to the former. (Peterson et al , 1977).

In this connection, little research attention has been given to the characteristics of the place of destination of migrants from rural areas. Sheppard (1971) has reported on the labor force status and experience of young and older rural migrant females (white and black), according to size of SMSA, using the 1967 Survey of Economic Opportunity data sources. He found, for example, that among white females, the larger the SMSA the greater the opportunities for year-round full-time work for those 45-plus. The same was true for blacks of the same age group. At the same time, the proportions of older black rural migrants working no weeks at all increased, according to SMSA size. This was not true in the case of white rural migrants 45 and older.

Equally, if not more important, the occupational structure in 1966 among older black rural migrants reveals greater opportunities in the largest SMSAs (over 750,000). This is dramatically illustrated by the fact that the proportion of older black women employed as domestic servants was much less in the largest SMSA's, compared to those with populations under 250,000 and 250-750,000. Furthermore, while the proportion of older rural migrants employed in this low-status occupation was higher than for older "native urbanites" (those born in the SMSA where interviewed) in the smaller SMSA's, this difference disappears in the largest SMSA's.

Finally, as a single index of family socio-economic status, the "poverty rate" among white older rural migrants, the poverty rate was higher than for white native migrants, regardless of sixe of SMSA (although the rate is lowest for both migrants and native urbanites in the largest SMSA's).

But for black females, the pattern is the exact opposite: older rural migrants, especially to SMSA's over 250,000, had lower poverty rates than their counterparts who had always lived in the urban area where interviewed.

The reasons for this latter finding still need to be explored. Education may be a factor, given the finding by Sheppard that both black and white rural migrants reported more years of schooling than native urbanites.

In addition, this type of research focus requires updating, given the fact that these findings are at least ten years old, and economic changes, as well as changes in the composition of the populations, have taken place, and will continue to do so.

CHAPTER X

Employer Practices, Mid-Career Change and Problems, and Intermediary Organizations

Beyond the more global levels of macro-economic conditions and trends, and of the general governmental policies and programs, that may impact on the job-related problems (and progress) of older workers, there are three major micro-dimensions that should form much of the primary framework of research, E & D, and policy analysis on the topic:

A. Employer behavior and practices.

B. The intermediary institutions whose policies and practices influence the nature of the interaction, if any, between employer and individual worker. Examples would be the unions, private and public employment agencies, schools.

C. The individual worker (including characteristics, experiences, and behavior in the internal and external labor markets).

Each of these interacts with the others in such a way as to influence the employment status of middle-aged and older workers.

This chapter concentrates on the first two dimensions. The third dimension is treated throughout much of the report's other chapters. Since certain aspects of the middle-aged and mid-career "crisis" are related to organizational policy, it receives a concentrated focus here.

A.

Peter Barth's working paper (1974) for the NAS-OMRD report has some general observations and recommendations regarding research among employers that can be adapted specifically to the older worker subject. As to such employer behavior and practices (or the internal labor market), we would emphasize the need for concentrated research and E & D efforts with respect to:

- Hiring patterns, by age, and at what levels in the organization (where is the hiring decision or screening process located? for which types of occupations?).

- The validity and reliability of testing and other screening devices, if any, as far as specific age groups are concerned.
- Internal labor market dimensions (including training and promotion policies and practices; problems of "obsolescence"; degree of long-range manpower planning; collective bargaining arrangements such as nature of seniority benefits; job redesign and task re-allocation).

The relevance of formal hiring and promotion requirements to the actual skills for specific tasks required -- as far as older workers are concerned -- is one area for research and E&D. Perhaps the conclusion reached by many on this topic -- namely, little correlation between measures of performance and age -- is a basis not for further research, but a greater dissemination effort, coupled with demonstration projects in selected industries designed to improve hiring and internal labor market requirements.

Other research has revealed that a vast number of employers actually have no formal hiring requirements. In such cases, how do the older applicants fare, relative to younger ones? What are the "images" the gatekeepers have regarding total older worker capabilities and job performance, and how do differences in these images influence differences in hiring rates -- and in each job level (discussed below)? And after hiring, what is the "organizational career" of both the older new-hires, and other workers as they themselves grow older?

All of these and other questions should have as one major purpose the policy goal of educating employers.

On the "port-of-entry" topic, studies of jobseeking success or failure, among different types of older jobseekers, and by specific sub-age groups and occupation, should yield critical information concerning the issue of variations among industries in hiring rates of different types, and ages, of older workers. That is, for every 100 workers going to specified types of industries to seek employment, what proportion actually obtain jobs in those industries? Other characteristics and variables, should of course, be included in such research analysis.

Furthermore, periodic but systematic replications of this type of research effort should be encouraged, for the purpose of monitoring changes and trends.

At the other end of the internal labor market spectrum is the question of what factors enter into employer decisions to dismiss workers in different upper age groups -- or to retire them (in circumstances where "flexible" retirement rules prevail).

Company policies and practices that contribute to or prevent the "obsolesence" phenomenon among middle-aged and older workers -- on an industry-by-industry basis -- also should be given serious research and E&D attention.

While some labor economists focus on the "marginal productivity theory," which stresses the notion that employers will not hire or retain, or promote an individual at wages which do not equal the additional productivity that could be added to total production, it is not exactly certain that this strict economic consideration is the only factor involved, or if indeed such a calculus is used. Perhaps it would be accurate to say that employer perceptions or beliefs about that worker's value regarding productivity in relation to wage costs are the key element.

We refer here to the employer's images or opinions concerning the older job applicant (or currently employed older worker as far as promotion or retention is concerned). There is no solid behavioral information on how and to what extent, "ageism" prevails, as a vital part of the total jobseeking and hiring process. The Louis Harris survey of 1974 (conducted for the National Council on Aging) found that among persons 18-64 with "responsibility for hiring and firing," the proportion agreeing that "Most employers discriminate against older prople and make it difficult for them to find jobs" was higher than for the total public sample. Furthermore, they were less likely than others to believe that "most older people can continue to perform as well on the job as they did when they were younger."

Such findings are difficult to interpret, partly because the term, "older people," may not be a clear enough referent; different people

have different chronological ages in mind when they hear that term. Nevertheless, the Harris survey does at least suggest a tendency for key persons in the hiring process to have different images, and/or to confirm the general opinion that discrimination does take place.

Racism may be receding, and sexism is apparently also on the way to being less of an influence, in the job-related problems of minorities and women -- at least in comparison with ageism. It has been argued that older workers -- employed or unemployed -- remain much more subject to images and practices that handicap them in their worlds of work.

One suggestion that this proposition may be correct is derived from a study (Haefner, 1977) who interviewed 286 Illinois employers to determine their evaluations and assessments of hypothetical job candidates with various characteristics (by age, race, sex, and level of competence).

First, "the race factor did not enter into employer recommendations. It would thus appear that progress has been made concerning racial bars to employment." Second, employers, however, did recommend hiring males over females, younger individuals over older individuals (within each race). "...employers preferred younger, highly competent individuals over older, highly competent individuals."

While not as convincing as the Haefner study, since it was based on assessments by students majoring in business administration, the one by Rosen and Jerdee (1976) nevertheless suggests that upon graduation and entry into managerial positions, such persons may influence the job-related chances of middle-aged and older workers. They were presented with a number of hypothetical administrative incidents in which an employee's age could have an influence on a decision by managers. The results clearly demonstrated that stereotypes about older employees' physical, cognitive, and psychological characteristics lead to discrimination against older persons, regarding selection, promotion, and training opportunities.

Obsolescence. Conventional wisdom suggests that there is some sort of natural and inexorable process of learning capacity decline

among older workers, rooted in biological change in the total organism. Research and theory in gerontology and related disciplines, on the other hand, emphasize the need to consider "environmental" and job-specific variables in dealing with this critical issue -- critical because it impinges on employment and retirement policies determined by such groups as employers and government. Some general principles regarding this specific issue (as well as others not necessarily job-related) include the following, based on the writings of Baltes, Labouvie, and Schaie (e.g., 1973), notably:

1. Learning and adaptability studies reveal a multi-dimensionality feature (i.e., the need to specify which features of learning, intelligence, etc., are referred to).
2. Similarly, regarding multi-directionality (some dimensions may show decrements, others actually may show improvements).
3. Greater variation and heterogeneity among older age groups, compared to younger ones.
4. The plasticity -- or modifiability -- of human behavior, including learning and intelligence, given the appropriate circumstances and intervention techniques.

As a concrete example of the importance of environmental factors, Gellerman (1968) and others have cited the influence on learning skills of remaining for a long time on one job:

> While it may be admirable to know one's job so well that it can be performed automatically, long-time conditioning to this robot-like performance becomes a liability when a new job must be learned, because the individual has not been using his learning skills, he experiences difficulty mastering a new job.

This viewpoint reinforces the argument that jobs should be designed to challenge the individual, and provide enough variety and diversity to prevent "robot-like" work behavior patterns from developing to the point of atrophy of learning skills; job rotation; and refresher courses (and/or mid-career development). Such an argument applies especially to the middle-aged and older worker population.

The policy issue here is at least twofold: the degree to which the

obsolescence process can be retarded and/or prevented by intervention techniques on the part of management (as well as by the individual, and parts of the total education system); and what those interventions should be. The topic should be a rich ground for a number of experimental and demonstration projects, as well as for research on what is currently being done by employers.

The literature on obsolescence is extensive (e.g., Kauffman, 1974; Dubin, 1971; and Hinrichs, 1974). What is most pertinent in this context is the issue of how management practice and policy themselves contribute to the phenomenon, and how they can be turned around to prevent it from developing.

Hinrichs spells out in great detail how "demotivation" can occur in an organization, among middle-aged executives. Working on the basis of "expectancy theory," Heneman (1973) suggests -- on the basis of a small study -- that as employees grow older, they develop a feeling that their work behavior frequently does not result in the goals toward which it was directed -- although he found no relationship between ability measures and expectancy. Lowered motivation thus may be not a direct result of "aging," but a result of employer treatment of the older employee.

Retention. Very often (perhaps more often than not), the contribution of older workers to the rest of the organization is neglected. The types of organizations (for example, type of industry) in which this actual or potential contribution is present will vary, and it is on this point that research would be necessary.

For example, in one insurance company (but not all, due in part to the neglect noted above), insurance agents may be kept as active members of the agency past the age of 65 for a variety of reasons. But one function of this retention was not realized except as a result of a careful study completed as a doctoral dissertation (Schrank, 1973).

Because of its exploratory research design, the study discovered older agents who were retained turned out to be highly effective as occupational "socializers" of new, younger agents. Non-exploratory research focuses narrowly on a number of a priori hypotheses, and is less conducive to yielding any "serendipities," or unanticipated fruitful findings. More to the point, to quote Schrank:

> Nowhere in the company's literature on agent training, agency operation, etc., is the role of the retiree *vis a vis* socialization of recruits mentioned ... this finding...represents a "surprise," or a discovery....

Schrank also found, along with other writers on the subject, that the practice of arbitrary employer retirement of older agents was frequently detrimental to the morale of the other insurance agents. But this type of research focus is rare in studies of retirement practice efforts.

The main point here is that the retention and use of otherwise "retirable" employees as occupational and organizational "socializers" (in an informal way) of new employees, and in other positive roles, warrants serious research and policy consideration. To repeat, this positive role may be possible in only certain types of industries or organizations, which should be a specific focus of the design of research on this topic.

The notion of retention is associated with that of seniority, and job security. The value of seniority is demonstrated by the finding by Parnes and King (1977) that permanently displaced middle-aged men -- compared to a carefully selected control sub-sample -- had had fewer years of service in their previous regular job which they had involuntarily lost.

Typically, but not exclusively, formal seniority rights have been available more to employees working under collective bargaining agreements, i.e., unionized workers. It is not clear how many employees, by age groups, in non-unionized establishments are today protected by similar policies. Given the fact that a declining proportion of all American employees are unionized, what is the impact of that trend on job security?

On a more general level, what proportion of each age group in the labor force works under some form of seniority protection -- by industry, occupation, area, race and sex? How does such "protection" help each of these groups during cyclical changes in the economy? The pattern of American labor union activities in regard

to "social benefits" historically has been to seek gains through collective bargaining when the legislative route appears to be more formidable. A recent example of this are the accords reached by the United Steelworkers, and the steel and aluminum industries (New York Times, May 25, 1977). In both steel and aluminum, workers with 20 or more years seniority (i.e., middle-aged and older workers) are now guaranteed (1) at least 90 percent of their old wage if forced to take jobs in the company at lower wages; and (2) 70 percent of gross pay for two years if laid off. Lesser seniority workers also are protected, but at lower levels of support.

Similar types of protection are now possible in other industries, such as for longshoremen in New York, and printers in the same city.

The new USW agreement also provides special pension arrangements for workers affected by shutdowns, if their combined years of service and age equal 65.

As stated above, this type of protection for middle-aged and older workers is a product of the collective bargaining process and thus covers only certain segments of the "target population," whose unions and/or industries are in a position to demand or provide such protection. In other countries, older workers in general are protected in somewhat similar fashion, but as a result of social legislation.

Given this type of achievement designed to protect at least the income security of workers "too young to retire," will it set a pattern for other unions within other industries to gain similar kinds of protection?

Compared with other workers of similar ages, what will be the effect of such security protection on middle-aged and older workers' psychological well-being? Their physical health, and mortality rates?

While there is little in the way of research evidence on the subject, in this connection, one unpublished study (by Maccoby and Sheppard, of workers and managers in the Bolivar auto parts plant, 1974) indicates that the unorganized white collar and managerial employees had higher levels of job security anxiety than the unionized (UAW) blue collar factory workers.

Will those unions without the collective bargaining power to gain such protection then turn to the legislative route, instead, to gain such rights? What protection, might they be able to obtain through collective bargaining?

Given the cost of such provisions, will they serve as an incentive to the companies to find ways of retaining employees in order to reduce those costs?

Organizational adaptation to an older work force. In the course of preparing this report, we discovered a few large organizations that were beginning to examine the need for new personnel policies regarding their older workforce -- frequently in instances where organizational personnel planners recognize the implications of their workforce "growing older."

Whether the few cases are a portent of a new development or trend should be the focus of a serious research effort.

Specifically, the focus of these efforts (often resulting in detailed, systematic reports, and policy proposals) has been on the obsolescence or "plateau-ing" phenomenon, among older, long service employees. One such document refers to the need for top management to view redeployment, long years in one job, midcareer change, retirement training, and "phasing-out" in a positive manner.

The organization recognizes that what it does for its older, long service employees can affect not only that group itself, but also the younger employees who currently look forward to a full career with the organization.

Analysis of the organization's experience with the problem of the "levelling-off" of performance reveals that it has occurred in nearly all parts of the total structure -- including its branches outside the United States. The significant aspect of this particular organization's self-analysis is that it stresses the principle that managers are not used to solving that problem (nor the one of reduced markets in a given product or area); except through the "easy" and traditional path of early retirement or dismissal.

It is not too unusual, either, for some managers to develop personnel policies and practices of such a nature as to engender a process whereby an individual older employee is re-assigned to a new task with little motivating or satisfying attributes, thus leading the individual to want to retire as a means of "solving" the problem created by the re-assignment. Retirement in this type of case ends up being defined as "voluntary," but is it?

Other alternative solutions are possible, including:

- Equal opportunity, with other age groups, for training and development programs.
- Sabbaticals and leaves of absence, with adequate income protection (and option to return), for second career opportunities inside and outside the firm.
- Flexibility regarding reductions in level of responsibility
- Greater availability of alternative work patterns, including the use of older long-service "retirees" as consultants.
- Positive midcareer counseling -- including the use of existing training and educational programs in all functional areas -- for re-motivation and renewal. The idea of training programs for helping middle-aged and older employees to do their present jobs better, and in preparing for job-change possibilities, is a positive policy for building continued growth and development.

Currently, this organization -- as is the case in nearly all other organizations -- has no management information system that tracks training in such a way as to know whether or not the programs are being used for such purposes, including the identification of who have not been trained. At the present time, the only age guideline used in the organization's "career planning" program is geared to pre-retirement preparation -- for leaving the firm at age 65 with no flexibility for later retirement (which is also undergoing scrutiny).

Personnel analysts in the organization know that certain jobs last only until the individual reaches ages 35, or 45, or 55, but there has been no official company policy established regarding such patterns -- and more important, no clarification as to what the individual is supposed to do at the end of such "career spans." One result of this failure to plan (called "planning to fail") is that many employees work past this so-called normal work span, neglect their own career planning, and become

"problem" employees -- either blocking out career development for younger peers, and/or deteriorating in their own performance. The authors of the organization's proposal document accordingly suggest acceptance of programs for normal career changes (in or out of the firm), with clear-cut standards and criteria.

One of the values of this example of thinking out the total worklife-span implications of an organization's personnel age-structure is that it also reduces the probability of undue company financing or funding for adequate early retirement income (early retirement income provisions do not completely reduce benefits on a strictly actuarial basis). The example may be viewed as a micro-version of what should ideally be applied to the nation's total labor force, i.e., a policy designed to retain older personnel in positive work roles through a variety of flexible arrangements, and to reduce the financial burdens to the individual and the collectivity.

This analogy also suggests that, similar to the national or community level, individual organizations in the private sector might accumulate a shelf or backlog of uncompleted and/or unmet company needs which then become the basis during slack employment times for "creating" jobs, in order to retain workers and to avert or reduce their displacement. Under such a policy, the temptation, furthermore, to use retirement (or early retirement) might be reduced. At the very least, it would reduce the challenge and difficulties of unemployment for the older workers otherwise unemployed.

The (a) identification of organizations in the private and public sectors indulging in the types of policy and program design described above (including ongoing demographic analyses of the internal labor market), and -- with their cooperation, of course -- (b) descriptions of that design and the experiences with it, could serve as valuable models for dissemination by the Department.

Such dissemination might also be accompanied by assistance for E&D efforts aimed at evaluating, over the long run, the costs and benefits involved -- to individual employees and organizations.

Mid-career change; middle-age problems. A focus on internal labor markets and employer policies and patterns regarding the job-related

problems of the target population under consideration here must include attention not only to problems of obsolescence, but also to the phenomenon of change in occupations, or a desire for such a change, at selected points in time during their 40's, and 50's -- perhaps even in later ages. In this connection, we cannot ignore the demographic context of this phenomenon. Greater longevity may increase the odds that a number of intervening experiences between first job and permanent retirement will affect the individual's job mobility, but more pertinent in this discussion, will affect his or her occupational self-identity and continued interest in a given occupation.

Studies in occupation mobility are not new. They are part of the traditional literature of labor economics, and of industrial sociology and psychology -- as well as "social stratification." The NLS study of males provides interesting data on the extent and direction of this mobility.

What may be new, and more deserving today of research, policy, and program attention, is that (1) increasingly, middle-aged and older workers voluntarily seek to change types of jobs. Job-changing is not completely a monopoly of the young. What may be new is that (2) increasingly, there are adult men and women who, after many years of employment in a given occupation or profession, become dissatisfied with the prospect of continued employment in it, but for a variety of reasons -- yet to be fully explored -- do not actually make a change.

These two phenomena should not be confused with each other. The first refers to accomplished behavioral fact. The second refers to a propensity or aspiration which may not be realized.

Both of them have relevance to the internal labor market topic (the reason for including them here), but also to the general, external market. A major policy dimension of both has to do with the organizational and extra-organizational constraints and facilitators on mid-career change.

As long as there is a belief that a healthy economy requires optimal mobility and occupational mobility, the topic of mid-career

change (or unmet needs for such change) should have policy priority.

Limited research, in this connection, has shown that persons who have frequently thought about making a change to an occupation substantially different from their regular ones, make more successful adaptations if and when they become unemployed (Sheppard and Belitsky, 1966). Unfortunately, few studies have focused on this facet. The NLS study uses simply a "net economic advantage" measure (in terms of wage differential) as a way of ascertaining an individual's readiness or propensity to take a new job, but only with respect to the same line of work. This propensity was related to age, but even so, more than half the workers 60-64 years old in 1971 had an employer-changing propensity. Moreover, the lower the job satisfaction among these middle-aged male workers, the higher the propensity to change employers. The "higher" the occupation, the greater the propensity, also. Actual voluntary changes turned out to be related to the propensity measure. The fact that age per se was not a factor in job-changing is a major finding.

But there still remains the need to ascertain -- on national, area, and organizational levels -- the "universe of need" for mid-career occupational change, and by occupational, industry, and demographic characteristics.

Sheppard, in his analysis of white male blue collar workers (1972), used one approach for identifying what he called "candidates for second careers" by age groupings. "Candidates" were those workers who had frequently thought of making a major occupational change, and who also would be willing to take a training or education program for a promotion. While the exact proportion of "candidates" in the middle-aged and older worker sample was not necessarily representative of all such blue collar workers in the national labor force, the numbers were large enough to carry out a comparison of these candidates with the non-candidates, including attention to social and political differences between the two groups. The analysis pointed to the possibility of greater frustration and resentment among the candidates (i.e., workers who manifested an unmet need for career-changing).

Factual findings regarding actual mid-career changes should not be the overriding purpose of research on this topic, but rather the following:

1. The extent to which there is an unmet need among different age groups for some type of mid-career change.
2. The conditions under which such desires could be made real.
3. The relative costs and benefits -- to the individual, organizations, and the general economy -- of such changes, and hence the degree to which active programs and policies should be shaped to facilitate the changes.

Middle-age and/or mid-career "crisis" is by now a popular and mass-media topic, as well as the subject of clinical psychology and psychiatry publications (Butler, 1974; Levinson, n.d., Chew, 1976). But this literature rarely, if ever, verifies empirically, or pinpoints the differences in job-related crises among age groups. From a program point of view, such information would be highly useful. As cited earlier, Brenner found that certain adverse economic experiences and factors had an especially greater impact on middle-aged workers than on other age groups. For example, in the 1945-73 period, persons 45-54 (within the "working age" population) were apparently most affected by levels of unemployment, as measured by deaths due to cardiovascular-renal diseases; those 45-64, by inflation, again measured by the same sources of death.

This is only one example of the proposition that the unemployment experience (and other economic factors such as inflation) may be more serious for middle-aged and older workers than the conventional measures and studies might lead policy makers to believe.

Analysis of the NLS adult white male sample on a preliminary basis suggests that the "critical" age group is the group 48-52 years old as of 1966. For example, if white men in this age group had changed employers involuntarily, they were more like than other involuntary changes (younger and older) to be out of the labor force by 1973. The evidence also suggests that individual unemployment experience in 1966 and 1966 area unemployment levels had their greatest impact on the 48-52 year olds. Similarly, with respect to health status: if self-reported in 1966 as having work limitations, they were the most likely to be out of the labor force by 1973.

Such findings stress the importance of identifying the particular age groups most susceptible to adverse experiences in the labor market, as a basis for allocating resources in a broad program directed at meeting the job-related problems of middle-aged workers.

Research directed and designed explicitly to determine whether the Brenner finding and the NLS findings regarding white males should be replicated among nonwhite minorities, and among white women -- not solely as to whether the same age group is the most sensitive, but also to determine if any specific age group more than others reflect such sensitivities -- should be carried out. In addition to these specific focuses, attention should also be paid to the trend dimension.

In addition, it would be necessary to consider that the "critical" age-span will differ according to occupation and industry. In many technical careers, for example, this might be as early as the late 30's and early 40's (Bailyn, 1976). Differences among occupations and professions regarding the ages during which the odds for such crises to show themselves may also be affected by organization attributes such as the nature of managerial style and practices; mid-career development opportunities, etc.

In recent years, a great deal of concern has been expressed in professional associations, such as the Institute of Electrical and Electronics Engineers (IEEE, 1975) about their members at mid-career. In this association's view, mid-career problems among such engineers are a new phenomenon. "It wasn't so long ago that the power engineer took on a lifetime job and the electronics engineer was in a field so young that there was no mid-career." According to some of its members, engineers are now in the same situation as unskilled laborers, in which "age becomes a detriment rather than an asset." They contrast themselves with their age peers in medicine, law, plumbing, and carpentry who presumably are valued because of their experience and dependability. This is an assertion which, nevertheless, requires verification, since even in medicine, there is now underway a project devoted to the problems of the middle-aged and older physician (under the direction of Dr. Charles Gaitz at the Texas Research Institute on Mental Sciences -- Houston, and currently President of the Gerontological Society).

The point, once again, is that research on mid-career problems needs to be made more specific with regard to type of industry and occupation -- and also with more attention to these problems as they may or may not prevail among women.

Over the past decade, Congress has frequently dealt with proposals for a mid-career development program (once passed, but vetoed), for the purpose of providing a variety of services, including counseling and training typically for upgrading and for meeting the problem of skill obsolescence. Experimental and demonstration projects might be launched, which would include a focus specifically on the identification of middle-aged workers with a variety of unmet job-related needs, and the provision of services designed to meet the needs. Such projects might be carried out in selected enterprises, with subsidies and/or stipends. One of the ultimate objectives of such E&D projects might be to determine the feasibility of legislation requiring an enterprise to have a certain percentage of its 40+ employees engaged in any one or more of mid-career development programs. Some European countries already have such requirements (Striner, 1972).

There may be a new or recent phenomenon which requires careful research monitoring, since it may affect the status of middle-aged employees in certain occupational levels. We refer here to recent popular articles (for example, in the Wall Street Journal of May 3, 1977) which suggest that some type of turn-around in the prospects for middle-aged managers, executives and professionals may be emerging. The emphasis in these situations is on the needed experience of such persons who may find themselves displaced by company mergers, recessions, and even early retirement -- an asset sought by other employers, in place of a search for younger "whiz kids."

But research is required to verify as a trend the many anecdotes and case studies that journalists can uncover -- including research among executive recruitment agencies to ascertain any changes in company requests for filling various management and technical-professional positions.

Among the hypothesized explanations for such a turn-around might be the following:

- changes in the ratio of 45-60 year old managers to younger ones;
- changes in employer perceptions of middle-aged and older worker assets (such as experience);
- a declining gap between the salaries of older and younger managerial applicants;
- greater willingness of pension-vested persons to "retire" and take a lesser salary in a new job situation, along with the early retirement pension;
- a "learning curve" on the part of corporations resulting in a corrected valuation of the importance of experience over "youth," especially during times of company economic difficulties;
- an indirect result of greater attention being given to enforcement of, and litigation under, the Age Discrimination in Employment Act.

B.

The role of intermediary institutions in the job-related problems of older workers can be critical. The ESARS (Employment Security Automated Reporting System) reports regarding the state employment services consistently reflect a lower rate of placement and involvement in other services provided by these agencies (Heidbreder and Batten, 1974). The reports themselves could be useful data sources for comparing different locations' performance, and trends with regard to placement, etc.

In this connection, the report by Stevens (1975) on the experiments in providing supplementary labor market information indicates that black workers benefited from such information. To the degree that older jobseekers might similarly be viewed as disadvantaged, Stevens' results suggest similar demonstration projects conducted by the employment service and other groups now serving the same function, with a special focus on the older worker problem.

Evaluation research on such demonstration efforts should also focus on additional sorts of critical program and policy needs, for example:

- The types of information that improve the job search process.
- The complementary services that, together with the job market information, have a positive joint effect.
- Personality dimensions.

Other groups besides the state employment agencies now function in the same way as those agencies. These groups -- including professional organizations -- may have different types of populations not otherwise reached, to any significant extent, by the public employment agencies.

Accordingly, a separate and special E&D effort on the part of these other private organizations (with an evaluation research component) is recommended.

But on a more general level, greater policy and program attention may be necessary with respect to the role of the public agencies in meeting the job-related problems of older workers. As repeatedly reflected in more recent national ESARS reports, the report by Sheppard and Belitsky (1966) found that in one local labor

market the older the worker using the Employment Service, the fewer the services provided. They also found that the fewer the services, the lower the odds for finding a new job. Expressing this in a positive fashion, if the number of ES services were two or more, the gap in job-finding success between younger and older workers was narrower than for those receiving only one, or no services at all.

Such findings directly suggest the need for a strengthened E&D effort at (1) training and orienting ES personnel regarding older workers; and (2) increasing the number of services (not merely placement, but counseling, training referrals, and testing -- including those useful in identifying those most in need of counseling). Without a simultaneous thrust among employees, of course, such improvements may have little effect.

A broader, and perhaps more controversial, policy issue pertains to the possibility, mentioned elsewhere, that with the creation of such "special" job programs for older worker (55 and over) -- such as Title IX of the Older Americans Act -- there may be a tendency on the part of intermediary organizations to neglect such persons as far as other employment and training opportunities are concerned.

To what extent is there such a tendency? Similarly, among the contracting organizations given the responsibility to manage such Title IX programs, might there not also be a tendency to siphon applicants into their own programs in order to reach their quotas? In any event, the result might be a net decrease in overall employment opportunities, because of the existence of such earmarked programs. This is an issue that needs more than passing research and policy consideration.

The Administration on Aging is funding a nationwide study (conducted by the Human Resources Research Organization -- HUMRRO) to be completed in mid-1978, dealing with employment assistance and services for jobseekers 55 and older. It will involve an analysis of services for older jobseekers provided by State employment security offices, including information on the planning and coordination of services gathered through interviews with local agency staff who have special planning and supervisory roles in services to older jobseekers.

In addition, the HUMRRO project will include an analysis of the role of voluntary, nonprofit employment organizations in the jobseeking experiences of the 55+ workers.

Since ETA is cooperating in this study, through its field operations office, it may be advisable here to defer any new research and systematic and/or program recommendations, regarding USES activities -- except to stress here and now the value of more and well-trained Older Worker Specialists, the establishment of policies that produce a more equitable participation of older workers in a broader range of CETA programs; and the possible use of "Account Officers" -- with special caseloads of employers on a relatively permanent basis -- who would be sensitized to the need to include older workers among the potential employees of the officers' "clients."

There is a potentially greater role that might be played by the nonprofit intermediary organizations in the total formal and informal local labor market networks. Frequently, medium-size and very small firms and employers may not use public or regular private for-profit employment agencies. With an outreach approach, the nonprofit organizations, typically focussing only on services to the older worker population, may be made more effective. Or they might be expanded, depending on the results of analyses indicating locales in which they do not now exist and are needed.

A special report, aimed at providing models to private sector employers for the use of such organizations, is now being prepared by Rosenblum and Sheppard for the Economic Development Administration. The report will also provide case studies of private employer practices regarding retention, re-hiring, and retirement of older workers, also as models for the general private sector. Upon its completion, copies will be made available to DOL.

CHAPTER XI

Training and Education

We will not spell out here the statistical relationship between level of education (or of years of vocational training), on the one hand, and labor force participation work experience, or other socio-economic outcomes, on the other hand, among different age groups of American workers. The analyses typically show the importance of education and training. Other studies generally show that once unemployed, older workers with higher education are more likely to gain re-employment than other older workers.

If the older worker problem is defined essentially as a variation of the structural unemployment phenomenon, further analysis tends to conclude that age per se is not the critical explanatory factor (apart from employer discrimination), but rather other factors such as the lower education of older workers.

From this type of conclusion, we might decide (1) that nothing can be done to improve the training or education level of the older workers since their opportunities to learn have already been used up, or they cannot learn new skills, etc., or instead (2) that it is generally never too late to learn, and that it is possible to teach older workers new skills, especially with special training methods.

Equally important, preventive measures need to be introduced, i.e., recurrent and continuing education/training programs and opportunities must be provided to young adult and middle-aged workers, to reduce the chances for their becoming "structurally unemployed" in later years.

Lower education has been among the major factors cited in the literature of the past few decades to explain the disadvantageous position of older workers in the external and internal labor markets. In the past, older workers were clearly less educated than younger ones. As recently as 1966, the median years of schooling of men 55-64 years old and in the labor force, as a percentage of the median for men 25-34, was only 77.7. Ten years later, however, the percentage was much higher -- 94.6 -- thus revealing

hardly any difference, as far as this particular measure is concerned, between old and young male workers. In 1946, young men 25-34 had, and were obtaining, many more years of schooling than their parents and older siblings and cousins. The result was that by 1976, the discrepancy in education between them (when they were 55-64) and the 25-34 year-olds of that same year was much narrower -- almost nonexistent, when compared to the 1966 scene.

A similar comparison in the case of females reveals that the change (from 1966 to 1976) in the gap between the older and younger women is very slight. This is due to the fact that in 1966, median years of schooling for older women in the labor force was already quite high -- 11.6 years for women, but only 9.7 for men. This last point may, in part, explain much of the lower rate of decline in labor force participation for women, on a longitudinal basis.

The principal question, however, is: Given the fact that the differential in years of schooling between older and younger men has virtually been closed, can we rely any longer on educational differences as an incontrovertible explanation for the disadvantageous labor market experiences and status of older workers?

Will education per se become less relevant in this and coming decades as a factor in the problems of older workers?

In an analysis of the economics of recurrent education and training, Stoikov (1975) concludes that the evidence on the deterioration of physical and mental abilities with age does not provide a serious argument against such education -- at least up to the age of 50 and provided there is an adequate educational background. The poorer this background, the greater the risk of obsolescence (also suggested by Parnes, 1974).

Perhaps the most important principle here is the optimal role of recurrent education and training as an antidote, a preventative, for human capital obsolescence. Thus, programs allowing the non-obsolete person to keep abreast of current technology and changing skill requirements should be given a greater priority than at present.

Stoikov claims that formal general education -- including higher education -- could be provided to older persons who previously did not have any opportunities for such formal schooling. More important, perhaps, is his conclusion that such programs are not excessively inefficient, and can be justified on grounds of equity.

But, to repeat, the overriding generalization of the Stoikov study is the value of education and training for middle-aged workers before they become older, instead of waiting until they are faced with more insurmountable difficulties created by changes in technology and market conditions.

Programs that allow the non-obsolete worker to keep up with changing skill demands should be given more weight and priority than hitherto given. The current tendency to take the already obsolete workers and enroll them in formal course work is insufficient, and does not address the central issue. This, of course, is no argument against providing training opportunities for older workers in order to meet transitory conditions, and especially with programs designed to meet their special learning problems, if any.

Analysis of the NLS data indicates that training prior to 1966 (the first year of the NLS survey) had little effect on weeks out of the labor force, or weeks unemployed, although this inconclusive finding may have been a result of the types of persons included in the sample, to begin with (only men in the labor force at least 35 weeks in the year preceding the survey).

If trained in business and technical schools prior to 1966, both blacks and whites received annual earnings (as of 1966) higher than those without prior training experience. Among whites only, training obtained from company schools produced similar results.

More important, "investment in training" during middle-age was found to be highly correlated with previous training experience, and varied according to education, age, occupation, and race. In other words, participation in training programs during middle-age was higher among those with previous training; those with at least a high school education; the younger cohorts of the 45-59 sample; among those in white collar and skilled occupations; and among whites.

The policy issue here suggests the need to explore ways of breaking out of this vicious circle, i.e., how can adult persons without prior training, etc., be recruited into training programs that produce positive results in subsequent years?

Overall, on the issue of the degree to which declining participation in formal training with age and resultant skill obsolescence accounts for problems of middle-aged workers, the NLS data provide mixed answers. There were no consistently positive impacts on earnings and employment, contrary to expectations.

Apparently, this generalization is applicable primarily to the whites in the sample. For blacks who participated in company training programs prior to 1966, the economic effects were substantial. However, it should be noted that a very small percentage of blacks had been in such programs, which by itself is a finding with important policy and program implications.

The NLS study, unfortunately, does not concentrate on the cost-benefit dimensions of training for the firm, or for the broader society and economy. This still remains to be done. Furthermore, the impact for the individual needs to be studied over a longer period of time than that reported in the 1974 NLS report.

More important, it must not be forgotten that information regarding the "middle-aged" men of 1966 is not a reliable basis for understanding the "middle-aged" men of the late 1970's and beyond, as far as this particular issue of education and training is concerned. The median schooling of men 45-59 in the late 1970's, for example, is above that of those of the same age in 1966. Given the NLS finding that education was a predictor of participation in job training programs, we might expect different findings among today's -- and tomorrow's -- middle-aged male workers.

Little of this discussion of the NLS data bears directly on the issue of the value of training the following kinds of middle-aged and older workers: (1) the unemployed and under-employed; (2) nonparticipants in the labor force; (3) women; and (4) minority groups. Nor does it deal with the issue on the kinds of training, especially regarding training methods, that may prove more effective than others.

For example, Jakubauskas and Taylor (1969) found that on-the-job training in one project was effective among hard-core unemployed older workers, as long as they otherwise had no serious handicaps. Somers (1967 and 1968) found that unemployed older workers in various projects benefitted from the training they gained. The special tabulations of 1965 MDTA data for the Senate Subcommittee on Employment, Manpower, and Poverty (1967) revealed that once recruited and registered, older men tended to complete their training programs more than younger trainees. More important, these same data indicated that continued employment one year after training was just as high for the older workers as it was for the younger ones.

On the social cost side, the 1967 Somers report found that older trainees had a lower dependency, after training, on social welfare payments than nontrainees of the same age. Few studies have attempted to replicate the same kind of study carried out by Somers in the one state of West Virginia. Studies of the value to the firm of training older workers which omit the social cost-benefit results may be incomplete.

Finally, we cannot ignore his finding that despite their low level of formal schooling, older trainees improved their employment opportunities. This finding tends to throw doubt on the suggestion (albeit tentative) of the NLS study that training is effective only among those with better than average formal education. But, as the NLS report itself admits, the analyses are restricted to a selected sample tending to exclude hard-core unemployed older workers.

According to one study (Newsham, 1969) once trained, older workers plan to remain with their employers longer than younger trainees. To the extent that turnover is a cost factor for employers (and this may vary according to industry and occupation), this intention-to-stay should constitute a benefit to be included in measures of the effectiveness of training older workers, and possibly one more argument in behalf of providing greater training opportunities for such groups.

In another study on the consequences of a joint classroom and OJT training project for women 50 to 79 years old, it was found that despite their low levels of formal schooling, they began to earn higher wages

While the policy and research literature is replete with explicit and implicit recommendations concerning the need for training and retraining of older workers as a means of preventing and/or solving problems of unemployment and mobility, little of that literature, however, deals with the difficulties frequently encountered in the acceptance of training and retraining on the part of older workers themselves. Resistance and short-term immediate discentives are two dimensions of the training topic that also require both further research and E&D effort.

For example, which types of older workers (including consideration even of different ages in that group) are the most and the least accepting? That is, what are the characteristics of the resisters vs. those of the accepters?

What are the external factors most and least conducive to effective training recruitment -- and completion? Attention here would be focused on, among other things: (1) time and place of training; (2) duration; (3) methods of instruction; (4) sponsorship; (5) stipends, and (6) perceptions of employment and promotion chances.

Care must be taken in using completion rates with refinement as a measure of success, since frequently it has been found that a minimum of exposure to the training experience can itself enhance self-confidence on the part of the trainee to the point where he or she leaves the training course and successfully finds re-employment.

Training methods. There is little in the evaluation research literature concerning the training experience of older workers under MDTA and related programs that focuses on the effects of differences in methods of training such workers. Rates of completion; of placement; of earnings, and work continuity (by skill-content of course, etc.), may be found in the research data, and reporting sources. But rarely is there any information about the way in which the trainees are taught, or learn.

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Industrial gerontology, and developmental-educational psychology, tend to stress the critical nature of the learning process among groups from different eras (50 yr.-olds in 1965 vs. 50 yr.-olds in 1975, for example). In an

experiment with very young and very old subjects, Siemer (1976) used programmed learning to teach them a "neutral" topic -- in this case, anatomy and physiology. The results indicated that the "time-honored stereotypes" of a decline in learning and trainability occurring through aging were not supported. However, the older subjects took longer to learn. Nevertheless, the use of programmed learning in this case improved the learning pattern of the older persons in the experiment (average age over 72). Siemer argues that "educators, employers and government officials are going to have to re-examine their beliefs about the utility and trainability of older people."

On the other hand, Neale, Toye, and Belbin (1968) used programmed instruction in a non-laboratory, real-life work situation involving training of London bus drivers, and found that it was more effective (compared to the traditional classroom method used with a control group) among younger workers only. Only older trainees performed better through the traditional method. But when the researchers/trainers varied the time of the programmed instruction, the older trainees did best when trained (to read maps) in the medium-length sessions (a result similar to the Siemer experiment). Younger trainees performed best when taught in the shortest session.

The researchers suggest that the older trainees were less familiar with programmed learning formats, and had to "learn how to learn" from them. Programmed instruction, they argue, cannot improve the skill-learning performance of older persons automatically. Such factors as time, and familiarity with specific learning task (or teaching method), also have to be considered. "Older people do not learn better or worse; rather they learn best under different conditions."

Eunice and Meredith Belbin are among the foremost advocates of designing specific training approaches for specific occupational training of workers of all ages. The "Discovery Method" is one term used to define their general viewpoint (R.M. Belbin 1965 and 1969; Belbin and Belbin, 1972). In simplified form, the term refers to the value of having trainees discover for themselves (but in a planned fashion worked out by trainers) how things work and eventually why. To repeat,

the approach requires that the trainer develop a "path of exploration that allows the trainee to progress continuously." The method seeks to develop skill and task understanding through techniques other than strictly verbal instruction or physical demonstration by the teacher. "Tasks and problems, graded in difficulty, are presented according to the trainee's existing knowledge and progress." Through solving the problem the trainee acquires understanding, which later can be organized and strengthened by group discussion and lecture, if appropriate, and if requested. The Discovery Method should not be confused with passive observation, "or with learning easily assimilated items bit by bit" as in most linear programmed learning.

The Belbins also stress the need to recognize, for example, that (1) persons of low learning capacity (typically older men and women) may have acquired a negative attitude toward training situations in which failure has already been experienced; (2) adults must be allowed to find their own way of building on past knowledge, and to use their own way of assimilating the new; (3) the training methods should build in rapid feedback regarding results; and (4) that non-verbal learning is to be valued more than verbal learning among older trainees.

One thing that is important here is that the Belbins have successfully applied their methods, with necessary adaptations for each specific learning situation and trainee group, in a wide variety of industries and occupations in Europe (primarily Great Britain). Only once has it been applied in the United States, in the early 1960's, under the auspices of a DOL E&D grant, in New Haven, Connecticut, with hard-core unemployed trainees -- many of them from minority groups (Belbin, 1969). In two of three specific types of jobs, the new method proved superior over traditional training methods for the older, 45+ trainees. Indeed, the older trainees trained by the Discovery Method were at least equal to younger ones trained with traditional methods.

We have gone into such lengths on this issue of training methods (as opposed to the issue of training vs. no training), and the Discovery Method in particular, in order to make the point that the Department should put a high priority on a widespread program of training (and retraining) vocational instructors in the psychology of learning among adults, and

particularly in such well-established "innovative" apprdaches as the Discovery Method. This program should be a major prerequisite -- or basic preparation -- for extensive training programs for middle-aged and older workers. There may be no reason, for that matter, for not extending the new methods to trainees of all ages, since much of the experience with those methods suggests that they are useful adjuncts for trainees in general.

CHAPTER XII

Government Programs Involving and Affecting Middle-Aged and Older Workers

A.

Since the mid-1960's a number of programs providing employment opportunities for special groups of older workers (typically 55 and older, and with low incomes) have emerged. The Community Service Employment Program for Older Americans (Title IX of the Older Americans Act) is, in large part, a converted form of the earlier Operation Mainstream older worker demonstration projects, established as a relatively permanent, ongoing national program. No more than 47,000 jobs will be provided in fiscal year '78. (By the end of fiscal '77, about 37,000 positions were funded).

It should be noted that despite the visibility of the program, these total numbers of jobs -- which are generally part-time jobs -- or persons, do not equal the numbers involved in CETA programs.

CETA Titles. In fiscal year 1976, approximately 220,000 persons 45 and older out of a total of 2.48 million were new participants in all CETA programs under Titles I, II, and VI. These 220,000 thus constituted only 8.9 percent of all such new CETA program participants. The 1977 Employment and Training Act Report provides no detailed information as to sex and race. Within each of the Titles, the proportions and numbers 45 and older were as follows:

	Title I	Title II	Title VI
Proportion 45 and older	6.8	14.1	13.9
55 and older	2.8	5.1	5.2
Total numbers 45 and older (in thousands)	117.7	36.1	68.8

This table indicates that in the program with the greatest total number of participants, and with the greatest range of employment-improvement services (from training and counseling to placement) -- Title I -- older persons are the least represented. Preliminary six-month data (through

March '77) indicate a slight increase in older worker proportion under Titles I, II and IV.

Is this low representation a reflection of national policy?

Is it a result of relying on local prime sponsors' discretion, possibly indicating an age bias?

Does the existence of a separate program -- Title IX of the Older Americans Act, administered by the Department -- serve as a justification in the eyes of administrators of the CETA programs for not paying attention to the training, counseling, and employment needs of older workers?

Are there variations in participation rates among different types of prime sponsors, and what are the reasons for such variations?

How do older workers in Title I programs fare, compared to those in Title II and VI programs? Are the specific types of jobs under Titles II and VI -- essentially public service positions -- of such a nature as to be viewed subjectively as "especially suitable" for older persons? Or are there clearly some relatively objective bases for assigning "older" workers to those positions?

Taking all types of public service jobs -- and agencies -- is there a differential age distribution? That is, what are the variations, if any, in public service-type occupations and agencies, held by older vs. younger workers? If so, what is the explanation?

What is the placement rate and post-placement experience, in "regular" employment, by age?

These are all policy-related questions, or issues, and subject to a variety of research approaches, for both Title IX and CETA programs.

Observations on CETA and Title IX programs. The following points and questions about these programs provide a major base from which to develop new policy, research and demonstration efforts regarding job opportunities and problems for the target population. They are derived from interviews with program managers, and from various published and unpublished reports and data.

1. Requests from local organizations to hire older workers typically exceed the total number of slots the program can provide, thus suggesting that given more funds, more older workers could participate.

2. Under Green Thumb, for example, on the supply side, far more persons apply and are qualified than can be put on the rolls. While the figures may have been somewhat exaggerated, one informant claimed that for every one person employed, 250 apply and are qualified.

3. Title IX projects apparently are not evaluated in terms of the benefits derived by others beyond the participants themselves. While some reports may provide anecdotal "evidence," there remains the need to carry out some systematic and more quantifiable impact studies, e.g., the effects of providing day care services on the children themselves, etc.

4. In the same vein, in ongoing organizations making use of Title IX participants (for example, local Social Security offices) it should be important to weigh the contribution such participants make, if any, to the operation and purposes of the organization.

5. OJT is made available, in some programs, only to those 45-54, and with the understanding that the employer will hire such trainees when the training period is completed. What is the actual experience under such programs? What proportion is actually retained as regular employees? If there are variations in such proportions, what is the explanation -- the nature of the industry? Occupation? Characteristics of the individual OJT participant?

6. In rural areas, Title IX programs are frequently the largest employer. But more important, "regular" employment is much harder to come by, especially for older workers. And this raises the question as to the wisdom of the general practice of requiring that program participants, after a given number of months, must be "phased out into regular jobs," despite the fact that Title IX regulations state that no time limitation may be established in any project.

7. While the general literature, especially of recent vintage, has made the point quite strongly that the retirement, or earnings, test under Social Security functions as a disincentive to remain employed, some Title IX projects report that this is not always a deterrent for continued program participation -- i.e., even if some loss of Social Security benefits is entailed. Apparently, this is true primarily in the rural areas. To what extent is this actually the case? Does it suggest that the "work ethic" in rural populations may be more prevalent than in populations of older workers in larger, urban areas? Or that a "community service" ethic is stronger?

8. Program managers report that compulsory retirement is a problem especially for the types of older workers they deal with, since their previous jobs paid low wages, thus affecting their level of saving for retirement (if they were able to save at all), and the level of their Social Security retirement benefits. This type of hardship points to the possibility of greater transfer costs -- and indeed, of greater costs of programs such as those under Title IX -- for certain types of older workers subject to compulsory retirement.

9. Many of the specific projects under Title IX provide for the design of jobs commensurate with the health status of the participants, and this apparently means that few, if any, health problems were experienced by these older persons. If this is the case, some lessons might be drawn from such projects, regarding the ways in which the jobs were designed or arranged in such a manner as to reduce the health risks for the participants. At the same time, this phenomenon might be, in part, a function of the self-selection of the applicants and participants -- i.e., those with the least risks of job-related illnesses were the most likely to apply and to be accepted.

10. Nevertheless, where physicians conducted physical exams of the participants, there were some reports of improvements in health status from the time of entry into the Title IX projects to

several months later. If this proves to be the case, which would need further empirical verification, such a finding supports one of the currents in gerontological thinking, to the effect that nonwork (at least for certain types of older persons) has a deleterious effect on health status, thus strengthening the viewpoint that voluntary continued employment for such persons may be more cost-effective than forced retirement. But this remains one of the critical issues in the field of work, aging, and retirement.

11. One of the program reports suggests that women appear to be more flexible than men -- "in that they are willing to do more, and more willing to change into outside employment." At the very least, this notion calls for carefully designed research to test it, and to explore possible explanations.

12. While the evidence may be time-bound, and not truly representative of anything over a longer period, the most recent reports suggest that there are differences among the Title IX participants, depending on which national organization is managing the projects.
For example, Green Thumb project participants tend to be much older than those in the projects run by the National Council of Senior Citizens (NCSC) or the American Association of Retired Persons (AARP), but this may be due to the older age profile generally characteristic of the rural areas in which Green Thumb operates. The most recent-year data indicate, for example, that more than two-fifths of the Green Thumb participants are 70 and older -- compared to one-fifth among AARP-run project participants, and one-fourth in the case of NCSC.

13. Perhaps more important, when the specific projects are organized in terms of the types of services rendered, two-fifths of the NCSC services are basically of the type beneficial to the general community (as opposed to services to other elderly persons) -- compared to roughly two-thirds in the case of the projects directed by the two other organizations.

These facts raise the question as to whether such projects should be evaluated in terms of who benefits -- what types of services are provided to whom -- apart from the direct employment effects on the participants themselves. If any community opinion survey were to be conducted, regarding the level of approval of such projects, would the approval-disapproval results differ according to this dimension? It could be argued that any service rendered to the senior citizens themselves (e.g., providing home repairs and renovation for the elderly) might reduce other costs and burdens to the community, or that the general populace might give greater weight to services to the elderly by other elderly citizens. On the other hand, those kinds of jobs under Title IX which bring the participants into closer interaction with a spectrum of age groups in the community might result in a change of perceptions and images regarding older persons, and a closer integration of the latter into the general community.

These two criteria might be added to the list of others used in general evaluation and "cost-benefit" analyses of Title IX and related programs.

14. As suggested earlier, such programs should be examined from the standpoint of the degree to which they impact on local area government budgeting of public services, including effects on locally financed general assistance. In addition, what is their impact on local business revenues -- where such evaluation is feasible? According to one spokesman for such Title IX programs, the wages of the participants helped local merchants gain and save several times each dollar used in the project.

15. If nothing else, such programs -- although extremely limited in the number of participants -- tend to contradict any notion of a narrow range of, or special types of, occupations that elderly persons filled. They ranged from deputy sheriffs, to fire wardens, nutrition aides, clerk typists; receptionists; instructors

for mentally retarded adults; to the stereotypical ones of preparing recreation sites, and day care attendants. No one, however, has made any systematic effort to determine the impact of these experiences on employer and community perception of the elderly as "work candidates".

On the other hand, there is another reality level which cannot be ignored. Many of the applicants and participants are nonskilled, for example, those elderly females whose only work (unpaid) has been that of housewife, or unskilled males who nevertheless are placed in such project jobs as deliverymen, and security guards (for installations with little hazard). Nevertheless, it cannot be argued that deliverymen, and similar occupations are an intrinsically unnecessary type of employment.

16. There is no clear indication as to whether the elderly themselves participate, and to what extent, in the local CETA manpower planning councils. From the standpoint of the major purposes of any new thrust in the area of job-related problems of the older workers, an examination of the "difference it makes" to have such participation (as measured by such criteria as rates of program participation -- both training and employment -- and the quality of the training and employment) seems in order. The Department might examine whatever now exists; or beyond that, sponsor a number of carefully designed E&D efforts (with appropriate control groups and with before-and-after data) to ascertain the impact, if any, of such planning council participation.

17. Keeping in mind the possibly greater difficulties of placing "graduates" of Title IX projects into regular (unsubsidized) jobs for certain kinds of locales -- especially rural ones - we recommend that research be carried out to (1) compare placement rates by type of project, including area, quality of management; (2) retention rates and experience ratings in the unsubsidized placements (by type of employment, etc.) -- all for the purpose of ascertaining the best conditions for successful programs, and new avenues for expansion, if any, of existing programs and numbers of participants.

18. Some special nuances of this small program which is itself special (Title IX) should be looked into, for example, the AARP effort in Louisville designed to help ex-offenders, many of whom had been incarcerated for as much as 10 or more years, and the degree of success shown by this "experiment." In some instances, their work experience in prison (e.g., floor polish equipment operator) was itself a help in ultimate "regular" job placement.

19. In some instances, even though applicants may have been ineligible for acceptance in a Title IX program (because of income level) project staff nevertheless provided their own effective employment service function for such persons -- a type of datum that does not get reported in the management information system.

    This phenomenon relates to the more general issue of the negative side of the eligibility requirements under the various government programs for older persons seeking employment. Should the requirements be liberalized? Should projects be assisted in providing job-finding services for the "ineligibles"?

20. Some of the experience of these programs also highlight the type of administrative barriers to placement in regular employment, such as local government civil service regulations regarding age limits. One recommendation that should be considered seriously is the concept of at least a limited number of exemptions to such regulations. Federal government agencies themselves might also be included here, especially if such a policy were to be promulgated by the Department of Labor in any strengthened commitment to the problems of older jobseekers.

21. Some administrators of Title IX programs feel strongly that the work restrictions providing only for part-time employment programs should not be applied to certain age groups of the older eligibles, especially those 55 to 61. Their reason is that such persons have fewer supplement sources of income, especially Social Security benefits (available only at age 62).

    This issue is related to the broader research topic discussed elsewhere in this report, namely, the "market" for part-time

vs. full-time work in selected segments of the older worker population.

Program Issues. Program managers point to the following issues---discussed throughout this report -- that confront them and the participants in their programs, some of which make the programs a necessity, and others which create problems or barriers to a full implementation of the program objectives:

- Forced retirement.
- Early retirement, even though still capable of some type of employment.
- Social Security retirement test (some of the participants would like to work more hours than allowed).
- Discrimination on the part of employers -- both public and private -- in organizations offering "regular" employment.

Other specific issues that need attention include the following:

1. Shall all DOL-funded and administered programs for older workers be restricted to "low-income" or "disadvantaged" older persons? From one point of view, such a restriction rejects the notion of a preventive approach to the job-related problems of middle-aged and older workers. An argument in favor of lifting the restrictions can be made, concerning large numbers of instances in which non-poor older workers may -- because of market factors and other reasons -- eventually move into a poverty status, partly because of the absence of programs to provide assistance.

   This viewpoint also raises the more general policy-related research topic regarding which types of older workers -- once placed in some form of adverse situation -- are the high-risk groups.

2. Some older participants in (and observers of) CETA programs have complained about participants being shifted

from full-time, and higher wage-paying positions in CETA projects to only part-time, and lower wages in the same position but transferred to a Title IX payroll. Such a practice can and does result in additional transfer payments required to maintain some modicum of income adequacy for the individuals (and families) affected.

To the degree that this type of practice does take place, what is the policy rationale? Is it a justifiable one?

3. Inter-organizational tensions have recently emerged over the issue of who should initiate and/or sponsor Title IX and CETA programs for older workers? Should the programs be initiated and administered by national organizations of senior more than by local prime sponsors? Should programs be funded only if initiated by the latter? Furthermore, recently organized Area Agencies on Aging (with AOA funds) have begun -- through their own separate national organizations (one for state, another for local areas) -- to enter the competition for the limited funds available.

Much of the rivalry is rooted in the desire merely for additional funds, as well as having some political dimensions. But from the point of view of program objectives, evaluations may be required, for (1) comparing the relative effectiveness of programs initiated and/or administered by different organizational levels; (2) examining the degree to which exclusive reliance in some areas on local prime sponsors' determination of how CETA and "revenue-sharing" monies shall be spent (and for whom) affects the probabilities that programs for older workers will, in the first place, be conceived, proposed, and implemented. Spokesmen for the national organizational approach argue that in many areas, older workers and their problems will be neglected, unless there is a national program emphasis.

An extended form of this argument can be found in the position of such national groups as the National Center

on the Black Aged (Hamilton, 1975). Despite the fact that older blacks (55 and over) make up about 21 percent of all Title IX participants, a proportion much higher than the 8.4 percent in the total population of persons 55 and over, the National Center on the Black Aged believes that the proportion of black older workers served by Title IX can best be improved by "utilizing a black national aging organization able to work with local black host organizations."

4. Few CETA Title II and VI, and Title IX projects allow for no training funds to be used to improve the job status of older workers. Should such funds be made available, and under what conditions? Equally important, if they are made available, the training methods themselves should not be left up to local agencies, given the possibility that special methods and techniques may need to be developed for specific groups or types of older persons -- a topic discussed in this report's section on training and education.

Examples of program models. Some of the specific projects, initiated or sustained by CETA and Title IX funds, warrant special attention as models for expanded programs, or for new types of such programs. Some have been noted in previous pages. One of them in particular should be noted here because of the number of purposes it serves, and its relevance to broader policies and issues.

1. Many local labor market areas suffer from a shortage of skilled labor -- often in the midst of a high general unemployment rate. Communities such as Erie, Pennsylvania, have attempted in recent years, to meet both the shortage and unemployment problems by (1) employer recruitment of skilled retirees in order (2) to train younger unemployed and inexperienced persons in the higher skills. (USIA, 1976). This project is especially noteworthy because it has union endorsement and participation (e.g., IUE, Steelworkers, and Machinists).

While the program was apparently started through employers' initiative, augmentation and continuity has been made possible through federal, CETA support.

This example cuts across several policy issues, and R & D potentials, pertaining to the older worker job topic -- including (1) the issue of skilled older worker retention -- or re-employment; the impact of retirement policy on labor supply; (2) the relationship of such retention and/or re-employment to the general unemployment problem, and to sustained economic well-being at the local level; and (3) types and extent of benefits of older worker programs for persons and organizations other than the older workers themselves (in this case, the training and employment of younger persons; benefits to employers).

(4) The restrictions of most older worker job programs, such as the exclusion of "above-poverty" older persons; that is, if in the Erie case, the retired skilled workers could not have been used in the program because of such restrictions, its other purposes could not have been met.

Does this specific example call for the development of special exemptions from these program provisions that otherwise can exclude the participation of much-needed older persons?

Finally, (5) this specific, micro-case study suggests that more careful research analysis must be applied to the conventional wisdom that current retirement policy is warranted since it "makes room for younger persons." As in any generalized statement regarding social and economic policy, there are always exceptions, and it is the task of social science to search for those exceptions not merely to improve the current state of knowledge on the basis of which more effective policies can be designed, and programs implemented.

2. Responding to the threat of legal action by senior citizens organizations, the California Employment Development Department, using EDA Title X funds administered by the National Council on the Aging (NCOA), later with state discretionary CETA funds,

established a short-term (nine months) project, called CAL-ESTEEM (Braddon-Walker, 1977). Basically, it consisted of the use of 43 older workers (55 and older) in more than two dozen local EDD offices, in order to assist other older workers (40 and older) to find employment. Each enrollee was assigned a specific caseload, and allowed -- and encouraged -- to make use of all employment service activities: selection, referral, placement, and training. Recruitment was based on EDD active and inactive applicant files, as well as on inquiries to local aging agencies and welfare departments.

Roughly 90 percent of the 43 positions were filled within one month, but it was essential that they be trained as all other EDD employees were. Some were trained in separate classes; others along with "regular" employees -- with advantages and disadvantages accruing from both approaches. In the first approach, greater attention to older workers' needs and problems was possible. In the second, "integration" with other new employees meant training in a broader scope of EDD programs and services, and less likelihood of being made to feel as stigmatized, "second-class" employees.

The more critical feature of the project, however, had to do with these older enrollees' performance in obtaining services and employment. The "bottom" line figures (after seven months operation) included placements in regular, unsubsidized employment for more than 1,000 persons 40 and older. The data from the experience indicates that all clients of the project "received an increased level of service as a result of CAL-ESTEEM."

The major features of this project include (1) the importance of conditions and contents of training enrollees for (2) assisting other older unemployed and underemployed persons; and (3) degree of effectiveness of this

and similar types of programs, as measured not only by placements, but by the extent to which counseling and other supportive services themselves led to self-initiated job-finding success on the part of other older workers not directly placed.

It is clear from this type of effort that few, if any, of the "successful" clients would have obtained employment without that effort. This, in turn, may raise a more fundamental question, namely, would the jobs found by such older persons have been filled, anyway, but by younger, or other types of older persons (i.e., in better economic circumstances)?

Even if the answer to that difficult-to-research question were in the affirmative, are such programs nevertheless justified because they at least make for a more equitable distribution of an existing, fixed pool of job opportunities among different age groups? In the absence of such programs, would older workers have been given the opportunities they did obtain?

These last few types of questions can be applied at a more general level of policy inquiry. It has not yet been clearly established as to what degree, for example, such efforts -- in the private and public sectors -- have created "extra" and new, net employment which would have not been created without those efforts. Examples can be provided of instances in which employers -- without such efforts (including job development) -- would not have employed more persons (either on a part-time or full-time basis). There is, however, no systematic, comprehensive research study, to our knowledge, of the aggregate effects of such efforts, with a special focus on these policy issues.

3. Few of the CETA and Title IX programs or projects have addressed themselves to the challenge of creating or developing areas of new opportunities in expanding or emerging industries, for the employment of older persons. The Administration on Aging, through its Model Projects program, may soon be funding a small pilot project, through the Environmental Protection Agency, which

has proposed that it be allowed to specifically hire JL or to assure that local agencies -- persons 55 and older in such environmental activities as noise abatement. The basis principle here is that much of the solution to the employment needs of older persons -- and along with those of other age groups, for that matter -- may lie in the direction of identifying those types of industries that can be expected to expand, as opposed to the principle of finding employment within a constricted range of relatively low-growth industries.

These are only a few examples of new types of policies, programs, and pilot projects. The section on foreign experience in this report covers additional ones. A separate chapter, pulling together the major policies, programs, and projects discussed or implied throughout the total report, includes even more.

B.

The preceding section dealt essentially with programs directly involving the Department of Labor, and deliberately designed to create or enhance job opportunities for older workers. But there are many policies and decisions made by government departments and agencies that may impact on the job-related experiences of older workers -- policies and decisions that can not be categorized as either "fiscal" or "monetary." Perhaps "administrative" and/or regulatory actions are more appropriate terms. For example, negative trade adjustment assistance decisions (regarding claims by companies and unions that shutdowns or mass layoffs are due to excessive import competition) may, in some instances, adversely affect older workers. This is especially critical in cases where the company is a primary employer in small towns.

As another example, a Federal Trade Commission decision disapproving of Bic's purchase of American Safety Razor (ASR) -- a major employer in Staunton, Virginia -- resulted in the shutdown of the company -- again greatly aggravating especially the problems of the older workers in the plant.

While there are several research topics suggested here, on the basis of these and many other types of governmental administrative decisions (such as the job-seeking and subsequent labor market experience of the different age-sex groups affected, as well as the impact on the local economy and government budget), the critical purpose of any research on this issue-laden topic would be to improve the "knowledge base" and level of awareness of consequences within the relevant agencies making different types of regulatory and/or administrative decisions.

On a more conceptual level, we are dealing with the specific type of "exogenous" variables which must be reckoned with in the study of influences on the worklife chances of middle-aged and older workers. In this case, the issues involved center on the wisdom of a new and increased commitment on the part of one group of

government departments to meeting the problems of older workers without -- at the same time -- alerting other departments that some of their programs, policies, and decisions, may be having the opposite effect.

Accordingly, DOL research efforts should include special attention to a study, for example, of the policies and administrative, regulatory decisions, by a wide range of non-DOL agencies that potentially, and actually, impact on the job-related problems of older workers. Such a study should not necessarily have as its purpose the negation of those policies and decisions. At the very least, it would contribute to the preparation for programs of assistance to adversely affected groups and communities.

The Trade Adjustment Assistance Program is but one example of decision-making which has an importance for the job-related problems of older workers. An additional one that might be included in a broad research strategy on such problems is the Economic Development Administration's Title IX program which provides assistance to communities facing actual or potential plant shutdowns (or mass layoffs) on conditions less complicated than these involved in the Trade Act. In the current fiscal year, $77 million is available. In particular, the Title is designed to meet economic adjustment problems caused by actions of the Federal Government (such as installation relocations or closures); compliance with environmental protection decisions adversely affecting local economic conditions. The program is not intended to replace the economic adjustment program of the Department of Defense.

Typically, small labor market areas and rural ones tend to be those most affected by such decisions and other structural changes. In any event, little research has been carried out as far as impact on older workers is concerned, numbers of such workers affected (and/or assisted), etc. This, and similar programs, might be lost sight of in any effort to carry out comprehensive policy-related research on job-related problems of middle-aged and older workers. They are especially important, give the unchallenged fact that once unemployed, older workers face the more severe problems.

In dealing with structural aspects of unemployment, a focus on the role of area unemployment is necessary. The level of area unemployment as of a given year may have a bearing on the current and subsequent labor force status of older workers. Analysis of the data shows this to be the case among "unhealthy" whites, and all blacks, regardless of health status (Sheppard, 1976). The higher the area unemployment, the greater the rate of early withdrawl.

Apart from the suggestion that among the unhealthy whites, the relative lack of job opportunities may combine with their work-restricting health conditions to "push" them out of the labor force -- which may itself be a worthwhile research topic -- the more important program and policy issue concerns the possible impact of economic area development programs, such as those associated with the Economic Development Administration, and other Department of Labor programs geared to the level of area unemployment.

The type of policy research implied here is one, for instance, that would attempt to measure the labor force status of older workers in high, medium and low unemployment areas in relation to the level of EDA and DOL programs in each of these categories. This type of research effort would thus focus on two "structural" dimensions of the general employment issue, namely, the age factor and the area-rate-of-joblessness.

At the same time, such research could also shed light on the comparative impact of such programs on different age groups in the respective areas.

Judging from the NLS data analysis, the impact of such programs might be felt to a greater extent among blacks who -- regardless of health status -- were apparently most affected (in terms of subsequent 1973 labor force status) by the level of unemployment in the areas they lived in as of 1966.

In addition to unemployment levels for any one given year, it would also be necessary to consider the persistence of the different levels of unemployment, which would require the research to include the variable of "chronic" unemployment for given areas. Indeed, it may be the degree to which the level of unemployment is chronic for an area that is the more important economic factor -- as compared to

the level of unemployment for any one year.

Pension Changes. How will ERISA-related requirement, and new legislative, judicial, and administrative decisions regarding pensions, affect patterns of older worker hiring, and retirement?

As one example, the agency in charge of ERISA issued new regulations in the spring of 1977 regarding the number of hours worked per year as a basis for eligibility in private pension plans. Any person employed for at least 1,000 hours in a one-year period must receive one year's credit towards eligibility. How will this ruling affect, if at all, opportuniites for part-time employment among older workers? Will "work-sharing" efforts be hindered, etc.?

To be sure, older studies (such as the one in 1965, by the Department of Labor) indicate that very few private pension plans are a real barrier to the employment of older jobseekers. However, the picture may be changing as a result of ERISA provisions and regulations: A new study of the situation may, therefore, be called for.

The new Act also allows employers to hire older workers without providing pension coverage to them if such workers are within five years of the company's "normal" retirement age. This provision raises the question of the extent to which the employment chances of such older workers (typically in the 55+ category) will have been changed, and in which direction, under these circumstances. Congress is now considering changes in ADEA which may affect this provision.

Such a research effort might be directed at the establishment level, through current reporting programs, or at the employee level, through interviews or surveys.

A 1976 study by Bankers Trust revealed that in the early period of experience with ERISA, the number of plans studied which provided for full vesting after only 10 years (as compared with other company options provided in the new Act) had increased from 37 to 94 out of the 97 companies studied.

Obviously, if this pattern has been duplicated in the several

thousand existing pension plans, vesting after only 10 years of service should have important implications for the future retirement income status of employees, and perhaps even for such workers during their working lives -- such as changes in inter-firm mobility, changes in feelings of income adequacy, and the like.

But we still need to know (1) if that pattern is being duplicated on the larger scale, and to what extent; (2) what types of companies and industries; (3) and the proportions of workers covered by such provisions. In 1971-72, according to a study by Kolodrubetz and Landay, only half of workers 50 and older with at least 10 years of service had vested rights in their private pensions.

What is the proportion now, given the advent of ERISA?

What are projections for future years?

We have indicated elsewhere in this report that middle-aged and older men are more likely to change jobs voluntarily if their self-reported health status entails some work-limiting conditions. Research concerning voluntary job-changing in the future might begin now to focus on the impact of increased pension-vesting (as a result of ERISA) among the middle-aged and older workers on that phenomenon.

Specifically, it would be our hypothesis that vesting combined with work-limiting health conditions may heighten the prospects for such voluntary job-changing, or occupational mobility.

Both with respect to the recent past, and to the future, it should be important to determine the types of jobs from which, and to which, such workers transfer. Is there some level of "rationality" with regard to actual and perceived congruence of the new job with the work-limiting health conditions of the voluntarily job-changing worker?

The vesting and other provisions of ERISA may also produce new barriers to the creation of new pension plans that otherwise would cover those not now working in establishments with private pensions. This possibility warrant critical research attention.

According to a study by the National Council on Aging (Meier and Bremberg, 1977), there is another possibility, even among firms adopting a policy of vesting after ten years of service: the authors of this report raise the issue as to whether the new Act "provides enough protection from termination for workers who are about to become vested." The problem-potential here is aggravated by the fact that the burden of proof is on the individual employee who would have to disprove any employer allegation of poor job performance as the reason for termination.

Clearly, at the very least, some type of systematic monitoring-research effort may be in order to trace the extent to which the rate of termination, prior to the point vesting is gained, has been or will be, changing, over time. The issue as to litigation resources of the individual, as well as governmental pre-litigation efforts, is an even more important one, but it may lay outside the domain of research and demonstration projects. Nevertheless, the Department of Labor may want to devote some of its research resources to an effort to determine and develop "remedial" approaches -- both legislative and administrative -- to this potential problem, depending on actual experience under ERISA. This "experience," however, may not be ascertained without explicit empirical research on the pre-vesting termination phenomenon.

CHAPTER XIII

Age Discrimination in Employment Act (ADEA)

After several years of Congressional hearings and investigations, and the publication in 1965 by the Secretary of Labor of a report on The Older American Worker: Age Discrimination in Employment, the Age Discrimination in Employment Act was passed in 1967. Its major purpose was and is to protect workers 40 through 64 from various forms of work discrimination, but especially with regard to hiring and dismissals. Amendments since 1967 now provide for coverage of persons in establishments with as few as 20 persons, and for employees of state and local governments, as well as of private firms. Currently, about 26 million persons 40-64 are reported to be covered by the Act (ESA, 1977).

The published statistics concerning the Employment Standards Administration's implementation of ADEA point to a growing number of complaints received. In fiscal year 1969 (the first full year of the Act), there were only about 1,000. Each year has witnessed an increase over the previous year, reaching to over 5,000 complaints by fiscal year 1976. These figures do not refer to "individual employee complaints" which were not counted until fiscal '75. The greatest increases began after 1972. During fiscal 1976, more than 13,000 persons were determined by ESA to have been discriminated against because of their age, and about 32,000 new job openings were made available to men and women of the covered ages. ADEA published data, however, do not indicate anything further about the new openings.

These figures suggest (1) a possibly growing knowledge of the existence of the Act and of older workers' rights and an increased willingness to use it; (2) a reflection, also, perhaps, of the impact of the 1973-76 recession when employers may have sought to reduce payroll costs by discharging or retiring long-service employees whose total costs per capita may be greater than for younger, shorter-service ones -- even in the same occupation.

These two hypotheses (which are interrelated) warrant more direct empirical verification. A third explanation may lie in the fact that more complaints are also filed as a result of increased ADEA staff activity.

including the number of establishments contacted as part of the agency's (ESA's) general responsibility for other legislation, including those pertaining to wages and hours, and other employment conditions -- as well as a greater sensitivity on the part of that staff to the older worker issue.

Number of complaints, however, should not be confused with actual violations. Such violations reached a peak in 1974, declined in 1975, and then increased in 1976. It is not clear from the ADEA annual reports what proportion of complaints were found to be violations.

In its entire history of less than 10 years of actual operation, ADEA has found that the most frequently encountered type of violation has been in advertisements of job openings where explicit or implied age requirements were indicated. Here, too, useful information could be gained by an analysis of the characteristics of such ads, i.e., by type of industry and occupation, and by area. ADEA's own files might be the source of such raw data, and it would be even more valuable if trends could also be included in such analyses.

The annual reports of ADEA do provide information on the regional distribution of violations. These data could then be compared with the regional distribution of the total covered (40-64) labor force, as one way to determine if there are variations in violations according to regions in the country.

In addition to the growing number of complaints, information is critical concerning trends, if any, in the dollar amounts paid by employers in damages and restored income found to be in violation; numbers of workers affected; and changes, if any, in formal and actual employment practices regarding older workers -- in those companies involved in conciliation and litigation, and in other companies as a result of such activities (and the information and education programs of ADEA staff).

The agency's reports indicate that four major industrial groups comprise the vast majority of violations -- manufacturing, retail trade, services (including employment agencies), and transportation, communications, and utilities. But there is no way of knowing from such reports whether they are over-represented, or merely reflect their share of the aggregate employment structure of the economy, all hiring actions, and/or internal labor

market personnel decisions. And if over-represented, why? What is there in the nature of such industries that may "produce" a high rate of discrimination violations?

But even if not over-represented, the practical dimension is that the bulk of such violations typically occur each year in these four industries. Therefore, any "intervention" programs, including E&D projects sponsored by the Department, should be concentrated in such industries.

In 1974, state and local governments were included in the Act and thus are now subject to its provisions designed to protect workers 40 to 64 years old from certain forms of age discrimination. Since that "industry" includes a large segment of the total working population, there are practical reasons for carrying out a variety of research and E&D efforts in it, too, pertaining to such matters as types of discrimination (or allegations); special race and sex aspects, development of greater opportunities for varieties of work-time allocation, and job design, etc., insofar as they impact on the job-related opportunities and problems of middle-aged and older workers in state and local governments.

One of the practical reasons for such a research focus stems from the current fiscal strains these governments are experiencing. Frequently, they might be tempted to include as one of the solutions to those budgetary problems the early retirement of long-service employees, or other actions ostensibly prohibited under ADEA. Just as in private industry, wage increases for example, may be partly based on supervisors' job performance assessments which may, as a result of explicit or covert and implied top-management "messages," begin to show no improvement or declines in the case of "expensive" long-service personnel. In previous periods of state and local government "prosperity," what was the pattern of such assessments for comparable groups of employees? Were they the same, or did they reveal generally higher or lower levels of performance assessments?

Several states have eliminated any upper age limit in public employment, or have raised the limit to 70. However, there is as yet no study aimed at determining the effects of these changes (as compared, for example, to the experience of states still applying the lower age).

Issues. Implementation of the Act; and indeed some of the provisions of the Act itself, have brought forth some controversial issues that need examination and monitoring. One of the difficulties encountered in compliance activities is related to the provision allowing exemptions in the case of "bona fide occupational qualifications." In several court cases, the lack of clarity and useful knowledge regarding "BFOQ" has worked to the disadvantage of the employee plaintiff. Until research scientists in the field of job performance assessment can provide more specific and practical answers to this dilemma -- or disseminate more effectively what they already know among attorneys and ADEA staff -- the courts will continue to make varying and conflicting opinions. In the opinion of some professional industrial gerontologists, the number of occupations for which age per se can be used as a valid criterion for excluding men and women is quite low.

Another issue has to do with whether compulsory retirement before age 65 is illegal, even if provided for by pre-ADEA pension plans. Currently, that issue is the subject of a pending case (McMann vs. United Airlines), awaiting a decision by the Supreme Court. As discussed elsewhere in this report, a decision by the Court (or by Congress) abolishing (or raising) compulsory retirement at any age will have widespread ramifications -- despite the small numbers of workers retiring at any mandatory age in any one year.

For example, how will labor force participation rates be affected, if at all? Will age at voluntary retirement before a given compulsory age rise or stay the same? The basis for this question is that we do not know to what extent workers leave an employer long before the mandatory retirement age in order to increase their chances for employment elsewhere -- before they are "too old."

In the same vein, how will Social Security experience change? Many workers may be forced to retire early, before the age of 62, and because of adverse labor market experiences, take advantage of early Social Security retired worker benefits when they reach 62. If the age is changed, or abolished, what impact will that have on the current pattern? On the Social Security Trust Fund?

Finally, elimination or the raising of retirement age, but especially elimination, throws more of the burden of proof for dismissal, or grounds for retirement, on the employer. Increasingly, it would appear that the concept of functional criteria will gain in importance. A major implication of a change in compulsory retirement, therefore, is the need for employers to develop more objective bases for determining the continued employability of their employees as they grow older. In some instances, this may cause no difficulty, if the employer already uses such bases for making decisions regarding younger workers. The problem then becomes one of adapting them to situations involving the older employees. In other instances, there may be no pre-existing measures for assessing job performance, and value to the organization; and de novo methods will have to be developed.

In any event, such a change will not automatically reduce the importance of the Age Discrimination in Employment Act. Many workers will still believe that they have been dismissed, not hired or promoted, or persuaded involuntarily to retire, because of age alone, and will seek redress through the mechanisms provided by ADEA.

Problems of enforcement will remain a subject for systematic research. So, too, will the analysis of administrative and judicial decisions. Will the Act come to be used in government job programs? To what extent do the belief and knowledge systems of ESA staff, and of judges, affect their own decisions? Some of the court decisions reflect either stereotypes regarding work and aging, or a misunderstanding (or ignorance) of the use of statistical, quantitative data in the support of the positions of plaintiffs and defendants. And, as mentioned in another section of this report, the images of employers and their representatives play an important role in the job experiences of middle-aged and older workers, and thus are important topics for continued research and E&D efforts.

Only in recent months has the issue of age and apprenticeships emerged to become the topic of litigation. What position should the Department of Labor take, not only in its arguments in the courts, but perhaps more important, in administrative decisions, and in its educational activities, regarding changes in the upper age at which individual men and women are allowed to enter apprenticeship programs? Given other events and decisions,

CHAPTER XIV

Selected Foreign Programs and Policies as Sources for New Programs

A number of countries have had, or have recently introduced, measures regarding older workers that might be explored for E&D programs, research, and policy consideration in our own country.

1. The most recent one -- or at least the one most publicized in recent months -- is the new policy in Sweden regarding tapered retirement for workers without their losing much, if any, total income. It has been termed the National Partial-Pension Scheme, which would allow workers 60 to 65 to reduce their working hours and at the same time receive partial pensions. One of the reasons for the scheme cited by the Swedes is that they believe that a "sudden switch from working life to full retirement can be detrimental to many workers." (Bratthall, 1976.)

In passing, it should also be pointed out that unlike the American Social Security system, Swedish workers deferring any retirement after the system's age at which "full" benefits are available receive a deferral "bonus" for each month beyond that age, until they reach 70. This policy might also be considered for application to the American scene.

There are a number of other, subsidiary features and conditions under the new plan which, it should be noted, will be evaluated by sociologists at the University of Stockholm. This, in itself, is significant since few Swedish policy innovations are subjected to follow-up evaluation research. There is at yet no information available as to (1) the degree to which Swedish workers have sought to take advantage of this new alternative to total retirement, and (2) the numbers of Swedish employers who have made such opportunities available. While the "right" to a partial pension is an important step, it is apparently up to Swedish unions and employers -- on an industry-by-industry, or company-by-company basis -- to work out specific arrangements.

While the program is less than two years old, it may, nevertheless, be of sufficient importance to the United States -- given the growing interest in part-time work opportunities for older workers -- to warrant

DOL and other agency support for a project aimed at learning about the actual experiences and lessons gained from the Swedish program, as a condition for designing similar E&D projects in specified companies (and government agencies), or for developing new legislative proposals on the topic.

The American Retirement History Study of the Social Security Administration includes a focus on the 1973 labor force status of those surviving from the original 1969 sample. Preliminary findings, not yet published, indicate that gradual (or tapered) retirement is higher among the self-employed than among wage and salaried employees, which demonstrates the importance of occupational autonomy. On the other hand, economic pressures apparently play a role among the wage and salaried, suggested by the finding that low earners have higher proportions of "gradual withdrawers" than high earners.

Other questions remain to be answered:

- In what types of occupations and industries (holding previous earnings constant) are gradual retirees located?
- Do they remain in their previous industries and occupations?
- If not, in what types of industries and occupations do they find opportunities for such gradual, or tapered, retirement?
- In which industries might employers be the most willing to attempt to introduce a partial-pension, partial-work policy? What incentives are required?
- How should the findings from research recommended elsewhere in this report (e.g., regarding the "market" for voluntary part-time, and for "partial retirement" among workers) be used in facilitating the cooperation of employers?

Some of these questions might also be researched from the enterprise or establishment level, i.e., inquiries among such organizations (by industry and occupations involved) concerning gradual retirement policies

and practices, either among current employees eligible for complete retirement, or for "new hires." Such research would shed light on the topic discussed elsewhere in this report, namely, the issue of retention of older workers, and in what forms -- in contrast to a policy (or lack of policy) resulting in the displacement of older workers who then have to seek part-time employment for a variety of reasons and typically under less advantageous conditions.

In keeping with general Swedish preventive "active manpower policy," a primary emphasis is on vocational training for older adult workers to assist them in retaining their current employment, or in seeking new jobs elsewhere. Cash payments are available to make up for any wage loss, as well as materials, transportation, and other training-related costs.

If forced to transfer to lower paid jobs, older workers are eligible for a subsidy to make up part of the difference between the old and the new rates.

What is the feasibility of such policies, if applied to the American scene?

According to information from Dr. Bertil Gardell, of the University of Stockholm, and a member of the Board of the new Swedish Center for Work Research, Swedish companies have "Adjustment Committees" created to meet some of the problems of workers -- especially older workers -- who may be affected by financial problems of the firm. These committees, in existence since 1972, consist of representatives of management, union, and the local Labor Market Board (whose activities include the function of our own public employment service offices).

Whenever the company is faced with a necessity to reduce its workforce, but before any final lay-off, such adjustment committees seek alternatives to that decision -- such as providing funds for work redesign, including new equipment, to enable the employer to retain such individuals; or work re-assignments; or subsidies to the employer -- all designed, to repeat, the avoidance of a final lay-off.

The adjustment committees are authorized to use as consultants medical officers, safety engineers, and industrial psychologists in making their decisions regarding the retention and disposition of older

b. More appropriate personnel planning, taking into account the "aging" of the internal workforce;

c. Emphasizing not only continuing training programs to maintain the job security of older workers, but also early training and retraining to prevent problems for future cohorts of older workers.

Furthermore, a general program of grants or subsidies (up to 60 percent of wages for one year) to employers for hiring the "hard-to-place" workers -- including older persons -- is in effect.

Contrary to the general position of American labor, the DGB (German Federation of Labor) for the most part, is not in favor of early retirement for its older workers as a way of meeting problems of unemployment. They favor, instead, greater termination pay allowances, and longer-term unemployment compensation payments, for persons over 50. Perhaps more important, they also favor job redesign where necessary, and the setting aside of "special" jobs for older workers.

Some labor-management agreements actually have provisions of a total prohibition of dismissals of workers over the age of 50 or so (for example, in the North Wurttemberg-Nordbaden metal industry).

Each of these programs and measures should be examined for possible adaptation in the United States.

3. Great Britain is best known for its emphasis on programs of training with special techniques of instruction tailor-made to the job specifics and the unique learning processes of adult and older workers. This facet is discussed elsewhere, but is mentioned here to emphasize further the value of such approaches in regular training and retraining programs which include older workers, and as an argument for a series of E&D projects specifically designed to retrain trainers, and train new instructors, in these special techniques, as well as E&D projects that apply the techniques.

4. Japan is only recently facing up to the consequences of the dramatic rise in life expectancy of its older working population, in the midst of a traditional retirement policy using age 55. Some trade unions are actively seeking an increase in age-at-retirement policies, in order to mitigate the process that produces a secondary or dual labor market consisting of persons 55 and older forced to take lower-status and lower-paying jobs because of the traditional retirement policy.

More specifically, Japanese programs include:

- Subsidies to companies hiring older workers.
- Employment quotas for occupations defined as especially appropriate for older persons -- in government agencies. Actually, more than 30 of such jobs are included.
- Employment quotas in the private sector, including providing authorization to the Ministry of Labor to require companies with more than 100 employees to conduct affirmative action programs with quotas. In fact, in late 1976, the Ministry issued an ordinance setting a percentage of workers over 55 that must be employed in industry.
- Finally, the Ministry is working now on policies designed to change the retirement age from 55 to at least 60, apparently with some effect.

This last point is salient to the current American context, given -- among other developments -- the early retirement pattern (or trend), coupled with increases in average life expectancy after 60. However slight these increases in averages, they mean large increases in absolute numbers of older men and women.

5. Norway has programs similar to some of those described above. Other programs and policies include:

- Long-term advance lay-off notice to workers over 50.
- Special public employment programs.

- Special education in such matters as "ergonomics" (one of the theoretical sources of the functional criteria approach in this field) for engineers, machine designers, and foremen.
- Pilot projects designed to provide therapeutic and preventive measures and services for special groups of workers, including those in high-risk working environments.
- No upper age limits in admissions to vocational courses.

CHAPTER XV

Priorities for R&D Recommendations

Introduction

The following recommendations, regardless of priority status, can be organized by (1) type of population (males and/or females; white and/or nonwhites; young; middle-aged and/or other; rural and/or urban); or (2) by type of problem or topic. If we were to use type-of-population as the basic conceptual or organization approach in this chapter, there would then follow -- within each population classification -- a focus on problems and topics. If we were to use the latter approach, there would then be a discussion on how a research or demonstration suggestion would apply to each of the population classifications.

For research and administrative reasons, we have chosen here a mixed approach. But when dealing with a topical or problem approach, any failure on our part to cite the necessity to include minorities, or women, is only because of a desire to avoid appearing too mechanistic.

These priorities have been arrived at through a lengthy re-examination of many research and demonstration suggestions explicitly and implicitly stated in the previous chapters. With respect to the recommendations that are described in this final chapter, it has been difficult, if not impossible, to rank them, relative to each other. Some of them are recommended here because of the severity of the problem involved; some, because they emphasize the preventive approach; because they may affect larger numbers of persons than other topics or problems; still others, because of their long-term policy implications, or neglect in the main currents of research on work and aging.

Nevertheless, in the final section of the chapter, we have listed those recommendations -- fewer in number -- that, in our view, should receive immediate support. The listing of these few, however, does not mean that the omitted ones have a lower priority in terms of importance.

I. RESEARCH PROJECTS

A. Minority Older Workers

There are a number of reasons why a top priority should be given to research and demonstration efforts regarding older minority workers. Many of these reasons should be obvious, such as the "double jeopardy" faced by this group (i.e., racial minority status and older age combined) in their search for an improved socio-economic status in American society. Their special problems were discussed in several sections of this report.

There is another reason that, when added to the ones already recognized, strengthens the argument for this high priority: contrary to the 1960-70 period, life expectancy for older adult nonwhites has increased dramatically since then, according to data for 1970-75 from the National Center on Health Statistics.

This marked improvement means that over the coming years and decades, greater numbers of nonwhite (mostly black) men and women will be alive than previously expected. The resultant challenge to the economy and its private and public sectors consists of two alternatives -- to assure that they be provided with greater job opportunities (both with respect to retention and to hiring); and preparation by the economy and the private sectors for the support, over longer years, of greater numbers of older nonwhites not in the labor force.

The Department's responsibility is in the realm of job opportunities, and the conditions that increase those opportunities. Without further elaboration, some specific priority research projects on this topic are as follows: 1/

1/ For certain research projects, white-nonwhite comparisons should be part of the project design.

If it is decided that separate contracts would be made for specific studies of black and other minority group middle-aged and older workers, care must be taken to assure that, for the sake of comparability with studies of whites of the same ages, identical research designs be used. This principle should be applied throughout, unless a given project has to do strictly with comparative analyses by age and sex within black and other minority populations.

1. Research study on factors associated with continued employment vs. early withdrawal from the labor market of black older workers, compared with white older workers. Three broad types of factors should be considered in such research: (1) external labor market characteristics; (2) internal labor market features; and (3) personal or demographic characteristics of the workers. Such research should, ideally, be longitudinal rather than cross-sectional. Early withdrawal should be differentiated according to whether it is voluntary or involuntary, with careful definitions and measurements of these two terms.

Examples of details within each of the above three factors (or variables) include the following:

External Labor Market: Level of employment, size, industry-occupation mix, local CPI;

Internal Labor Market: Promotion and training opportunities, nature of skills, retirement age policy, size and type of firm;

Personal and Demographic: Age, sex, marital status and number of children ever born; number of dependents at given ages of the worker; other family members employed; occupation, previous five-year work experience; health status; job and retirement attitudes and expectations, and expected retirement income.

While some of this recommended research can be based on previous and ongoing research and statistical reporting sources such as the National Longitudinal Study, Census Bureau, Social Security, and BLS, new or fresh data-generating projects might be necessary for additional types of questions.

Specific questions, over and above the major ones associated with a focus on continued employment vs. withdrawal as described above, should include the following:

- Longitudinal effects of the recent deep recession on withdrawal and mortality of black vs. white middle-aged and older workers, including attention also to the discouragement process.

- Extent and impact of training experience (both in and outside the firm) regarding mobility.

2. Jobseeking behavior and the discouragement process among middle-aged and older minority group workers. By definition, such a project requires longitudinal research design. It cannot adequately be based on cross-sectional data which would consist exclusively of retrospective responses. Some inferences might be drawn from the existing statistical reporting services, i.e., by comparing data from one point in time to another. But such an approach fails to make use of cohorts studied over time. Furthermore, social-psychological factors are, in most cases, absent from such sources, and those factors themselves frequently function as independent variables in the behavior of jobseekers.

Accordingly, a project consisting of at least two years of data collection, with an additional six to twelve months for analysis and report writing is recommended for this type of research project. Control for level of area unemployment should be considered in designing the sample frame, since a major hypothesis is that the general employment environment itself may affect jobseeking behavior and the etiology of discouragement.

3. Differential impact of recent and new job-creation programs on job status of black and other minority workers compared to that of whites. Programs under Titles II and VI of CETA, and AOA's Title IX -- all administered and monitored by ETA -- should provide valuable data for this purpose, and could be achieved in a one-year project. In addition to the use of existing reports data, additional important information would have to be gathered through interviews with a sample of participants in each program, and with prime sponsors, employers, and regional ETA staff.

This research project should also focus on characteristics of black participants and nonparticipants in such ETA programs, and where possible, on the differences in labor market experience, if any, between these two groups, and between participants and rejected applicants for the programs.

4. Within the black population itself, analysis of differential rates of recovery, after peak unemployment in specified local labor market areas, by sex and marital status, education and occupation. Specifically, this type of project would focus on rates of change in unemployment rates; unemployment duration; participation in the labor force; and wage and occupational levels prior to job loss and after re-employment amomg job-finders. Total duration: 18 months.

5. The relationship of employment and labor force status of children of black and other minority older adult parents to the employment and labor force status of those parents. Because of the Department's focus on black teen-age unemployment, this recommended project should have a high priority. Little, if any, research and policy attention has been given to the possibility that the teen-age unemployment problem is partly a function of the labor force status of their parents, and that some part of that problem might be resolved through the amelioration of the labor market experience and status of the parents of such children. The scope of such a study should include children of middle-aged and older blacks, from 16 to 19 years of age. It should also focus on high school drop-out rates as a function of parents' labor force status.

This project could be based on cross-sectional data, and limited to no more than 12 months of data collection and analytical effort.

B. Retirement

While much of research on labor force participation and work experience is, in effect, also research on retirement, there are other dimensions of the topic deserving attention. Some of them may call for systematic, quantitative analyses; others, for narrative and case study approaches.

1. Research on the role of the retirement test in the retirement decision, and level of work experience at age 62 and older. Some economists claim that the test (a) reduces labor supply and (b) influences wage levels. To what extent is each of these propositions correct? In what way, to begin with, is the test itself an influence on the retirement decision?

Which types of workers (by occupation, for example) would increase, which would decrease, extent of work experience, at varying levels of earnings allowed before benefits are decreased? Total duration: 12 months.

2. Research on the relative impact on labor force experience of younger workers of participation rates of workers eligible for retirement. Because mandatory retirement, for example, is frequently defended on grounds of increasing opportunities for younger workers, a project designed to test this should be supported.

One approach would be to determine labor force participation and employment experience of younger workers in areas and/or industries in which high, vs. low, rates of participation among workers 60 and older prevail. Census and BLS data could be the sources of this project, as well as comparative data from the two male samples in the National Longitudinal Survey.

Another approach would consist of case studies of specified industries and establishments, to determine hiring and promotion rates of younger workers as a function of retirement rates. Total duration: 24 months

3. Research on average age of retirement, within roughly similar industries, among companies with and without mandatory retirement age. Control for age at which mandatory retirement is stipulated must be taken in a study of this nature, as well as expected retirement income as a percentage of previous earnings.

This project could be carried out for a period of one year.

If, on the other hand, Congress raises the age covered by ADEA to 70 (it is currently 65), we recommend for future consideration the effect, if any, of such a change on the age at which workers retire. This would require analysis of comparative data from companies with mandatory retirement age policies both before and after the legislative change. Total duration: 30 months.

4. Research on "early" retirement trends as a function of changes in factors associated with such retirement. This type of project, in the absence of large-scale and long-term commitment from the Department, would have to be based on simulations. We already know many of the factors

and conditions associated with early withdrawal from the labor force (primarily from analyses of the National Longitudinal Survey among 45-59 year-old males). What we do not know is how rates of early retirement over the next ten years might change, if at all, as a function of changes in those factors and conditions.

Simulations of different rates of early retirement based on varying assumptions (some of them derived from what is already known) regarding the following, for example, should be carried out: number of dependents (including parents alive); pension coverage and benefit levels; rates of unemployment; changes in GNP; industry-occupation mix; and health status.

This recommendation may be viewed as a reconceptualization (or the use of different semantics) of exercises in projections of labor force participation of different age groups. Given the record of significant discrepancies between projected and actual participation rates in the 45-plus population, improvements in the methodology used, as implied above, should be given top priority.

This type of project should be supported for a period of 18 months.

5. Study of retirement practices and trends in state and local governments. State and local governments together constitute one of the country's largest industries (with 15 percent of all nonagricultural workers), and they have a retirement system somewhat unique to that industry. At the same time, there are wide variations between governments and within governments (e.g., firemen and police vs. teachers and administrative employees, etc.) with respect to retirement age, pension levels, and the like.

Primarily because of the numbers involved and because of the wide variations, a survey and analysis of the variations themselves and their differential impacts is recommended. Several States (and some municipalities) have already eliminated a mandatory retirement age, or have raised it. The next few years provide an excellent opportunity to compare experience in state and local governments with and without mandatory retirement ages, with different early retirement provisions -- by type of agency.

The duration of such a project should be for 18 months.

6. Comparisons of retirement age policy as an issue in the United States and in selected western European countries and Japan.[2/] From the standpoint of critical basic policy issues, the Department should be at the center of policy research activities regarding the future of retirement age policy, or of policies regarding labor force participation rates of future cohorts of older persons.

Several factors and developments (such as reduction of both fertility and adult mortality rates, trends toward early retirement without actuarially reduced pension benefits, to mention only a few) have led to questions among some policy researchers and policy makers about the continued capacity of our economy and working population (or the willingness of the latter) to support a larger-than-expected older, nonworking population. This is the subject of the recently published book, The Graying of Working America, by Sheppard and Rix.

Such discussions are beginning to emerge in Europe and Japan, too. Because the topic, in our opinion, is rapidly and ineluctably becoming a major policy issue in this country, it should be valuable to explore (1) the degree to which -- in selected European countries and Japan -- the same underlying conditions and development are present; (2) the ways in which older countries are adapting to the new conditions, i.e., formulation of new proposals concerning retirement age policy, and the actual implementation thereof (including the form of such implementations[3/]); and (3) the feasibility of adapting these proposals and types of implementation to the United States.

[2/] We have made no separate, explicit recommendation in this report for a general project devoted to an examination of all European (and/or Japanese) practices and policies regarding older workers. Such general, catch-all reports are too frequently superficial and non-specific.

[3/] Without any further exploration of this point, and only for purposes of clarification, one form of implementation would be incentives for retirement deferral (as opposed to delaying "full" benefits to a later age). Study of these implementations would have to include, also, attention to any new problems possibly or potentially produced by the implementation (e.g., impact on previous employment status of other groups).

Such a project should be carried out by a Principal Investigator in the United States, with English-speaking European and Japanese research counterparts commissioned to make detailed country reports on specific facets agreed upon in advance. OECD should be a major source of cooperation in recruiting counterparts.

Among the specific facets would be the following: (1) demographic trends; (2) biomedical projections regarding possible changes in life expectancy of different sub-age groups of the 60-plus populations in each country; (3) trends in labor force participation rates, with due regard for full-time equivalence; (4) implications for labor - vs. capital-intensive economies of changes in costs, and supplies, of energy and resources, and of inflation; (5) changes, if any, in costs of supporting different age groups within the nonworking "older" population (such age groups growing at differential rates over the next several decades, at least in the United States); (6) possible offsets to the growing "dependency burden" suggested by some of these developments, such as presumed lower costs derived from smaller younger, nonworking population due to reduced fertility rate; and increased participation of women in the paid labor force as a presumed substitute support base.

To repeat, this is a critical policy research topic, and in our opinion, is an overriding policy issue that should govern much of the Department's long-range research stragegy. The Department should not wait until the issue is taken off the backburners, and thrust into the center of public controversy. It should, instead, be prepared in advance to make a contribution to the resolution of the issue, by providing reliable viewpoints, based on research, and alternative adaptations to the challenge posed by the demographic, economic, and social changes involved. A project such as the one described should be supported for 24 months.

C. Employment Experience

Re-employment efforts and outcomes among middle-aged and older workers in large urban areas. This type of project should be based on indepth interviews with a large sample of persons 40 and older, drawn from recipients of unemployment compensation for 15 or more weeks, and for 5 to 14 weeks during 1977, according to the files of the local UI offices. An alternative type of sample is mentioned below. The basic purpose of the study would be to determine the differential job search behavior and experience (and outcomes) of short- vs. long-term unemployed workers, and among the latter, the reasons for success or failure in finding jobs by the time they are interviewed in 1978. ("Failure" would include dropping out of the job search altogether.)

Another, and perhaps more critical purpose would be to determine the most effective jobseeking techniques, and to identify the special target groups in need of the greatest supportive and intervention services in order to improve their job finding success.

In addition to the use of demographic and social-psychological variables as some of the explanatory factors, types of sources of jobseeking should be considered, including the role of the local ES. Participation in various ETA programs should also be studied.

While the major focus should be on the employment outcome, attention also should be paid to possible effects of employment-unemployment experiences on health status.

Ideally, in order to measure the function of area level of unemployment, areas with contrasting rates of unemployment should be included in the study. Areas with roughly the same rate of unemployment but with varying persistence in the rate, might be chosen.

An alternative sample might be drawn from the universe of persons registering at the local ES offices, instead of from those receiving unemployment compensation. Use of the latter universe might tend to exclude exhaustees; persons eligible but not receiving UI, and other classes of persons not eligible but required to register, such as welfare recipients.

Duration: 15 months.

D. Discrimination

The research recommendations pertaining to jobseeking behavior, if implemented, would obviously provide data bearing on the discrimination topic. That is, it should reveal differential job-finding success rates for different types of older jobseekers, by type of industry, etc. Beyond that, however, other data sources and topics should be included as part of a separate and overall single project:

1. Re-analysis of 1974 NCOA-Harris survey data with discrimination-relevance, e.g., of responses to key questions from persons in the sample with responsibility for hiring and firing.

2. Case studies of selected shutdown and mass lay-off situations, by industry and by area level of unemployment, to determine objective and subjective measures of discrimination, and the role of discrimination in such phenomena as jobseeking discouragement, and mid-career change.

3. Use of internal labor market data, where feasible, to determine differential rates, by age, of promotions, opportunities for training.

4. Differences in perceived discrimination among different types of older workers -- by occupation, race, sex, and education. Total duration: 30 months.

E. "Mining" of Existing Data Sources

More intensive analysis of existing Departmental and Census Bureau statistical sources with data on selected aspects of younger vs. middle-aged and older workers. Analysis of these data would require breakdowns, where not typically published, into more detailed age categories (starting with 20-24), and on a trend basis (starting from 1967 through 1977). The major focus wuld be on extent of work experience; labor force participation; discouraged worker population; full-time vs. voluntary and involuntary part-time employment; unemployment rates; duration.

Cross-tabulations on these and other measures should be -- where feasible -- by education; race; sex; marital status; industry/occupation; size of labor market area; presence of other working family members, etc.

Because of the need for preparatory work on this project, it should be of two years' duration.

F. Voluntary Part-time Employment

Since a great deal of government attention has been given to the role of part-time employment as a major means of meeting the employment-related problems of older workers, we recommend a large-scale, multi-focus study of this topic. Among the guiding policy matters that should be dealt with in such a study should be:

1. The degree to which the emphasis on part-time employment opportunities is a palliative for the general unemployment and income problems of selected subgroups of older persons, i.e., is such an employment emphasis a policy adaptation to the possibly intrinsic shortage of regular full-time employment opportunities in the economy?

2. To what degree can such employment be structured as a form of gradual, or tapered retirement for older persons able and willing, or needing, to continue working on a limited time basis?

Specifically, the study should include the following:

- Estimates of the demand for such employment by industry and occupation.
- Estimates of the supply (need, desire, and/or willingness) of older workers as voluntary part-time workers, by age, other demographic characteristics, previous industry/occupation experience.
- Identification of conditions facilitating and inhibiting expansion of such employment.
- Degree to which employers might retain older workers on such a basis, and might hire them on such a basis.

- Analytical case studies of successful and unsuccessful utilization of older workers on a part-time basis, including comparison of experience with younger workers, and value to employer, the individual, and the community.

This multi-phased project should be supported on an 18-24 month basis.

G. Mid-Career Change and Malaise

1. Research on mid-career change and/or the desire for such change to determine (1) the characteristics and work experiences of changers (both voluntary and involuntary), and (2) the "universe of need" for such change among non-changers. This type of project could "piggy-back" on other projects recommended here. The National Longitudinal Study might be another source. Alternatively, selected types of enterprises might be sampled. The 40-54 age group should be the focus.

Among the items to be studied in such a project should be the following: types of jobs transferred to, relative to previous ones, including degree of physical effort; opportunities within the person's organization for job-changing (including training programs); reasons for not changing among those desiring a change; and comparisons of different measures of satisfaction with current and previous job.

Another major emphasis should be to determine the extent to which workers in this age group (40-54) express a strong desire to make occupational changes, and how such persons differ from those not desiring a change, as well as the effect of non-changing on specific and general work and nonwork behaviors and attitudes.

This project should take no more than 12 months for completion.

2. A study of European experiences in government-sponsored (or required), and privately funded, programs of recurrent education and retraining which includes middle-aged workers. The purposes of such a project include the determination of rates of participation, effects on the individual and the organization, as well as the society (e.g., retirement rates or propensity) and types of problems encountered in successful implementation.

This type of project, which could be restricted to four European countries at most (e.g., France, Netherlands, Germany, and Sweden) should be completed within nine months. Besides direct sources and interviews in those four countries, OECD might also be a source for those and other countries. Duration: 9 months.

H. Health

Much of the discussion on the health factor in previous chapters of this report calls for research that conventionally might be within the jurisdiction of other parts of the Department than ETA, and within HEW, such as the National Institute of Occupational Safety and Health (NIOSH) or the National Center on Health Statistics (NCHS). On certain topics of a high priority value, some cooperative, joint-funded or sponsored studies should be considered.

1. One such topic is the "social epidemiology" of health characteristics, by occupation, industry, sex, race, and age, data for which could be derived from existing sources. The purpose of such a research project would be to identify population subgroups (by industry/occupation) with the highest versus the lowest "risks" with an eye on the development of feasible interventions for the prevention and mitigation of such risks.

Such a project should require no more than 12 months.

2. As discussed in previous sections, research is needed to make estimates of the health and related costs of the unemployment experience (and job security anxiety) among specific segments of the middle-aged and older working population. Re-analysis of the Brenner data used in the Joint Economic Committee report could be the basis for initial work on this important topic.

This project should be funded for an 18-month period.

3. As cited earlier, workers in the NLS 45-59 male sample were more likely to change jobs voluntarily over time if they reported themselves in 1966 as having some type of health status limiting the kind of amount of work they could do. Re-analysis of the NLS data should be carried out to

determine (1) the nature of the jobs from which they changed (compared with nonchangers); (2) the nature of the jobs to which they changed, and the differential subsequent health status of changers vs. nonchangers.

This project could be carried out and completed within a maximum of six months.

I. Internal Labor Markets and Establishment Case Studies

Research, based on case studies, of select internal labor market practices regarding, and experiences among, middle-aged and older workers. While overlapping, perhaps, with other research recommendations, such a project should concentrate on the following:

1. Range and level of mid-career training opportunities.

2. Examples of companies engaging in long-term personnel planning with a focus on changing age composition of their workforces, as a basis for organizational adaptation.

3. Organizations rediscovering or already recognizing the value of retaining older workers, and under what conditions, and for which types of workers -- either on a full-time, or part-time basis, or on a step-by-step tapered basis. Focus should include data on costs and benefits to the organization and the individual.

4. Work performance data on newly hired middle-aged and older workers vs. performance of long-service employees.

5. Use of "sabbaticals," leaves of absence, long-term educational, new-skill programs; and feasibility of expanding such practices to other organizations.

Given the nature of this recommendation, such a multi-phase project should be supported for a period of 30 months.

J. Older Women Workers

Much of what has already been recommended obviously should include consideration of male-female differences, and a keen appreciation that what may be true of middle-aged and older males may not be true, or as true, when it comes to women of the same ages. But one major large-scale project should be devoted to the following:

1. Differences in marital status as a factor in labor force participation; work experience (full-time vs. part-time); retirement rates.

2. Trends in industries and occupations of middle-aged and older women, with a special emphasis on the question of why participation rates of adult women are rising, while those of men are declining.

3. Relationship of married women's participation rates, work experience, and retirement decisions, to husband's labor force participation and death.

4. The nature of work-adjustment problems, if any, for late entrants into the labor force, compared to those women who are re-entrants, and long-term attached labor force members.

5. Trends in age-earnings profiles among women vs. men.

Duration: 18 months

II. EXPERIMENTAL AND DEMONSTRATION PROJECTS

There is no end of experimental and demonstration projects that could be recommended, as a result of the examination of research findings and program activities reviewed in the preceding 14 chapters. Because of the obvious limitations in funds, however, a selection has to be made, with an emphasis on what we believed to be high priority topics. Priority here is based on criteria of need, and of innovativeness.

As a general guiding principle, furthermore, each of the projects should include an evaluation component. Also, for many of these suggested projects, their effectiveness will be highly limited if the optimal and positive involvement of the public employment service agencies is not assured, and if there is no advance preparation of the employer community. Finally, in the most, if not all, instances, the recommended projects apply to older women and minority workers, even when not explicitly stated.

1. Indepth, multi-pronged demonstration prevention projects. In order to avoid the criticism that the Department is concentrating its E&D efforts at a level of "cosmetics" or "band-aids," a major long-term commitment of funds should be made to demonstration projects (with appropriate evaluation designs built in from the beginning, in joint consultation with third-party evaluation researchers) aimed at prevention of such problems as continued or subsequent transition into poverty or premature retirement of employed and jobseeking middle-aged workers.

We, therefore, recommend the design and establishment of five to ten intensive E&D projects in selected areas of the country. The target groups should consist of white and black 40-49 year-old unemployed (including discouraged) men and women, preferably family heads. Variations in types and degree of services regarding the following should be provided:

a. Special training for local area skill-shortage occupations requiring one year's training or less, and using techniques tailor-made for adults (described in d., below).

b. Indepth community-wide educational campaign (with special focus on employers) concerning the myths and realities of middle-aged workers' needs and capacities, prior to determination of training needs, and placement activities. This specific component is an example of ETA's responsibility for utilization of R&D results.

c. Intensive, and special counseling based on non-traditional methods of "career planning" and jobseeking, such as those of John Crystal and Richard Bolles. Their approach, in brief, consists of unique techniques for drawing out, from the individual, interests and talents not generally recognized by the individual him/herself, as a basis for new, successful directions in occupational life goals.

d. Preparation of trainers in orientation and methods for special training techniques to be used with adult workers, e.g., the Belbins' "Discovery Method." This component of the overall E&D thrust will require a thorough exposure of existent trainers and would-be trainers to that approach, ideally in a Belbin-run workshop in the United States. Basic grounding in the theory, and in ways of tailor-designing specific training techniques according to type of skill involved, is required.

e. Old worker specialists -- assigned to that target group on a full-time basis, as part of the E&D design -- would also serve as "Account Representatives" with caseloads of specific and continuing employers, modeled after the past experience in Chicago.

In addition to the use of appropriate control groups, the total E&D ten-project thrust would, therefore, consist of different combinations (numbers and types, depending on feasibility) with respect to training; dissemination or community orientation; counseling, and use of older worker specialists.

Given the nature and purpose of this major E&D recommendation, such a project should have at least a 42-month duration.

Failing any major commitment of the Department to this type of recommended measure designed to test the impact of a full-scale, intensive demonstration attack on the employment-related problems of older workers, the Department should then consider each of the five elements of the

full-scale proposal as separate E&D recommendations. However, the application of only a single element not in concert with the other four would have a low probability of success.

2. Voluntary part-time employment. Given the fact that voluntary part-time employment over the past decade has increased at a much lower rate for older persons than for younger ones, we recommend a demonstration project designed to determine the feasibility of increasing such opportunities for older persons desiring such employment (not otherwise employed or not employed as regular employees in the site of part-time job).

3. Tapered retirement. Another demonstration project should be designed to determine the feasibility of such employment among establishments whose regular employees seek a transitional, or tapered, approach to eventual full and complete retirement.

Each of these two projects should focus on such "feasibility" factors as type of industry and occupation; nature of pension agreement, if any; and characteristics of individuals (e.g., sex and marital status). Each should be targeted at persons 55 and older, especially 60 and older, in the case of the second recommendation. They should not be in the same labor market area.

Each project should have a maximum duration of 18 months.

4. Demonstration project designed to upgrade the skills to improve the job market chances of middle-aged and older minority group persons. The target group of this E&D project would be urban blacks 45 and older now employed (or usually employed) in low-level occupations. For example, in large urban areas, the proportion of 45-plus black females employed as private household workers -- typically employed on less than a full-time basis and for low wages -- is about twice the proportion among black females under 45. Such older black women might benefit from efforts to train them for higher-status occupations, e.g., in health, clerical, and sales positions, which provide greater opportunities for higher earnings, and on a full- or voluntarily part-time basis.

The design of this special project should incorporate some of the separate features of the larger, intensive E&D projects recommended above, such as use of special training methods.

Duration should be for 12 months, with provisions for dissemination through appropriate minority-related organizations.

5. Demonstration project for developing older skilled workers as trainers of young unemployed and underemployed. This multi-purpose project would have as its major goals (a) the greater and continued utilization of skilled workers 55, or 60 and older, in new roles capitalizing on their previous experiences and roles, as trainers of unemployed youths for semi- and skilled blue-collar occupations; (b) to improve the worklife chances of such trainees. Another purpose of the project would be to determine the feasibility of recruiting, training,and the employment of such older skilled persons as trainers of younger persons. Such a project, ideally, should be conducted in a local labor market area characterized by a relatively unmet demand for workers in such occupations.

Recruitment of such potential trainers would be primarily from those nearing retirement, and already retired.

Because of the several phases or stages required for this project, it should be conducted for 24 months.

Mid-Career E&D Projects

Three separate E&D efforts concentrating on the mid-career change theme should be designed and implemented. The three separate but primary dimensions are obsolescence, health, and "mid-career malaise."

6. Subsidies, incentives, and/or technical assistance to private sector employers for developing programs designed to prevent the onset of obsolescence, or to identify employees exhibiting obsolescence symptoms (or employess with unmet needs for mid-career change). Such demonstration projects would include technical assistance (provided by consulting organizations) relating to identification of potential obsolete employees, and development of management techniques for preventing actual obsolescence; and

special counseling techniques for middle-aged employees anxious to change careers. Target groups should consist of persons 45-59 years old.

But the project would also be directed at employers and supervisors for the purpose of developing among them an orientation centering on the early identification and prevention of obsolescence among their employees. For this reason, it may be appropriate to designate a university management school, with ongoing programs with companies, to conduct the project.

An alternative would be to identify one or two professional associations whose members are generally recognized as being highly vulnerable to skill obsolescence (e.g., the Institute of Electronic and Electrical Engineers), as a key participant in this type of project.

7. Adaptation of current FAA career-change program for air traffic controllers to middle-aged persons in other occupations with high physical and psychosomatic health risks. OSHA and NIOSH data could be used to identify these, as a first step in determining the locus of such a program, i.e., industries in which such occupations are clustered.

The National Longitudinal Survey of the 45-59 cohort is another valuable source for this purpose. That study shows that middle-aged male workers with health problems affecting work had the highest proportion changing jobs voluntarily. The same data could be used to identify industries and occupations from which such changes occurred, as one input into the design of the recommended demonstration project.

Subsidies, stipends, and/or technical assistance would be provided to induce employers and workers in such industries to participate in a program designed to (a) impart new skills or (b) transfer or adapt existing skills to other, less risk-laden, but similar occupations or industries, and (c) develop effective second career choices.

8. The third type of mid-career project would focus not on the middle-aged worker threatened with, or actually undergoing, skill obsolescence, nor the one exposed to occupations with high health risks. Instead, the target population would consist of (a) workers with relatively long-term attachments to jobs with which they have become increasingly dissatisfied, and (b) workers not fulfilling a strong desire to make an occupational

change. There should be a high degree of overlap beteeen the two groups. The demonstration project's purpose would be, first, to determine the conditions that hinder and facilitate satisfactory job changes for such workers; second, to develop a program -- based on the facilitating conditions -- to assist such middle-aged "candidates for second careers", in developing specific second-career choices, and in effective techniques of finding employment in their new choices, and third, to augment this second component with job development among potential employers.

Each of these three separate mid-career demonstration projects should have a 24-month duration.

9. Expansion of apprenticeship opportunities to workers 40 and older. Recent legal actions have resulted in changes in apprenticeship eligibility requirements affecting age of apprentice applicants. Special efforts, in the form of a demonstration project, should be made by the Department to recruit and to place persons 40 and older in regular apprenticeship programs around the country, for the purpose of determining types of experiences and problems associated with the recruitment, enrollment, and training outcomes for such adult workers.

These separate efforts in opening up apprenticeship opportunities should be carried out in cooperation with school systems, unions, and employers, and should include not only regular traditional programs, but also a focus on artisan and renovation crafts and skilled repair services in short supply.

This project could be conducted at minimal cost and for a period of 18 months, assuming that it would not be feasible to extend the demonstration effort for as long as each of the total apprenticeship programs.

10. Public service employment. A demonstration effort is needed in order to raise the level of participation of older persons -- especially those 55 and older -- in the expanding public service employment programs (although it could be argued that the Department should increase that level without having to do it in the name of "experiment" or "demonstration"). But if that is necessary, special attention should be paid to the "growth" public service industries, such as environmentalism and energy conservation,

as major avenues for expanded participation of older men and women. Couched in experimental terms, these demonstration projects should compare employment experiences of older participants and nonparticipants (and of younger participants), and in (a) high vs. low unemployment areas, and (b) urban vs. rural ones. Ratings of participants' work performance by employers should also be included as an outcome measure.

The projects should also consider the feasibility of, and policy implications of (a) longer-than-usual periods of participation in such public service employment programs for older persons -- even on a non-transitional basis, and (b) direct sponsorship by federal agencies. These two points may have special relevance to rural areas, where "regular" public and/or private sector opportunities may be quite restricted.

At least one of such demonstration projects should therefore be conducted in a low-growth rural, small-town area with large numbers of persons 55 and older.

The total number of all public service employment demonstration projects should be at least five, perhaps as many as ten, with different foci (regions, rural-urban, minorities, type of services, etc.). The duration of each would vary, but with a maximum of 24 months.

III. PROJECTS RECOMMENDED FOR IMMEDIATE SUPPORT

Research

1. Relationship of employment and labor force status of children of black and other minority adult parents to the employment and labor force status of those parents.
2. Average age of retirement, within roughly similar industries, among companies with and without mandatory retirement age, or with different retirement ages.
3. Overall project on age discrimination.
4. Voluntary part-time employment.
5. Estimates of health and related costs of the unemployment experience among middle-aged and older workers.

E & D

1. In-depth, multi-pronged prevention projects.
2. Upgrading of minority older workers.
3. Developing older skilled workers as trainers of young jobseekers.
4. Mid-career projects designed to prevent onset of obsolescence.
5. Raising level of participation in expanding public service employment programs.

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