

Labour force, aging, and inter-generational equity

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My discussion began with questioning the supposed burden of young working-age people in supporting an aging population. I discussed the many recent volumes in several countries that have questioned this assumption (see Gutman and Gee, 2000, Mullan 2000 and Schultz 1999). For example, Townson (2001) contends that the so-called aging crisis is being used in most industrialized countries to question our social security programs, especially public pensions.

Many discussions of aging include the growing demands on the working-age population to support policies that provide help to the elderly.

Will these growing pressures affect the ability of the younger generation to make successful transitions to adult status?

There are many pressures that are affecting the ability of the younger generation to make successful transitions from school to work. The transition from school to work has become more prolonged and complex. Young people in their twenties have been referred to as fledgling adults and some have proposed that adulthood begins at age 35 as young adults are slower at making the transition to their adult lives than the previous generation. Young people are no longer job-ready at the end of high school as past generations were. There is increased credentialism or increased skill requirements required of young entry-level workers today. One often overlooked change is in the hiring process that has occurred in the late 20th century. Delaying or cuts in mid-management are often discussed but the fact of lessened entry-level hiring (likely due to technological change) is not (see Cappelli, 2003). Also there is less lifetime employment at one workplace. There is less stability in careers and more contract or contingent work (see Krahn, 1991).

I would argue that the changes in career patterns, employment patterns and educational requirements have increased the difficulties in the younger generation in making successful transitions to adulthood.

Will continued aging lead to changes in the work patterns of older Canadians?

Expectations of continued early retirement for the present working generation may prove to be false. In fact, rising levels of education and a greater share of workers in professional occupations (which are associated with higher participation rates, see Judy and D'Amico 1997) are likely to encourage people to remain in the labour force longer. Also with respect to women, based on late 20th century labour force data, Sunter (2001) expects that as women continue their investment in education, their labour market attachment will be strengthened. In particular, she expects that participation rates will increase with time for older women as younger cohorts with stronger labour force attachments age. Also Susan McDaniel (2002) contends that age is less important than cohort in shaping later life circumstances and that behaviour of the future elderly is less predictable based on past cohorts' behaviours. OECD (1996) analysis expects the current

trends toward early retirement to be moderated or reversed.

The portion of the life cycle devoted to paid employment has been decreasing throughout the 20th century, especially in the last quarter (Sunter and Morisette 1994). People spend shorter portions of their life cycle in the labour force, mainly as a result of increased educational attainment at the front end (and more throughout) and earlier retirement, especially relative to increased life expectancy.

The linear career path or the boxes model of life (education - work - retirement) has changed (see Thomas and Venne 2002). There is greater flux in careers, with increased educational breaks as people change careers and upgrade. In terms of worktime flexibility, Gendron (1997) notes that surveys of older workers indicate that the majority want gradual or transitional retirement. If employers were to provide these worktime flexibilities, it is likely that older employees would be encouraged to work at later ages. There is also greater flux in the retirement period. Older workers engage in serial retirement, where they end work, take a break and start work (sometimes part-time) again.

How will productivity growth be influenced by the changing age composition of the labour force?

Productivity growth is addressed by Joel Prager in the book: *Aging and Demographic Change in the Canadian Context* in the chapter. Prager (2002) questions the assumptions regarding declining productivity and aging, what we know versus the myths. Also with the trend to life-long learning and more variable career patterns and with white-collar workers making up a greater share of workers, it is likely that productivity growth will be higher than in the past. With the distinction between middle-age and old age being blurred and with many of those 65+ belonging to the young old group of active seniors, Doug Thorpe (2002) contends that it is time to question who we consider old.

With slower labour force growth, there will be less inexperienced workers entering the workplace and therefore less training required for entry-level workers. Since entry-level or inexperienced workers are typically less productive, it is likely that we would experience a higher period productivity of growth than what was experienced with the entry of the large inexperienced baby boom generation into the labour force over the 1960s and 1970s (which stalled or lowered productivity growth over that period).

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