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American Business, Public Policy and the Older Worker

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ABSTRACT

Public policies and employer practices affecting older workers are in conflict with implications of projected demographic and labor force trends. The pool of entry-level workers is shrinking rapidly, yet employers and government polices continue to provide incentives for early labor force exit. Few organizations have begun to adapt to emerging work force realities. Human resource managers express admiration for older workers' attributes, but most make little attempt to accommodate them. Employers who *have* restructured jobs have found it worthwhile, but such efforts typically apply only to an occupational elite comprising scientists, skilled machinists and craftsmen. Shortages of younger workers does not automatically mean job opportunities for older workers. Numerous institutional obstacles must be overcome before the playing field is leveled for older workers, including: addressing rapidly rising health care costs; improving older workers' access to training programs; developing ways of minimizing the extent to which older Americans are penalized for work disruptions beyond their control; promoting greater flexibility in time and place of work; and repudiating the notion that promoting "McJobs" for older workers is going to solve the coming work force crunch.

INTRODUCTION

Advocates for older Americans are proclaiming the 1990s as the decade of the older worker. This reflects a pragmatic anticipation of demographic trends that are already well underway, as well, perhaps, as a renewed commitment to integrating into the labor market nexus people who in the past have often been only marginal to it. The pre-eminent employment issue facing most developed countries today is getting people with the right skills to fill the growing number of jobs requiring special skills. Where older workers are concerned, that requires shedding some of our ingrained notions of work and retirement.

This paper begins with a brief overview of the function of retirement in the United States, focusing on recent trends toward ever-earlier retirement; then describes the present state of the labor market in the U.S. with respect to older workers; follows up with a discussion of who are the older workers and what we know about how their traits and characteristics can mesh with what employers are looking for. The paper then examines a few examples of "best practice" with respect to accommodating older employees, and concludes with a discussion of some continuing concerns, potential pitfalls, and likely future directions.

A BRIEF HISTORY OF RETIREMENT

Retirement as a Break in Accustomed Activities

Many people are unaware of the relative newness of the concept of retirement, at least as a discrete stage of life. Until well into the twentieth century, in fact, retirement was an unaffordable luxury for all but the wealthy few; people worked until they died or were so debilitated that work was no longer possible. "Retirement" meant something quite different: a temporary cessation of usual behavior, such as a farmer retiring from his labor in the fields during the winter months, a scholar retiring from his studies during holiday periods, and so forth. In a world defined by much greater scarcity than now exists in the world's rich countries, to retire from the world of work was to die.

Retirement as a Response to Waning Physical Powers

Many of the labor force policies and institutions that dominate American practice today were created during the first half of the twentieth century, when the nation's economic base was shifting from predominantly rural, self-employed agriculture to urban manufacturing. Work was guided by tradition and by the technology of production. It was expected to be physically demanding, and tasks were divided according to the dictates of the assembly line--narrowly compartmentalized, with very limited scope for flexibility or individual choice.

Also, the U.S. developed a unique degree of capital-intensiveness in its production processes. A large continent with vast resources and few people predisposed firms and farms to use capital in place of expensive labor wherever possible. Furthermore, from the middle of the nineteenth century until about 1920, work force policies responded to the pressure of a seemingly endless supply of workers from Europe and elsewhere. Immigration was primarily an act of young people eager to work at North American wages and better able to withstand the rigors of heavy industry than middle aged and older workers.

Hence, in addition to the bias toward capital-intensive production methods, another bias became embedded in the American social and economic fabric: that youth can do the job better than age. Advertisements for employees from early twentieth-century newspapers unabashedly stipulated that those over 40 need not apply; for women, who were for the most part employed in the mills and domestic service, the cutoff age frequently was 30 or even younger.

Retirement as a Response to Macroeconomic Failure

The recurring failure of the laissez-faire U.S. economy to generate enough jobs for all who were willing and able to work had been noted repeatedly since early nationhood. The experience of the Great Depression of the 1930s seemed only to confirm the system's bias toward unemployment. The Social Security Act of 1935, America's premier social insurance legislation, was not only a humane response to suffering, it was an explicit attempt to reduce labor market competition by making it possible for older workers to withdraw without facing destitution.

Thus, the impetus for Americans' withdrawal from work had shifted from being seasonal and age-neutral in early nationhood; to emphasizing the individual's loss of vigor in the nineteenth century; to being a response to macroeconomic and social circumstances in the twentieth century.

Retirement in the Postwar Growth Era, 1945-1973

The years between the end of World War Two and the appearance of global stagflation in the early 1970s was the era of American corporate paternalism and the heyday of U.S.-style unionism. For most people, or most men at any rate, permanent, full-time, year-round employment began at the end of schooling (which often did not include completion of high school) and extended to retirement at a fairly advanced age relative to average longevity.

Workers continued to be viewed as having a "progressive deficiency" with increasing age, perhaps justifiably under the employment conditions of basic manufacturing. Salaries and benefits peaked near the end of work life; workers with seniority were the last to be laid off in recessions; and end-of-career transfers to less demanding positions were common in the nation's dominant industries and largest firms. Thirty or forty years of employment in such industries was often associated with failing health, so that continued work was not possible even if it was desired.

By about the middle of the twentieth century, longevity had increased to 67 years from just over 43 years at the beginning of the century. In this environment, early retirement came to be a symbol of social progress and prosperity, particularly when it offered release with dignity from many years of harsh working conditions.

GROWING RELIANCE ON EARLY RETIREMENT INCENTIVE PROGRAMS

The Corporate Need to Downsize

In retrospect, the beginnings of stagflation in the early 1970s improved the fortunes of today's older working and retired populations relative to younger age groups. As firms shut down lines of business and streamlined their work forces, they offered sweetened benefits packages--particularly pensions--to qualified workers willing to retire earlier than anticipated.[1]

Such programs have had as their ostensible goal the coaxing out of the work force of more expensive, typically older employees, without triggering labor disputes or otherwise undermining worker morale. Over time, these programs have come to affect younger and younger older workers. Initially available to workers in their sixties and near retirement, it is not unusual for them to apply today to employees in their mid-to-late fifties.

The trend has continued despite the pundits' predictions in the past couple of years that early retirement incentive programs are yesterday's game, inappropriate to an economy characterized by pending labor shortages. But a practice that began in an era of plenty is now an accompaniment of mergers, downsizing, and general employment insecurity. There continues to be pressure on corporations to perform

1 Meanwhile, U.S. per capita income growth has been stalled for nearly two decades. The people most affected, the baby boom, are the older workers of 15 years from now, and they often have not had the opportunity to accumulate the home ownership, pension credits, and personal savings that will enable them to retire as early as their parents.

more efficiently and change ever more rapidly--in response to increasing global competition, hostile takeovers and leveraged buyouts, and rapid technological and organizational change.

Early retirement incentive programs were initially viewed as stop-gap policies to reduce staffing rapidly and humanely while avoiding layoffs and labor disputes. But they have become institutionalized in the U.S., and they are forestalling more serious attempts to achieve superior and more lasting alternatives. The bias is clear and pronounced: about 65 percent of American corporations offer early retirement, while only about four percent offer inducement for workers to stay on beyond normal retirement age.

The Problems Presented by Early Retirement Incentives

What's wrong with early retirement incentive programs? After all, they are a humane way to cut staff, their provisions are often quite generous, and the evidence suggests that workers want to take advantage of them.

First, while such programs are presumably voluntary, they often appear to the affected workers to be obligatory. Workers frequently perceive that the firm's offer will be withdrawn, and that those who decide not to take it will be let go anyway, empty-handed except for any severance pay or unemployment compensation.

Second, many early retirement incentive programs in the U.S. provide only a limited window period--as little as two months--in which the employee may take the firm up on its offer. Such a decision has long-term implications, particularly for a relatively young person facing possibly three decades in retirement. Two months, or even six months or a year, may not be enough time to make so important a decision when it hadn't been planned for.

Third, the presumption underlying most early retirement programs is that older workers as a category are more dispensable than younger workers. They thus do a lot to promote the notion that older workers contribute less than younger ones. Early retirement programs can also be a source of demotivation for somewhat younger workers, showing them what they can look forward to and possibly instilling attitudes inimical to best performance.

But perhaps the most serious problem represented by early retirement incentive programs, especially for the longer run, is that they enable American firms, and by extension American society, to continue in persistent disregard of the problems presented by an aging work force. In fact, early retirement as a human resource management tool creates a situation that is in direct contradiction with good policy. Early retirement reinforces the growing imbalances among the aging of the work force, increasing life expectancy in good health status, developing strains on public and private retirement systems, and more rigorous global competition that calls for the best possible use of our human resource assets.

LABOR MARKET TRENDS AND PROSPECTS FOR OLDER WORKERS

It is estimated that over the next 10 years, some 18-20 million new jobs will be created in the U.S. economy, the vast majority of them in the service sector. Thus the country has rather decisively entered the post-industrial era, and is poised at an awkward juncture in its attitudes and stance toward older members of the labor force. Although we are already into a period of needing the talents and experience of our older citizens, we haven't given up some old ways of thinking.

Perhaps part of our uncertainty with respect to how to make the best use of older workers arises from the fact that what is best for the American economy overall may not appear to be in the best interests of individual workers, as they themselves rate their preferences. An anonymous commentator has noted that "Everyone is in favor of keeping older people in the labor force except the unions, government, business, and older people." [cited in Schulz, 1988] Surveys and behavior consistently reveal that Americans prefer early retirement, generally as early as possible, it seems.

This does not mean that the majority of Americans have a real choice about whether to continue working. Those who receive early retirement incentive offers, for example, are among the "pension elite," whereas early retirement, or any kind of planned retirement, is not an option for large numbers of Americans. Many are retired prematurely by mergers, bankruptcies and plant closings. This issue will be increasingly important for the U.S. economy as the baby boom generation enters its retirement years and is supported by a working cohort that not only is much smaller, but that present trends suggest will be ill-prepared to fill the high-technology jobs the economy is creating.

Certainly, the days of companies' creaming the country's labor poor for the very best candidates, and being able freely to pick and choose, are over. And it seems clear that companies are going to have to spend more time and money training the workers they do hire.

Who Are the Older Workers?

An "older worker" can be someone 74 or someone 47--just three years older than the senior members of the baby boom. One need be only 40 years old to be protected by the 1967 Age Discrimination in Employment Act (ADEA), while impressionistic evidence suggests that 45 (for women) and 50 (for men) are the approximate ages where perceptions of discrimination set in. These are the ages when careers typically plateau, and when the search period lengthens perceptibly for job seekers.

Included in older worker definitions are groups as diverse as displaced homemakers; people reentering the work force after being retired for a number of years; mid-life career changers; workers dislocated by plant closings; workers in post-career jobs; people employed part-time or temporarily, by choice or necessity; workers who may or may not be collecting Social Security or pensions; and so forth.

People in these groups are motivated by quite different aspects of employment. The variability among older workers is probably at least as great as that *between* older and younger workers. At any age, the factors involved in meaningful work include the following: paths to advancement, reward systems that are perceived as equitable, some degree of job security, task design and job responsibility that accord with remuneration, access to training, and employee benefits that allow workers to look after their families and other non-work aspects of their lives. Individuals will have differing preferences and will emphasize some of these factors over others, but age is largely irrelevant.

There are, however, some broad differences that can be drawn between older and younger workers on average. Older workers may require or appreciate some accommodations to physical limitations--although with health status improving markedly over time, this is less likely than in decades past. Job restructuring might be necessary or desirable to allow part-time work, job-sharing, flextime, home work, or phased retirement. Older workers may need training programs adapted in method, style, and instructional tools to their particular needs; and may require human resource personnel to be knowledgeable about their special concerns--such as the effect of earnings on receipt of Social Security benefits.

Non-traditional job structures do present some problems. Managements are typically unsure how to manage non-traditional workers such as part-time and part-year employees, job sharers, etc. In addition, union leaders have expressed reservations about any but full-time, year-round workers because they fear such groups could dilute the power of organized labor. And part-time workers themselves have found they lack clout and responsibility in their jobs.

SOME EXAMPLES OF BEST PRACTICE

Some companies are beginning to make changes in their employment policies to meet the needs of older and non-traditional workers, perhaps prodded by the increasing tide of federal and state legislation with anti-discrimination intent. Among some examples of accommodations to older employees are the following:

o Varian Associates, a California electronics company, has a Retirement Transition Program that allows employees to prepare for retirement by gradually reducing their workweeks beginning three years before their retirement date. Any schedule variation of at least 20 hours per week is permissible.

o Massachusetts-based Polaroid offers prospective retirees several options that are explained in pre-retirement planning and counseling sessions. Workers may gradually reduce their time on the job by hours per day, days per week, or weeks per month. Pay and pension credits are prorated, while medical benefits are paid in full. Polaroid is also experimenting with a program in which employees may take up to six months unpaid leave, paying their own premiums to continue group insurance coverage.

o Kollmorgen Corporation in Massachusetts offers employees who are one year away from retirement the option of working reduced hours in a rehearsal retirement program. Employees are free to devote an increasing number of days per week at volunteer community service (which must be non-political, non-profit, non-religious, and approved by the Industrial Relations Office). Full pay and benefits continue for eligible full-time employees, who must be 62 and have 10 years of service.

o Teledyne Wisconsin Motor, a manufacturer of heavy-duty engines, faced both a shortage of skilled labor and the prospect of a pension fund squeeze, so to induce employees to remain with the firm they developed the "Golden Bridge" policy. The program allowed for gradual increases in vacation time, pension benefits, insurance and survivor benefits based on age and years of service for each year a worker participates. Unfortunately, according to company spokespersons, their employees were so ingrained in their view of retirement that they rejected the bait and continued to treat age 62 as the "magic age" for exiting the labor force. The phased-in retirement program was dropped last year.

o Grumann Corp, a defense contractor in Bethpage, New York, has had more success in staggering retirement to help retain older workers too precious to lose. By cutting their workweek, employees are being helped to prepare emotionally and financially for retirement, while giving the company a transition period to find and train replacements.

o Aerospace Corp in El Segundo, California, allows its retirees to reclaim old jobs or take new ones with the company, full-time or part-time, with no interruption in pension and other benefits.

o Wells Fargo Bank of California has since 1977 offered a sabbatical program called "personal growth leave." Employees with at least 10 years of service can take up to three months fully paid to pursue a project of their choice.

A growing number of firms are rehiring their retirees as consultants, undertaking job redesign to de-emphasize physical labor, offering phased retirement, even awarding new job titles with higher pay.

Such examples, unfortunately, are the exception. The Conference Board estimates that only one company in a hundred is doing anything substantial to accommodate older employees. Surveys reveal that American employers value the dependability and loyalty of older workers, but most do little to recruit or retrain them or to help them use new technologies. For example, 55 percent of those surveyed in an AARP poll conducted by The Daniel Yankelovich Group, Inc., [AARP, 1989] believe that retraining is effective for older workers, but only 29 percent offer them such training. Overall there appears to have been a decline in senior management's formal commitment to utilizing older workers since a similar study was conducted in 1985.

Additionally, most of the options that are being made available are open only to an occupational elite: scientists, engineers, skilled craftsmen and machinists, and so forth. Companies are willing to make special accommodations for these groups because such actions are cost-effective, resulting in lower turnover, reduced training costs, and increased employee loyalty and commitment.

There *is* a potential downside to having many senior employees, say human resource managers. Ambitious younger workers may become frustrated; managers may feel uncomfortable directing subordinates far older than themselves; and, because of the difficulty of fine-tuning such programs, weaker older performers are encouraged to stay on along with the rest.

PUBLIC POLICIES THAT INFLUENCE THE WORK-RETIREMENT DECISION

With fifty percent of Americans completely out of the work force before the age of 65, and in light of projected shortages in a broad range of critical skills and occupations, the nation's economic health hinges on effective adaptations to new labor market realities. A wide range of public policies affect both the decisions of employers to offer the kinds of job opportunities older workers seek and the decisions older workers make about labor force attachment. Changing demographics, tightening labor markets, anticipated skill shortages, and looming public and private pension liabilities are forcing a reexamination of public policies to see whether they enhance or inhibit older workers' labor force participation.

Among the public policies that merit revisiting are the following:

o Age for receipt of Social Security. Clearly, the age of qualifying to receive full social insurance benefits affects the timing of retirement. Since 1977, reduced benefits have been available at age 62, yet many retire before that age. The 1983 amendments scheduled a gradual rise to 67 in the age for full benefits, beginning in 2003 for people born in 1938 and later; but under present law the age for reduced benefits remains 62. The evidence suggests that Social Security does not cause large drops in the retirement age but causes significant clustering of labor force withdrawal around the age cut-offs, currently 62 and 65.

In light of substantial gains in longevity in the 55 years since age 65 was established, many believe that further increases in the full-benefit retirement age are in order; and that the age for reduced benefits should be raised beyond 62. These changes would be manageable for most, but they could penalize some of society's most vulnerable members. It is imperative that any changes protect people whose health has deteriorated beyond the point of holding gainful employment, people whose worklives have rendered them disabled in one way or another, and people who have always had difficulty finding employment at decent wages.

o The Social Security earnings (retirement) test. There is considerable debate about the impact of the Social Security earnings limit on labor supply, but certainly it poses some disincentive. Some workers are under the impression that they are not *allowed* to earn any more than the limit; and older workers who prefer part-time work have an incentive to work up to the limit and then stop for the year.

Although such work disincentives undeniably interfere with smoothly functioning labor markets, substantially raising the limit or eliminating it altogether turns Social Security into a prize for turning 65. The major beneficiaries would be doctors, lawyers, consultants, and others of the labor elite. And, of course, liberalizing the test means lower federal revenues, at least in the short run.

o Pension coverage. Some private pensions have a much stronger influence on the work/retirement decision than Social Security does. Defined benefit plans, in which the employer guarantees an annual retirement payment, offer very strong incentives to work to a certain age and retire at a certain age, whereas defined contribution plans are neutral with respect to retirement incentives. Research indicates that in defined benefit plans, the total inflation-adjusted value of the pension reaches a maximum value well before normal retirement age and thus encourages early labor force exit.

Pension incentives to retire early are widespread and can be extremely large. In a case study of one firm, it was found that the addition to pension wealth for remaining with the firm one extra year was $72,527 for 54-year-old managers with 25 years of service, but a minus-$14,936 for their counterparts aged 65 and with 30 years service [Kotlikoff and Wise, 1987]. People who start jobs at age 25 who are covered by defined benefit pension plans suffer a penalty, in the form of foregone pension wealth, on average equal to at least one-quarter of their wages, if they continue to work past age 65 [Gustman and Steinmeier, 1987].

Such anomalous circumstances occur because the value of a defined benefit pension accrues most rapidly near retirement and is not actuarially adjusted for work after the normal retirement age. Nothing prevents employers from actuarially increasing the benefits paid for work after the normal retirement age. As older workers are made more valuable by the changing demographics of the work force, the incentive structure of pension plans can no doubt be expected to change to counteract earlier retirement trends.

Federal laws requiring such adjustments have a superficial appeal, but because private pensions in the U.S. are voluntary arrangements, greater federal oversight could jeopardize employers' willingness to sponsor pension plans. Indeed, there is evidence that this is already happening; the burden of complying with federal pension laws and regulations is onerous and growing worse, especially for smaller employers, which no doubt accounts in part for the trend away from defined benefit plans.[2]

o Unemployment insurance. Because of the meager size and duration of unemployment compensation in the U.S., the role of the joint federal/state Unemployment Insurance system in the work/retirement decision is smaller than it is in most industrialized countries. The federal tax on employers is uniform, but the states establish the tax rates to be paid based on employers' experience rating. Relatively little is known about the extent to which employers attempt to reduce their tax cost by controlling labor turnover, and whether the cost is significant enough to have adverse effects on employer decisions regarding older workers.

In all but six states, applicants for unemployment compensation are disqualified if they seek only part-time work, and part-time workers represent the most rapidly increasing group of older American workers. According to the Department of Labor, those 55 and over now make up 18.2 percent of the American part-time labor force, up from 17.7 percent in 1983, and about half the workers aged 65 and over are part-timers.

An issue that has received greater attention is the requirement that states include in their unemployment insurance laws a provision that will reduce an individual's weekly unemployment benefit amount by the amount of any pension, retirement pay, annuity, or other payment the claimant receives based on previous work. Retirees complain about losing this dual source of benefits, but adjusting the pension offset could introduce a new disincentive for employers to hire older workers. It is possible that elimination of the offset would harm the employment prospects of pensioned retirees by raising the unemployment insurance charges to the employer in the event of a layoff.

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2 An additional reason for the apparent shift toward defined contribution plans and away from defined benefit plans in the U.S. relates to the types of jobs the economy has been creating. These have primarily been in the small business and service sectors, where defined contribution pension plans predominate.

A further problem posed by defined benefit pension plans relates to portability. Such plans are generous to long-tenured workers, but workers who change jobs frequently without becoming vested in any plan are at risk of inadequate retirement income. Defined contribution plans, on the other hand, place the investment risk on the individual worker, but can accompany the worker as s/he changes jobs.

o Health insurance. Large numbers of current retirees are covered by the health insurance plans of their former employers. The availability of post-retirement health benefits is clearly a factor in the decision to retire before age 65 when Medicare becomes available. As people are retiring earlier and living longer, firms are cutting back on their coverage or terminating their post-retirement health benefit plans altogether. Future retirees will be confronted with bearing these costs themselves, so many may be induced to delay retirement.

SOME CONTINUING CONCERNS

Americans' approach to the older worker and retirement issues currently mirrors the short-term focus that has become the hallmark of business and governmental approaches to a whole range of vital but non-emergency issues: Tinker to achieve the best surface appearance at the next election or stockholders' meeting; issue reassuring statements that the issue is being studied; and leave the tough decisions for later, and if possible for others to make. Delaying is neither wise nor necessary. Fortunately, a critical mass of attention is beginning to be focused on the coming work force crunch.

It should be kept in mind, however, that a shortage of younger workers does not automatically mean there will be jobs for older workers. A variety of cultural and institutional obstacles must be overcome for older workers to be placed on a level playing field.

First, we need to realize that a two-tier economy is becoming more pronounced in the U.S. We have a preponderance of high-paying and low-paying jobs, but mid-level jobs are becoming relatively more rare. Older workers could be caught in the squeeze caused by competition for jobs in this mid-level entry range.

Second, while the likely trend will be toward increasing flexibility in the use of the labor force, there is the risk that such flexibility--which is in part due to the relative decline in the influence of organized labor--can tend to marginalize older workers and make it even easier to weed them out. Although American unions have never been particularly pro-older worker (quite the contrary, some would allege), they *have* made it possible for the rank and file to retire in some degree of comfort. Workers negotiating on their own account often do not fare as well.

Third, employers' apprehensions about the increasing cost of providing health benefits to older workers are being used as a reason for not hiring them. Business executives tend to believe that older workers are likely to increase their health care costs more than younger workers.

Certainly people on average require more medical services as they age, but there is impressionistic evidence that continuing to be productive at work can give workers feelings of satisfaction that actually contribute to improved health status. Furthermore, older workers' health costs usually do not include providing medical care for families, as is typical for younger workers. Nevertheless, older workers' employment prospects will be given a boost to the extent that the U.S. is able to make any significant headway against rapidly escalating health care costs.

It also would help to eliminate the requirement that Medicare be the secondary payer of insurance claims for older workers in firms offering health insurance. Employers claimed at the time this policy was implemented in 1986 that it would bias them against hiring older workers because insurance costs would rise for those aged 65 and over. The primary purpose of the policy was to reduce federal Medicare expenditures without shifting the cost onto beneficiaries. However, if the provision discourages the employment of older workers, the net effect to society could be negative: The ratio of retirees to active workers would be higher than otherwise, and Medicare costs could rise anyway. This is another area where federal policy seems to be at cross purposes, where sensible, long-run social policy takes a back seat to short-term concerns about budget deficits.

Fourth, training is a key element in the successful integration of older workers into the labor force. The bottom line for older workers is that their once highly-valued skills are often obsolete or rapidly becoming so. The rapid pace of introduction of new technologies and productive innovations requires a radical reorientation by employers and workers of all ages toward the concept of lifetime education and skill upgrading.

Because older workers today are typically further removed from formal training, they are perceived as presenting some special problems in the training arena. However, older people can learn as effectively as younger people, but they don't learn in the same way. For example, many older workers find formal classroom settings uncomfortable, having been out of school for many years; hands-on approaches work better for them than lecture formats.

Training programs tailored to older employees are most effective if they are offered as part of general training open to workers of all ages, thus removing any possible stigma by not singling out older employees. Also, companies need to get input from employees to build training programs that meet their needs. As lifetime education and continual skill upgrading become the norm over time, there will doubtless be less "fear of training" on the part of employees as they age.

Because training can potentially entail considerable costs, while providing social as well as individual benefits, there is a role for the government at a minimum to provide research and make available to employers information on "what works" and "how to" provide training to older workers. The Department of Labor's Apprenticeship 2000 initiative in the Bureau of Apprenticeship and Training is just beginning to address some of the critical issues pertaining to older workers.

Fifth, it is likely that the rate of corporate downsizing will level off from its 1980s' peak, in the wake of some of the overreaching that has occurred in U.S. financial markets. But for most American workers, the employment security associated with the 1950s and 1960s is a thing of the past. Yet employment stability is most Americans' source of financial stability, providing not only current income, but retirement security, access to health care, and self-esteem. Government must work with employers to develop innovative policies that minimize the extent to which older workers and reluctant retirees are penalized for work disruptions beyond their control.

Sixth, we must get beyond our current infatuation with "McJobs" for older workers. There is currently in the U.S. a condescending attitude that masquerades as sensitivity toward older individuals' circumstances. It is typified by the phenomenon of companies such as McDonalds getting widespread favorable publicity for hiring older workers to do menial jobs. There can, of course, be benefits to both sides from such arrangements, but we shortchange our older workers when we expect them to look for the kinds of work they did as teenagers.

Entry-level jobs in food service, hotels, and retailing are simply not what many older job-seekers have in mind, particularly if they hold advanced degrees. Companies need to be encouraged to find legitimate ways to use older workers to their potential.

Seventh, ways need to be found that allow workers the option of greater flexibility. Both the aging of the work force and the growing work force participation rates of women with children make this essential. Few American workers appear to be able to reduce the intensity of their work commitment while remaining on their career jobs, but we only vaguely understand why this is so. And we don't really know whether this inflexibility might contribute to a more rapid ultimate withdrawal from the labor force.

Finally, much more needs to be learned about how work/retirement preferences are influenced by, and the relative importance of, such variables as changes in pensions and Social Security, family patterns, the availability and tax treatment of employee benefits, regulations, and so forth. As a general matter, it is known that high wages and meaningful work are associated with continuing labor force participation, whether full-time or part-time; and that wealth, including pension wealth, is inversely correlated with staying on the job. Beyond that, we are only beginning to probe the issue in a systematic way as we confront a seemingly inevitable decline in the quantity (and quality, too, it seems) of the labor force.

CONCLUSION

It is premature to declare the 1990s as "the decade of the older worker." For the most part, demographics do not drive actions until there is a painful situation or some kind of crisis. It took decades for American companies to realize women were entering the work force and would dramatically change it. They did not act until they were forced to do so. So perhaps it will take the actual retirement of the older members of the baby boom for employers to begin to adapt.

While it has been clear for some time that America's work force is aging, most American organizations have not begun to respond. For example, a survey in late 1989 [Reliable Corp, 1989] found considerable small business concern about the availability of qualified labor for skilled, technical positions, yet small business executives seem unconcerned about the graying of the American work force. Some 60 percent say they expect employees in the future to be the same age as their 1980s counterparts. Such unrealistic thinking is troubling, given that small businesses employ more than 60 percent of the labor force and contribute half the goods and services produced in the U.S.

Furthermore, there continues to be a wall of prejudice and myth about older workers--that they're inflexible, hard to train, resistant to change, and prone to accidents and poor health. The record attests to the opposite, yet older workers continue to experience difficulty finding jobs that use their skills, and to complain of being squeezed out or shuffled from visible, decision-making jobs into dead-end positions. Older Americans *are* taking more age discrimination cases to court, particularly men aged 55 and over, and they are winning more cases than ever before.

As Helen Dennis of the Andrus Gerontology Center at the University of Southern California has noted, Willy Loman becomes hopelessly out-of-date because corporations often encourage that process. Businesses have been content to let workers go stale in peace and then turn to younger people. But the pool of younger workers is drying up, and the U.S. can no longer afford to allow the vital resources older workers can offer to go untapped. Solutions are at hand, but it will take more than employers' paying lip service to older workers' skills and aptitudes. Until they begin acting on these assessments, the labor force crunch will only get worse.

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