

# **ECONOMICS OF AGING: TOWARD A FULL SHARE IN ABUNDANCE**

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**HEARINGS**  
BEFORE THE  
**SUBCOMMITTEE ON**  
**EMPLOYMENT AND RETIREMENT INCOMES**  
OF THE  
**SPECIAL COMMITTEE ON AGING**  
**UNITED STATES SENATE**  
NINETY-FIRST CONGRESS  
FIRST SESSION

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**PART 9—EMPLOYMENT ASPECTS**  
**WASHINGTON, D.C.**

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DECEMBER 18-19, 1969



Printed for the use of the Special Committee on Aging

U.S. GOVERNMENT PRINTING OFFICE

32-346

WASHINGTON : 1970

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**THE ECONOMICS OF AGING: TOWARD A FULL SHARE  
IN ABUNDANCE  
(Employment Aspects)**

**THURSDAY, DECEMBER 18, 1969**

**U.S. SENATE,  
SUBCOMMITTEE ON EMPLOYMENT AND RETIREMENT INCOMES  
OF THE SPECIAL COMMITTEE ON AGING  
*Washington, D.C.***

The Subcommittee on Employment and Retirement Incomes met at 10 a.m., pursuant to call, in room 4200, New Senate Office Building, Senator Jennings Randolph presiding.

Present: Senator Randolph.

Committee staff members present: William E. Oriol, staff director; John Guy Miller, minority staff director; and Thomas E. Patton.

**OPENING STATEMENT BY SENATOR JENNINGS RANDOLPH,  
CHAIRMAN**

Senator RANDOLPH. A pleasant good morning, ladies and gentlemen.

We begin the hearings of the Subcommittee on Employment and Retirement Incomes of the Senate Special Committee on Aging.

We come together to counsel on the general subject of Employment Aspects of the Economics of Aging.

We are hoping to continue today and tomorrow with hearings on a subject which has been given our attention in 11 prior days of hearings, that is, in a general way. We have been giving attention throughout our committee as a whole and the subcommittee and other subcommittees because there has been information we desire.

I want to underscore that much of the testimony we have received has been compelling. Generally, we have felt that there are effects that come from inadequate retirement income that are not good for the majority of the 20 million Americans who we know are 65 and over.

Through all that we have done and heard, I think one fact remains constantly clear and that is that all generations are affected by economic security among our older citizens.

Hearings have been held here on the Hill by many committees in connection with medical care. The work we have done in our special committee indicates the sacrifices that have been made in many instances by the middle-aged sons and daughters who in one way or another have attempted to help their parents pay the cost that Medicare has been unable to cover.

We have discussed the problems of maintenance of home ownership for those in retirement. It has been sad to remember those elderly couples who can no longer pay the rising property taxes. And, yet, they cannot find rental housing at rates that are within their reach.

So often, their children and their grandchildren are growing into maturity, raising families of their own. There is a desire to help, but those families, as we can understand, are faced with the inflationary pinch—and I would call it the squeeze, an all-out squeeze instead of a pinch. They have trouble, these sons and daughters, caring for their families. These are the subjects that have come to our attention, at least in part.

Now, we are thinking today of the employment aspects of the economics of aging. Last March, there was a special task force before our committee which issued what I believe to be a very significant working paper on the economics of aging<sup>1</sup> and that document recommended, and I think emphatically so, that special attention should be given to the "implications of early retirement trends," using those words in quotes, and "employment opportunities in old age" in quotes.

I think there was good reason for the concern of the task force. The task force came back and told us in effect that often early retirement was involuntary and at times it had devastating consequences. The same findings indicated that those who were older oftentimes managed to obtain some kind of employment. These persons, therefore, had considerably more security than those who were relying solely on social security, on private pension plans, or on fixed incomes. So, this was the work of our original task force, in essence.

The subcommittee, which I chair, has received a new and specialized report on employment for those in their senior years. The Industrial Gerontology Institute of the National Council on the Aging has helped us with this document and we are going to make that the basis for these 2 days of hearings.

So, these are the reasons why we come together today, thinking in terms of that working paper which emphatically makes the point that the United States does not yet have a clear-cut effective policy for maximum utilization of the so-called older worker. It presents overwhelming evidence that we have not yet adequately considered the full effects of the trend toward earlier and earlier retirement.

It dramatizes the employment problems in middle-age groups and this leads often to poverty in retirement years. I think it states emphatically that people suffer in the Nation as a whole, perhaps because we have failed to have a national commitment in support of what I would say is the lifetime usefulness for those persons who find this mandatory retirement inappropriate, many times distasteful.

#### EMPLOYMENT NOT THE SOLE OBJECTIVE

Now, I do add a precautionary note about our theme of employment opportunities in the more senior years. Our major purpose certainly is not to insist that the majority of retired Americans should

<sup>1</sup> See app. A, p. 1307.

continue their employment past 65 or that employment be regarded as an alternate to adequate social security benefits and private pensions. On the contrary, I think the first order of business before the Congress, perhaps just as we come to the Christmas season, is to act as we apparently are acting on social security legislation which you all have been reading and hearing about.

As we think of arbitrary retirement ages, we think of the dwindling work opportunities for men and women in the senior years.

I come back to the thought that these are contributing factors to what I believe to be the retirement income crisis that threatens hundreds of thousands of American citizens as we meet here this morning. We must give this subject matter our careful scrutiny.

Now, this final thought. I am gratified to note that this new working paper gives support to legislation that I introduced in the 89th Congress. That was Senate bill 4180. I called it "The Middle-Aged and Older Workers Full Employment Act." That bill, as some of you know, is under process of revision.

The testimony that we shall have in these hearings, I am sure, can accelerate the process of refining and strengthening that bill.

Senator Williams, chairman of the Committee on Aging, has prepared a statement for this hearing. Due to other commitments he could not be with us today, so without objection, his prepared statement will be entered in the record as though read.

#### STATEMENT BY SENATOR WILLIAMS

Senator WILLIAMS. Mr. Chairman, I would like to take a moment or two to thank you for deciding to conduct these hearings, and I will also comment about matters before this subcommittee at this time.

As chairman of the Committee on Aging, I am especially gratified that the Subcommittee on Employment and Retirement Incomes is continuing the overall committee study of the "Economics of Aging: Toward a Full Share in Abundance."

Your subject during these 2 days—"Employment Aspects of the Economics of Aging"—will help advance the committee study in several ways.

For one thing, you will focus attention upon employment as a major source of income for Americans 65 and older. It provides about \$1 of every \$3 of the income for the population in that age category. Even so, the overwhelming majority in that group do not have earnings of any kind; they must rely upon social security, private pensions, or savings.

And yet, earnings from employment is becoming less and less available for older Americans, thus increasing the demands upon other sources of retirement income.

Closely related to the decline in employment participation is the trend toward earlier and earlier retirement. A working paper prepared for this hearing declares that we in this Nation do not fully understand the consequences of this trend and that, in fact:

Much of the retirement taking place in our economy and society is counter-productive, arbitrary, inflationary, and possibly dysfunctional to the individual.

I am pleased indeed that your witness list includes several knowledgeable individuals who can discuss this disturbing conclusion. And perhaps most important of all, your hearings will draw attention, not only to those older Americans who are denied employment opportunities, but also to those who find that unemployment problems related to aging can begin, literally, decades before the 65th birthday. They are the workers who can't find reemployment when their factories shut down; the executive who finds—when his position is “reorganized” out of existence—that other potential employers regard him as “overqualified,” or at least that is their excuse for turning him down; the men or women who, in their early 50's, perhaps, find that they no longer have the physical stamina for the job they have had since youth; and the many, many others whose jobs simply go out of existence, leaving them without skills for others.

If earning power is thus reduced during the work years, retirement income will ultimately be reduced, too. There is a direct relevance to our subject, “The Economics of Aging.”

#### “LIFETIME USEFULNESS”

Another vital point was expressed, Mr. Chairman, in the joint preface we prepared for the working paper mentioned before. I will read from it:

\*\*\* The people and the Nation suffer because we have failed to promulgate policies—a national commitment—to assure lifetime usefulness to all of those who wish to avoid retirement patterns that are increasingly accepted as normal.

Here, it seems to me, is a deficiency that should receive the attention and concern of all Americans. All stages in a lifetime should yield fulfillment; we can afford to waste no skills, talent, and drive, no matter what the age of the possessor.

To conclude, I would like to note that there is certain to be some discussion during these proceedings of the Age Discrimination Act of 1967 and its implementation within the last 15 months or so.

I am especially concerned—as were the authors of the working paper—about the plans within the Department of Labor to comply with one of the directives from that legislation. I am referring to the requirement that a study be made of institutional and other arrangements giving rise to involuntary retirement.

It seems to me that this study is overdue, and it is essential, for reasons well expressed in the working paper.

With that, I will conclude these remarks and join with you in hearing from the witnesses.

Senator RANDOLPH. We begin today with a trusted friend, Dr. Harold Sheppard of the Upjohn Institute for Employment Research.

Dr. Sheppard was consultant to this subcommittee last year for hearings on services for older workers. He has been a major force in producing the working paper that I have been discussing.

So, Harold, we want you to come to the table and appear as our first witness, and the working paper will appear as an appendix in the hearing record.

(See app. A, p. 1307.)

**STATEMENT OF HAROLD SHEPPARD, PH.D., STAFF SOCIAL SCIENTIST, W. E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH; ACCOMPANIED BY NORMAN SPRAGUE, DIRECTOR, NATIONAL COUNCIL ON THE AGING; AND MRS. IRMA RITTENHOUSE WITHERS, STAFF MEMBER**

Dr. SHEPPARD. Thank you, Senator.

I appreciate your asking the National Council on the Aging to prepare this paper. With me today are Mr. Norman Sprague, director of NCOA'S Institute of Industrial Gerontology and Mrs. Irma Rittenhouse Withers, also on Mr. Sprague's staff.

I should mention that we have just returned from a meeting of the Organization for Economic Cooperation and Development in Paris, an organization involving 23 countries. The meeting was devoted exclusively to the question of the older worker problem, so it is not just a local domestic issue that we are dealing with here. It is getting more and more attention in the industrialized countries, and I think in the near future in what we call the industrializing or developing countries of the world. They had some observers at that meeting. I think they want to learn from the mistakes and the successes that we have indulged in, vis-a-vis our policies toward employment of older workers and it is that which I really want to concentrate on in summarizing the task force's report.

I also want to say, before I do summarize, that there are some controversial points made in this working paper. We didn't write a paper that I expect everyone to agree on. That would have been a very dull paper to begin with, and it makes for much better discussion in a hearing like this if we can raise some controversial issues.

I also want to say that I didn't start out believing some of the points we make in this paper. When I became concerned about some of these questions, more than 10 years ago, I had some completely contrary policy positions and viewpoints. I feel that as a result of digging more and more into the details and getting to know more and more of the facts requiring more knowledge, I have had to change some of my attitudes and policy positions and some of those are expressed in this brief paper.

What we have tried to do in the paper is to pick up some of the items first made in the original task force report written for the larger Committee on Aging with the title of "Economics of Aging." In the report for today's hearings, we repeat some of the reports made in that first task force report. I won't mention all of them here but one of them is that if we allow present trends to continue—by "trends" here, we are referring to certain retirement policy trends—today's workers are going to be facing serious problems of inadequate income in retirement, even in the future.

#### THE FUTURE RETIREE

We are talking here about the future retiree, not just the people who are now retired. We feel that we have not examined all of the implications of early retirement policies and that there are some economic implications of this, as well as implications, affecting the psychological and physical well-being of the individual.

The thrust of the document that follows here is that employment for older workers must clearly counter the unevaluated trend toward involuntary and early retirement.

I think one of the provocative statements we make in this document is that the current policy actually helps to contribute to the inflationary trend that everyone is complaining about now. I say it helps to contribute. If so many people are concerned about inflation, let's see whether the specific policy we are concerned about has an impact on the question, too.

Another point along the same lines. There has been so much publicity in the last 2 years given to those people who are not working and who are dependent on the working population. And this is certainly the impression created, as we say in the paper, by the current official and unofficial publicity about mothers of dependent children, and by the proposals to take them off the welfare rolls through training and employment programs. We then said if we are really genuinely concerned about all potentially employable Americans and their needs to be trained or retrained, if we are genuinely concerned about keeping all such persons in the labor force, why is it that we have not taken equal cognizance of, given equal attention to, tried equally to remedy, the rather sharp decline in the labor force participating rate of so-called older Americans?

Here I want to make clear we are not talking about people in their 80's and 90's. We are talking about people in what we call the younger aged groups here, for example, the 60- to 69-year-old worker category.

I mentioned earlier that a lot of my attitudes have been changed in this field by greater knowledge of the facts and accumulation of new studies. One of the most provocative of these, I think, is the recent Social Security report. It appeared in an article by Lenore E. Bixby and Eleanore Rings in a recent Social Security Bulletin which showed that even in a reasonably high, nearly full employment year, 1968, about half of the men just beginning to receive their social security benefits were under the age of 65, and that these men were generally the ones whom we would all consider the least able to afford to retire.

This is a significant finding because we usually get the general rhetorical statement that all we need to do to solve all problems, apparently, is to have a full employment policy. I repeat that even in a relatively high full employment year about half of the men first applying for social security benefits were under the age of 65, and that they tended to be people least able to afford to retire.

The suggestion is, you see, that something has been happening to these men in their preretirement years, happening in their labor force experience. I don't want to elaborate on that, but it points up the need for a better policy regarding the preretirement years of the older worker which we haven't begun to tackle consciously in this country. It is one of the reasons for the legislation that aims at eliminating discrimination on the basis of age.

One of the other reasons given for high rate of pre-65 retirement is the apparent health problem of such people.

## QUESTION ABOUT "ILLNESS"

I might add hurriedly that the first part of page 4 should have had quotation marks around it: it is taken from a book by one of the witnesses today called "Termination" by Alfred Slote, referring to the studies of another witness, Dr. Cobb, indicating that many men acquire—I hope I am not doing an injustice to their point—in effect, acquire certain illnesses as a result of unemployment shock, and then—this is my point—when interviewed by the Department of Labor interviewer and asked "Why aren't you in the labor force," they say, "It's because I am ill."

So, the Government publishes a statistical table saying the reason these men are not in the labor force is that they are ill. But sometimes they are ill because they are not in the labor force, if I can oversimplify the point. We have not examined all of the reasons why some of these men retiring early are not in the labor force.

I might add we are witnessing a declining rate of participation in the labor force.

Let me put it another way. We are getting an increased labor force dropout rate of these older workers, the pre-65-year-old workers, which in turn then aggravates the problem of living once they do hit 65 and continue to live. Thanks to our medical science revolution, they live for more years than some of them might want to live, given the problems they have to face.

Senator RANDOLPH. Dr. Sheppard, would you comment on this observation regarding the so-called dropout of the older worker from his gainful employment. There are many reasons, of course, for it, as you know, but how often are those reasons actually physical where the worker cannot do that job or do some other job within the organization, for example?

Would you have that breakdown of figures?

Dr. SHEPPARD. No. I wish I could say we did have these figures. It is one of the things I think we need, and it also raises the question of, given whatever percentage it is, what are we doing about, say shifting men to different jobs? We haven't been using our imagination in this field. I think it calls for a whole new development, such as and job redesign. But I agree with you. This can be one of the major reasons. Unfortunately, we don't have enough reliable data on which to make some reliable decisions in the field of policy.

Senator RANDOLPH. That would be possible to secure, would it not?

Dr. SHEPPARD. I think so. I see no reason why it couldn't be done and I would start out, as you suggest, with a pilot survey and see what the feasibility problems are in doing it on a nationwide basis. Periodically, as I indicated, the Labor Department does release studies of reasons of why people are not in the labor force. I don't think they get intensive enough. This is the point I am trying to make. They only take the interviewer's word for it. I mean, he says he is ill and the person therefore is recorded as being ill; that's presumably why he is not in the labor force, without any intensive interviewing to find out which is cause and which is effect. They don't get into the question of the nature of the job they had prior to retirement, nor their employment experiences prior to that time.

I think this ties in with one of the other points in the report, that the labor force participation rate of men in this 65 to 69 category is dropping very sharply, and we know that not all of this is truly voluntary as you indicated in your opening statement, Senator.

#### RATIO OF JOBLESS ON THE RISE

We have tried to indulge in a little extrapolation and we point out if current labor force participation trends continue, out of every six men aged 55 to 59 surviving to the age of 64 or 65, one will no longer be in the work force by the time he reaches that older age. That is one out of six. Ten years ago, it was only one out of eight.

Now, the 1 out of 6 ratio is only for the short run. Unless we carve out a new and progressive policy, that proportion is going to grow in the next decade. I don't think we should automatically define as a sign of progress a younger and younger average age of retirement in society. I think we are coming to a point where we have to reexamine that kind of trend.

Much of what we say in the early pages of this report points to the need—I don't want to overdramatize it and say the urgency—for a type of legislation that you have introduced, the Older Workers Full Employment Act, because it is during the preretirement years where I think the intervention has to take place so that we reduce the probabilities that a man feels he must grab that social security benefit in order to survive. I have some statistics here I can put into the record from the State of New York, showing that the older an unemployed worker is, the more likely he will tend to exhaust his unemployment insurance eligibility.

Senator RANDOLPH. Are those figures helpful to the hearing? I would like to have them if you think that they would contribute to your statement. Without objection, we will use them.

(The document referred to follows:)

#### NEW YORK STATE UNEMPLOYMENT INSURANCE BENEFICIARIES, BY AGE AND NUMBER OF WEEKS RECEIVING BENEFITS, 1966

[Percent]

| Number of weeks receiving benefits | Age of beneficiaries |       |       |         |
|------------------------------------|----------------------|-------|-------|---------|
|                                    | Under 25             | 25-44 | 45-64 | 65 plus |
| Less than 14.....                  | 66                   | 60    | 57    | 31      |
| 14 to 25.....                      | 24                   | 26    | 26    | 27      |
| 26.....                            | 10                   | 14    | 17    | 42      |
|                                    | 100                  | 100   | 100   | 100     |

Source: "Unemployment Insurance Beneficiaries: Benefit Years Ending in 1966," New York State Department of Labor June 1969.

Senator RANDOLPH. Because I must leave for at least a little while, Doctor, I want to come back to your argument that you feel the unemployment of older workers adds to the problems of inflation.

Could you detail this more for us?

Dr. SHEPPARD. I want to make clear, first of all, that I don't think it is the explanation for the services inflationary problem we are all

concerned about now, but it goes back to a simple, maybe oversimplified economic point, that when you get a fixed level of production and an increase in the money supply, you have a classical case of inflation. We learned in Europe that some of the countries are concerned about the older worker policy problem partly because of this question.

In Sweden, for example, they encourage workers to stay in the labor force. They give them incentives for deferring retirement because with adequate retirement income, I might add, when they go out of the productive process, they then, with their funds, are able to compete with people in the productive process for the products available at a given time.

We put this point in the report because of the times we are now living in. What we are saying is, if we are genuinely concerned about inflation, let's look at a lot of other policies and programs that might indirectly have an effect on this aggravating problem—

Senator RANDOLPH. Of course for a person of age, living modestly either on fixed incomes or partial employment, when the rent is raised in one month \$25 to \$30, as we know has been happening, why, this is a real dent, isn't it, in the ability of that person to live not comfortably but to have the essentials that are necessary. This is a problem.

Dr. SHEPPARD. Very often just on the subsistence level; yes.

The main point we make here is that there is a need for intervening in the preretirement age work experience of American workers so that they don't have this pressure on them to retire, let's say, even under circumstances where there isn't a mandatory retirement age in the company they are working for.

#### EFFECTS OF SHUTDOWNS

Certain things are happening to them in the preretirement years. I can give typical examples from the work of Mr. Slote and Dr. Cobb. You can get a plant shutdown, and this is happening every month. We don't have accurate statistics on plant moves and plant mergers which affect, typically, the older worker. Such a worker goes on the labor market to get another job and that is when he begins to face for the next 10 to 15 years a number of "environmental insults." We believe that there are ways of training and retraining mature workers to keep them employable. One of our basic recommendations is that we do something about this.

We think that Congress, secondly, should consider incentives to industry for continuing education in order for workers to adapt to new technologies. This is for current employees.

Third, we need to encourage policies that will keep middle-aged workers effectively informed about the labor market, which includes services to them about job-seeking devices and perhaps for example, using the new, computerized job bank now being tried out by the Department of Labor.

Fourth, there is no question that the Department of Labor needs a rapid increase in staff support and training in the field of industrial gerontology and related matters, to enforce effectively the Federal anti-age discrimination law.

The fifth recommendation relates to a comprehensive program of employment services and opportunities, as we have already mentioned, for middle-aged and older Americans. The task force report also includes specific recommendations about the vesting of pension rights and portability of these pension rights.

Seventh, we have never understood why we haven't done something seriously, and it doesn't take much money or much effort, it seems to us, to provide workers, say, at least those over 55, with extended unemployment benefits to increase the chances of their remaining in the labor market instead of being forced to drop out of the labor market when they do become eligible say, at 62 for social security benefits.

#### EFFECTS ON SOCIAL SECURITY BENEFITS

Finally, we need to reassess our national policies concerning the effect of earnings on social security benefits; policies that give no extra credit if retirement is postponed after 65 and that reduce benefits if earnings exceed specified amounts.

We think, to cite the final paragraph of the report, that until we achieve the ideal goal, and this underlies, I think, the working principle of all our reports, until we achieve the ideal goal of making one's year of birth irrelevant in the minds of employers and others, the greatest protection for older workers is the joint effect of economics and legislation, including the enforcement of that legislation.

We cannot overemphasize that we who have written this paper are not against retirement. The strange thing is that many people have read it and gotten a false impression that we are against retirement. What we are really against is forced retirement. What we are really for is to offer people choices in their lives to choose between work or retirement or even combinations of the two. We are for a society and economy in which the individual worker can have choices and alternatives under decent conditions which is the essence of freedom.

Mr. ORIOL. Thank you, Dr. Sheppard.

We know that several of the other witnesses will allude to points you have made, and we hope you will enter the discussion if you will stay with us throughout the hearing.

We do want to go on to the other witnesses, but, one question, Dr. Sheppard. You spoke about the need for continuous training even while a person is employed. Well, we know that now there are barriers to that sort of training, and we also know that in the manpower development training programs I believe it is about the older worker, those past 45, constitute about 25 percent of the long-time unemployed but are enlisted only to the extent of 11 percent in MDTA.

When you get such a modest showing when they are unemployed, why do you believe that continuous training during employment would be attractive? Is it that the workers do not respond, or that the opportunities are not there?

Mr. SHEPPARD. I don't think it is an either-or answer, Mr. Oriol. I think there is an interaction involved. I am convinced that within the group of gatekeepers who decide who gets training and who doesn't, older workers among a group of people who come to the em-

ployment service office or some other training center are given less consideration than the younger worker. In empirical studies financed in large part by the Department of Labor and conducted by the Upjohn Institute, we have found that among those unemployed workers who went to the employment service, older workers were referred less to training programs than younger workers.

And I hasten to add when we say "older" in this context we mean men who were 39 or older. I am not talking about men in wheelchairs at the age of 93. It doesn't have to be a conscious act of discrimination. I think we have age discrimination virtually built into our culture.

Second, a lot of the people in the agencies to which they went felt that they are going to be discriminated against at the employer end, so why train them?

#### A SELF-SELECTION PROCESS

But I also agree with you that there is a self-selection process. One of the hangups of people as they get older is that they feel they can't learn new tricks. I think people need counseling to get at the problem. We have much more potential, each one of us as an individual, than we ourselves believe.

Third, I think we need to develop new techniques of training older workers and to extend those, diffuse those techniques into the field of vocational education. You can't always use the same training techniques or the same skill that a vocational education teacher uses for a person 20 years old that you use for a person who is 45 or 50 years old. We have done very little to individualize the training for workers depending on their specific characteristics.

So, there are all these reasons that I have referred to. It is not just the individual. It is also the institutions with which he has to cope in trying to seek some kind of help in an unemployment situation.

Mr. ORIOL. Thank you.

Mr. Miller?

Mr. MILLER. I want to pursue just a moment, Dr. Sheppard, the matter of your comments on inflation.

If I understand your position—and I would appreciate your correcting me if I am wrong—what you are saying is, this policy tends to be inflationary because it is really reducing the opportunities for increasing production; isn't that true?

Dr. SHEPPARD. Well, that is part of it.

Mr. MILLER. Would you restate any other elements that come into that?

Dr. SHEPPARD. Any other elements?

Mr. MILLER. Yes; in that side of it.

Dr. SHEPPARD. Well, it depends on how much income these people are retiring with, to begin with. If we are talking about very low retirement income people, it doesn't make that much of a dent, although theoretically it obviously has an effect. But it is, as you say, a certain level of production accompanied by a rise in money supply. That is putting it in very simple economic terms.

Mr. MILLER. There are productive skills and talents that are available that are being denied use by our social practices.

Dr. SHEPPARD. Right.

Mr. MILLER. And this, in itself, is inflationary.

Dr. SHEPPARD. A rational manpower utilization policy would make a dent in our problem of inflation right.

Mr. MILLER. One other question that I have on this matter. Since you made the statement that you are not against retirement, do you feel that we need to modify our concept—and maybe retirement is not the proper word to use—but our concept of retirement toward more part-time employment and this sort of thing?

Dr. SHEPPARD. I think that all ties in with the need to redefine what we mean by work and the cultural definitions of when people are expected to work. I think we have got to reexamine the question of how do you distribute work over a person's lifetime. I think we are now doing this in a sort of conditioned response way instead. We are not really reflecting on it enough. We are keeping people in the younger age group longer and longer out of the labor force and getting people at an earlier and earlier age out of the labor force.

It is nice, perhaps, to handle the problem this way if you are an administrator. This clump of people, they are in buildings called schools. This clump are in buildings called factories. This clump are in buildings called homes for the aged. And it makes life so easy for the administration type.

But there are a lot of prices and costs that we are paying for such an approach and we haven't begun to think about it.

Some people have already commented on this report that its recommendation would make the life of the administrator more difficult. But don't we have to start asking the question, "Was man made for the administrator or was the administrator made for man?"

I am serious about that question. We can't go on making policies in terms of needs of administrators. There are other values involved in life and economics.

Mr. ORIOL. Thank you very much, Dr. Sheppard.

Now for the Senator I would like to call Mr. Ben P. Robertson, deputy administrator of Wage and Hour and Public Contracts Division, Department of Labor.

**STATEMENT OF BEN P. ROBERTSON, DEPUTY ADMINISTRATOR,  
WAGE, HOUR, AND PUBLIC CONTRACTS DIVISION, U.S. DEPARTMENT OF LABOR**

Mr. ORIOL. Mr. Robertson, the Senator, before he left, asked me to express a point he wanted to make. That is his letter of 26th of November to Secretary Shultz. The Senator raised several questions very pertinent to this hearing and to the working paper. The letter clearly called for an expression of departmental policy at this hearing on several important matters such as the implementation of the Age Discrimination in Employment Act, 1967; participation of the elderly at manpower training programs, and departmental commentary by the working paper prepared for this hearing. To date, the Senator has not received written acknowledgment of his letter to the Secretary.

In telephone conversations with committee staff members, we have been notified that the Department was first going to send Mr. Charles Odell as its representative, but now it appears that there has been a change in the plan and the Senator would like you to explain the situation.

Mr. ROBERTSON. The problem which faces us is, in part, due to delegation of authority to various bureaus and offices within the Department of Labor. I am prepared to make a statement this morning on the implementation of the Age Discrimination in Employment Act as it relates to enforcement.

The various other matters covered in the letter of invitation are assigned to the Manpower Administration. Mr. Odell is preparing a statement and will be prepared to offer it to the committee tomorrow.

Mr. ORIOL. Will he be able to speak for the Department on policy matters?

Mr. ROBERTSON. I would gather that he will; yes sir.

Mr. ORIOL. He will. All right. And he will be here tomorrow?

Mr. ROBERTSON. That is my understanding.

Mr. ORIOL. All right.

Would you proceed, Mr. Robertson?

Mr. ROBERTSON. Mr. Chairman and members of the committee: It is a pleasure to have the privilege of appearing before you today to report on the implementation of the Age Discrimination in Employment Act of 1967, particularly, for my part, with respect to those areas of the act for which the Wage and Hour and Public Contracts Divisions have prime responsibility within the U.S. Department of Labor.

The committee has long recognized that arbitrary age discrimination practices, and stereotyped attitudes about the abilities of middle-aged and older workers, have played a major role in barring such individuals from fair employment consideration when applying or being referred for jobs, and from training and promotion opportunities. Your concern and interest are fully shared by those of us who are charged by the Congress with the administration and enforcement of this relatively new, but vitally important, labor standard.

Briefly, the Age Discrimination in Employment Act protects individuals over 40 years of age until the 65th birthday from age discrimination in employment in matters of hiring, discharge, compensation, and other terms, conditions, or privileges of employment.

Most employers of 25 or more persons are covered, as are public and private employment agencies serving such employers. Labor organizations having 25 or more members, or which refer persons for employment to covered employers, or which represent the employees of covered employers, are also subject to the provisions of the statute.

The use of printed or published notices or advertisements indicating any preference, limitation, specification, or discrimination based on age is not permitted, at least insofar as it affects those from 40 to 64 years, inclusive.

Certain exceptions from the act's prohibitions are provided. These relate to situations where age is a bona fide occupational qualification

tion reasonably necessary to the normal operation of a particular business; where a differentiation is based on reasonable factors other than age; where the differentiation is caused by observing the terms of a bona fide seniority system or any bona fide employee benefit plan which is not a subterfuge to evade the purposes of the act; or where the discharge of an individual is for good cause. The act provides that no employee benefit plan shall excuse the failure to hire any individual.

Enforcement procedures are similar to those of the Fair Labor Standards Act, with which the Wage and Hour Division has had wide experience for over 30 years, but one of the special features of the Age Discrimination in Employment Act involves a Federal-State relationship with States which have comparable age discrimination laws.

Since the Age Discrimination in Employment Act did not become effective until June 12, 1968, just 18 months ago, this report covers a period of time too brief for any broad evaluation of its social impact on persons within the protected age group. But a good deal of progress has already been made in many areas, and I am happy to report that under the direction of Administrator Robert D. Moran, the Wage and Hour and Public Contracts Divisions have undertaken the following steps in accordance with our responsibilities under the law.

#### ENFORCEMENT UNDER AGE DISCRIMINATION ACT

First, since enforcement of the provisions of the act was assigned to the Divisions, a number of new sections have been added to title 29 of the Code of Federal Regulations for the purpose of defining the recordkeeping and posting requirements, clarifying the Secretary of Labor's rulemaking authority, and providing interpretative guidelines.

A leaflet summarizing the terms and provisions of the act was also prepared and given broad distribution several months prior to the effective date. Copies of these materials are attached to this statement and it would be appreciated, Mr. Chairman, if they could be made a part of the formal record of these proceedings.\*

During the first few months of our experience under the new law, Wage-Hour compliance officers were instructed to schedule investigations concurrently with those made under the Fair Labor Standards Act and the other laws administered and enforced by the Divisions. After a careful study was made of this procedure, it appeared that violations of the Age Discrimination in Employment Act were more likely to occur in large business establishments which are generally in compliance with the Fair Labor Standards Act, rather than in smaller firms. Our compliance officers are therefore concentrating their efforts now in areas where there is clearly the greatest need, and on complaint cases. Complaints are currently being received at a rate of approximately 100 per month and are promptly investigated.

Mr. ORIOL. Mr. Robertson, sorry to interrupt.

What sort of violations are occurring in the large business establishments? What are you running into?

\*See app. B, p. 1329.

Mr. ROBERTSON. We have found, for example, that one large railroad contacted by the Divisions had a policy of hiring no new employee at any age over 35. We, by negotiation with this railroad, have eliminated this policy completely and have removed any barrier to employment on the basis of age.

Mr. ORIOL. What age groups are they hiring now?

Mr. ROBERTSON. They have no age limitation. They are hiring people in their 40's and 50's, for example, for the first time.

Mr. ORIOL. What are some of the other problems?

Mr. ROBERTSON. We have had a number of problems with advertising stating age limitations which are prohibited under the statute. We have had cases of denial of employment and promotional opportunity to people who are employed by a firm.

Mr. ORIOL. Tomorrow we will have representatives of the Airline Pilots Association who say that because of an FAA regulation they must retire at age 60 and their complaint is that here you have a ruling of the Federal agency apparently violating the Age Discrimination Act.

Are you considering that?

#### AIRLINE PILOTS CUTOFF AT AGE 60

Mr. ROBERTSON. We have considered this problem in the past and have accepted the ruling of the Federal Aviation Agency on retirement of airline pilots as a bona fide occupational qualification within the meaning of the Age Discrimination Act.

Mr. ORIOL. What evidence do they provide that it is a bona fide occupational qualification?

Mr. ROBERTSON. Merely that the FAA and the U.S. Government are charged with the administration of safety regulations for operation of the airlines.

Mr. ORIOL. What evidence do they give to support their conclusion?

Mr. ROBERTSON. We are not qualified to evaluate that evidence.

Mr. ORIOL. Should other evidence appear, you would then evaluate the circumstances?

Mr. ROBERTSON. Certainly, but I think the prime responsibility for this policy rests with the FAA. It is their responsibility to determine what is a safe age at which a man may operate an airplane carrying hundreds of people aboard.

Mr. ORIOL. You would take their decision?

Mr. ROBERTSON. I would assume that we would be guided by their determination rather than attempt to make that determination ourselves. It is beyond our area of expertise.

Mr. ORIOL. All right. Any other examples of violations before we leave the point?

Mr. ROBERTSON. We have had large insurance companies with policies of hiring no one over 40. We have had retail chains; we have had examples in practically all phases of industry where we have found that there has been an historical practice of age discrimination and where we have been successful in bringing about corrective action.

Mr. ORIOL. One other point: Many Federal agencies are involved

in active efforts to recruit young people practically out of college. Do you think that this is sort of de facto discrimination because it reduces the number of positions that may be held by older persons?

Mr. ROBERTSON. I am not sure that it does. I think the Federal Government has a similar program of college recruitment through the Federal Service entrance examination and management intern program. However, the turnover among these new hires and those who complete the training offered to newly employed college students is such that we find that this type of recruitment doesn't have a significant impact on the opportunity for employment for older people. We are seeking, as I am sure every other industry is seeking, the best qualified applicants that we can find.

Our problem is not age. Our problem is finding qualified applicants of any age. I suppose there are industries which concentrate on the college recruiting method to a greater degree than others, but we haven't found the college recruiting program to be a major factor in age discrimination.

Mr. ORIOL. All right.

Would you proceed?

Mr. ROBERTSON. Continuing, I would like to point out that, unlike the procedures provided under the Fair Labor Standards Act, the Age Discrimination in Employment Act specifically requires that before any legal proceedings can be instituted, attempts must be made to eliminate discriminatory practices through informal methods of conciliation, conference, and persuasion. It is only after such attempts have failed that the civil remedies and recovery procedures of the Fair Labor Standards Act are available for enforcement of the age discrimination law.

#### EFFORTS AT CONCILIATION

Efforts at conciliation have been largely successful and, although legal action is presently being considered in other cases, to date only one lawsuit has been filed under the Age Discrimination in Employment Act. The Department of Labor, after all efforts to achieve voluntary compliance had failed, recently asked the Federal District Court in Chicago for a permanent injunction to restrain a well-known transportation firm from violating the statute by denying employment opportunities to individuals between 40 and 65 years of age, and by illegal advertising.

Mr. ORIOL. Mr. Robertson, was that an overall policy or were they limiting it to certain jobs?

Mr. ROBERTSON. Certain job classifications. This was a bus company. They wouldn't hire bus drivers over 35 years of age.

Mr. ORIOL. And what were the reasons given for that?

Mr. ROBERTSON. They claimed that these people were not competent to enter on a career as a bus driver after age 35. We, of course, have agreed to disagree, and have placed the matter before the Federal courts.

Mr. ORIOL. Did they produce any evidence to show support for their conclusion?

Mr. ROBERTSON. Nothing that we could find. For example, we would take the position that the requirement than employee pass a

job-related physical examination, administered without regard to the age of the employee, would be a reasonable factor if it affected the safety of operations of public transportation.

There was no evidence that the people to whom they were denying employment were less physically capable in any sense than those to whom they offered employment.

Mr. ORIOL. On the other hand, you have no evidence that they were capable other than that they passed a physical examination; is that right?

Mr. ROBERTSON. Yes, sir.

Mr. ORIOL. So, there is no measuring of capability, at least in any of your proceedings?

Mr. ROBERTSON. No.

Mr. ORIOL. Thank you.

Mr. MILLER. Do you see a parallel in this instance with that of the airline pilot situation?

Mr. ROBERTSON. Only with respect to the fact that the age of denial is so extremely low in the bus situation, and rather toward the upper age limit of protected employment under the Age Discrimination Act in the case of the airline pilots; plus the determination by another agency of the Federal Government that 60 should be the terminal age for employment as an airline pilot and the absence of any such determination with respect to bus drivers.

Mr. ORIOL. At what age would you begin to worry about bus drivers?

Mr. ROBERTSON. I am worried about bus drivers like anyone else who is within the protected age bracket.

Mr. ORIOL. So, a 64-year old bus driver is okay?

Mr. ROBERTSON. I don't know. Perhaps if someone were well-informed on this subject and determined that 62 should be the terminal age for bus drivers because of safety reasons—

Mr. ORIOL. But how would that be determined, the safety reasons?

Mr. ROBERTSON. I suppose this could be determined in relation to accident statistics.

Mr. ORIOL. Per individual or per group?

Mr. ROBERTSON. By age group, I would imagine.

Mr. MILLER. Such things as the likelihood of a coronary or other dramatic instance of death or illness while driving?

Mr. ROBERTSON. Certainly on the basis of our knowledge, to get back to the airline pilots, we as an administrative agency would not want to take on the responsibility to second-guess the FAA as to what is the safe age for an airline pilot. We assume that they have knowledge which is far beyond that which we possess. We are a law-enforcement agency and we will enforce the law.

Mr. ORIOL. My point in pursuing that, I think we conclude from your statement at this moment implementing this law there is no way of measuring capability in cases in which physical capability may be in issue. Is that right?

Mr. ROBERTSON. That is right, except we will not assert a violation of the law if reasonable physical standards are set down and applied without regard to age.

Mr. ORIOL. Who sets them down?

Mr. ROBERTSON. The employer.

Mr. ORIOL. An employer?

Mr. ROBERTSON. Yes, sir.

Mr. ORIOL. Well, you have already shown that employers do not always look at this objectively.

Mr. ROBERTSON. But if the physical requirements are applied objectively, and they are reasonable and not on their face discriminatory, it appears—

Mr. ORIOL. Could you give me an example of this?

Mr. ROBERTSON. Yes. For example, we had a case involving one of the major utilities companies in the United States which had a practice of not hiring anyone over 35 on certain jobs—35 seems to be the magic date that we encounter so frequently. They permitted no employee to enter a job where he had to climb utility poles after 35. By negotiation and persuasion, we were able to get this company to eliminate any arbitrary age cut-off and substitute physical examinations which were applied regardless of age. In other words, if a job applicant age 45, could pass the physical examination required for this job—

Mr. ORIOL. What was the job? I missed that.

Mr. ROBERTSON. A utility-pole climber.

Mr. ORIOL. A utility-pole climber?

Mr. ROBERTSON. That is right. And if the 45-year-old applicant could pass the same physical examination required of a 30-year-old applicant, he is then given the opportunity for employment.

Mr. ORIOL. What was the physical examination? How did they determine that they were physically able to do this?

Mr. ROBERTSON. Well, I suppose they checked the heart, among other things. I don't have the details of the physical examination required, but it is now applied equally with respect to an individual under the protected age bracket of the Age Discrimination Act and those within the protection of the act.

Mr. ORIOL. Anything else?

Mr. MILLER. No.

Mr. ORIOL. Thank you.

You may proceed.

#### 25,000 INVESTIGATIONS

Mr. ROBERTSON. More than 25,000 establishments were investigated in fiscal 1969, the first full year of operation under the act, to determine compliance with its provisions. Of these, slightly less than 500 were found in violation and corrective action was taken. Illegal job advertising by employers and employment agencies comprised about half of the total number of violations found. The balance consisted of refusals to hire persons within the protected age group, and the failure of employment agencies to refer such individuals for employment.

Over and beyond the investigation program, in fiscal year 1969 the Divisions initiated more than 11,000 compliance contacts directly with employers to inform them of the provisions of the law and of their responsibility to comply. Such contacts in some cases opened employment opportunities to older workers or corrected violative

practices without need for enforcement action. Also, shortly after the effective date of the Age Discrimination in Employment Act, the Divisions' field staff was instructed to review help-wanted advertisements in a number of local newspapers throughout the United States. Subsequently, a plan was adopted whereby telephone calls were made, or letters sent, to those employers and employment agencies whose advertisements appeared to conflict with the stated purpose of the Act, in order to let them know about the new law and to offer assistance in explaining its terms and provisions. We are well aware that instances of illegal advertising still appear in many parts of the country, but the effectiveness of this program was reflected in the results of a followup survey made of 72 newspapers in 63 cities which, by the end of 1968, showed a significant decline in the number of advertisements using language which is prohibited by the statute. I would also add, in this connection, that our efforts to make known the requirements of the act to individuals and organizations using help-wanted advertisements have been greatly assisted by publishers and advertising managers who, although not legally liable under the act for the contents of job advertisements, have given us extensive cooperation in our efforts to publicize its provisions.

Mr. ORIOL. Mr. Robertson, on that point, would you consider it illegal if an advertisement said, "Wanted: Young, vigorous executive"?

Mr. ROBERTSON. We have issued an interpretation that advertising for a young man or young woman would be violative of the Age Discrimination Act.

Mr. ORIOL. Are there any camouflages now in practice that you are concerned about in advertising?

Mr. ROBERTSON. We have not pinpointed any in particular. We do from time to time come across some effort to get around the purpose of the law. I suppose we will always have this problem, as we have had it with respect to the whole equal employment opportunity area, including discrimination on the basis of race, religion, sex. We cannot point to any current subterfuge which is causing us any particular trouble, however.

Mr. ORIOL. Suppose when the person goes for the job interview he just encounters unexplained coolness, presumably because of age. What, if anything, can you do about that?

Mr. ROBERTSON. Well, he can come to us and we will make an investigation, and we will go beyond the stated policies of the company and look to practices in hiring. In other words, if in a particular job classification nobody over 30 years has been hired in the preceding year, we will presume that we have a prima facie case of age discrimination, assuming there have been applicants.

Mr. ORIOL. How many such cases have you brought?

Mr. ROBERTSON. We have brought only one legal action. We have made a number of investigations.

Mr. ORIOL. Is that the only company whose hiring records you have examined?

Mr. ROBERTSON. Oh, no. This is the only company which has refused to comply on the basis of our interpretation of the law.

Mr. ORIOL. How often have you gone through the procedure you

just described of checking the hiring policies of a company in detail?

Mr. ROBERTSON. I suppose hundreds of them.

Mr. ORIOL. How large is your staff at this point?

Mr. ROBERTSON. We have something slightly less than 1,000 compliance officers in the field.

Mr. ORIOL. In all parts of the United States?

Mr. ROBERTSON. Yes, sir.

Mr. ORIOL. And their duty is solely implementing the Age Discrimination Act?

Mr. ROBERTSON. No, sir. Their duties involve investigations under the Fair Labor Standards Act, which includes the Equal Pay Act; the Walsh-Healy Public Contracts Act; Service Contract Act; Davis-Bacon related acts; and several others.

Mr. ORIOL. Approximately how much of their time is taken up with the age discrimination?

Mr. ROBERTSON. Not over 10 percent of their time.

Mr. ORIOL. Thank you. Proceed.

#### VOLUNTARY COMPLIANCE

Mr. ROBERTSON. The experience of the Wage and Hour Division appears to indicate that there has been a substantial measure of voluntary compliance with the Age Discrimination in Employment Act. It is particularly gratifying to note, for example, that the amicable settlement of individual complaints of age discrimination at local branches of certain large firms has resulted in widespread voluntary compliance by these firms on a nationwide basis.

Concurrently with its regular enforcement activity, the divisions have been, and are presently, conducting an intensive education and information program about the Age Discrimination in Employment Act on a nationwide basis through every available channel of communication, using for personal contacts field personnel stationed at almost 400 towns and cities across the country.

Radio and television stations are being provided with specially prepared film, and scripts of varying lengths for use in spot announcements and in personal interviews with wage-hour field personnel and national office staff. The assistance of large numbers of organizations, management, labor and civic groups is being enlisted to disseminate information about the act and distribute prepared materials. Reports from the Divisions' regional offices reveal an ever-increasing demand for speakers at meetings of all kinds, large and small, and for copies of bulletins and leaflets about the act in both the English and Spanish languages.

Mr. ORIOL. Mr. Robertson, on the educational effort, leaflets don't reach many people and television, I don't visualize employers sitting down looking at their television to learn about the Age Discrimination Act. Now, have you sponsored any workshops where employers, unions, and the Department of Labor can get together and talk about this?

Mr. ROBERTSON. None specifically on the Age Discrimination in Employment Act. On all of our public appearances and workshops, we include this act along with the other labor standard statutes

which we enforce. We haven't as yet had any seminars or conferences devoted exclusively to age discrimination. We have had seminars and conferences covering the various labor standard statutes we enforce, in which discussions of the Age Discrimination Act have been included.

Mr. ORIOL. Do you think there would be an advantage to having special people there solely to talk about the implementation of the Age Discrimination Act?

Mr. ROBERTSON. We have considered this historically and found that it is uneconomical from our standpoint to have specialists in the various laws that we enforce. With only 1,000 people covering the entire United States, we find that to have generalists who are capable of performing assignments in any of a half dozen areas on a particular trip into a given area is much more economical from our standpoint.

Mr. ORIOL. Well, it is economical, but is the law being implemented as well as you want it to be?

Mr. ROBERTSON. We think our people are well trained and capable of enforcing it.

Mr. ORIOL. But is the law being implemented as well as you would like it to be?

Mr. ROBERTSON. Well, we really haven't found so far, I think, the best means of directing our efforts to those establishments where age discrimination violations are most liable to occur, to the same extent that we have developed this technique with respect to the wage standards laws that we enforce.

I mentioned that initially we tried the technique of adding on an age discrimination investigation to our regularly scheduled wage and hour investigations. However, we schedule a wage-hour investigation on the basis of a probability of finding a violation of the Fair Labor Standards Act and we find that, by and large, employers who are probably violating the minimum wage law are not those who are violating the Age Discrimination Act. That is why we abandoned that procedure.

Mr. ORIOL. If you had 1,000 investigators and they gave only 10 percent of their time, roughly, to the Age Discrimination Act, that is an equivalent of 100 men trying to implement this on a national scale, and it just seems like a very big responsibility.

Mr. ROBERTSON. Except that we have broadened our outreach by using all 1,000 to pick up indications of age discrimination and violation while in pursuit of their other duties.

Additional information in greater detail about these and other aspects of implementation of the Age Discrimination in Employment Act will be available shortly when the annual report required by section 13 of the act is submitted by the Secretary of Labor in January to the Congress.

With your permission, I would like to send copies of this report to the chairman and all members of this committee and, if the time limit has not expired, would ask your consideration of its inclusion in the formal record of these proceedings.\*

\*See app. B, Item 1, p. 1329.

"MUCH REMAINS TO BE DONE"

As I indicated earlier in this statement, much remains to be done in furthering the objectives of the Age Discrimination in Employment Act of 1967, but we feel that we have made a good beginning.

We shall continue to use all the resources available to us in an effort to eliminate the barriers which have prevented far too many of our older workers from obtaining employment and utilizing their full potential. For the Nation as a whole, a failure to do so is a staggering waste of manpower and a constant drain on the economy. For the individual worker, it can often mean nothing less than sheer tragedy.

Mr. ORIOL. Mr. Robertson, there is no reference in your statement to a question expressed by Senator Randolph in his letter to Secretary Shultz. He expressed a direct concern about plans for conducting as required in the Age Discrimination Act of 1967 "a study of institutional and other arrangements giving rise to involuntary retirement."

Would you please discuss the way in which this assignment is being approached?

Mr. ROBERTSON. This will fall within Mr. Odell's area, who will be before you tomorrow.

This is one of the aspects of the law which was not delegated to the Wage and Hour and Public Contracts Divisions. This was assigned to the Manpower Administration.

Mr. ORIOL. Do you have any idea at all how this study will be conducted?

Mr. ROBERTSON. I don't know how it will be structured. I know we have been meeting with representatives of the Manpower Administration and exploring means of obtaining data. They have been meeting with HEW and some of the other interested agencies of the Government.

Mr. ORIOL. What is the problem? Why hasn't it been begun before now?

Mr. ROBERTSON. I really would have to defer to Mr. Odell in answer to that question.

Mr. ORIOL. I am just puzzled. I assumed that it would fall under your jurisdiction.

Mr. ROBERTSON. In the basic delegation of authority, we were given in the Wage and Hour Division the job of issuing regulations, interpretations, and carrying out the enforcement activity and an educational program insofar as it affects efforts to achieve voluntary compliance with the law. Various other programs were delegated to the Manpower Administration and I am not familiar with these in detail.

Mr. ORIOL. You will make use of these studies, though?

Mr. ROBERTSON. Oh, yes; when they are made available.

Mr. ORIOL. In a report of January 1969, then Secretary of Labor Wirtz said that plans were under consideration, to make specific studies of three industries: Air transportation, banking, and electrical machinery and equipment manufacturing where there is a markedly lower percentage of employees 45 years and older than is true of employment in general."

## STUDIES NOT INITIATED

What is the status of these studies?

Mr. ROBERTSON. These studies were not initiated. We had to give priority to other reports, and these were canceled.

Mr. ORIOL. What other reports had a higher priority?

Mr. ROBERTSON. Reports on the impact of the minimum wage and educational institutions, hospitals, and certain other areas where we have enforcement responsibilities.

Mr. ORIOL. Could you give me a few more examples?

Mr. ROBERTSON. There are basically four major survey reports. One, the report of the effects of the minimum wage under the Fair Labor Standards Act, which goes to the Congress from the Secretary each January; and there are three subordinate reports, one on agricultural processing, one on educational institutions, and one on non-Federal hospitals.

Mr. ORIOL. How is it determined that these studies relating to the elderly had lower priority than those other studies?

Mr. ROBERTSON. Departmental judgment was exercised.

Mr. ORIOL. Here we are told by the former Secretary of Labor that air transportation, banking, and electrical equipment manufacturing industries have a markedly lower percentage of employees 45 years and older. How are you studying or evaluating what this means?

Mr. ROBERTSON. As the result of having to eliminate these particular studies, at the moment we are not studying or evaluating them at all.

Mr. ORIOL. But this is an area of concern, that they have such a low concentration of people 45 years and older and nothing is being done.

Mr. ROBERTSON. Other than to attempt to find any discrimination and violations through investigation, no statistical analysis was undertaken.

Mr. ORIOL. When will these studies be taken up?

Mr. ROBERTSON. I am unable to predict at this time.

Mr. ORIOL. When was it decided that they would not be?

Mr. ROBERTSON. Last January, I assume.

Mr. ORIOL. Last January. Right after the Secretary's report?

Mr. ROBERTSON. Yes.

Mr. ORIOL. I see.

Any questions, Mr. Miller?

Mr. PATTON. May I ask a question?

Mr. ORIOL. Yes, indeed.

## OBSOLESCEMENT OF SKILLS

Mr. PATTON. It occurred to me that there may be a big problem in this country with obsolescence of employee skills due to advancing technologies, and I was wondering if you had looked into the problem of employers who assert that they no longer keep employees because their skills are no longer needed and they claim that it is essential that younger men come along with updated skills.

Do you have any standards or guidelines with regard to a claim

an employer might make that older workers simply don't have the skills or the technology viable to keep up with new technologies?

Mr. ROBERTSON. We haven't encountered that problem specifically.

Mr. PATTON. You mean no claim has ever been made by an employer that there is—

Mr. ROBERTSON. No. We had an obsolescent skill problem with one of the major telegraph companies where telegraph operators are apparently becoming obsolete. The firm had modified its retirement program to give favored treatment in reduction in force to certain employees who are in this category, but they cooperated with us and we worked out a program which was applied equally to all without regard to the age factor as being controlling. We think this was accomplished without violation of the Age Discrimination Act.

Mr. ORIOL. Dr. Sheppard, or Mr. Sprague, do you have any questions?

Mr. SPRAGUE. I am still a bit puzzled by that FAA situation. Mr. Robertson says that they wouldn't want to intervene in something like that, this agency. He also said they don't have the expertise to develop whether a pilot should be retired at 60 or not. Now, it seems to me that you are applying different treatment to a Government agency than you would to a private company. I think you would demand that the company apply some kind of criteria to its retirement age; wouldn't you?

Mr. ROBERTSON. Well, of course, you raise one of the basic points and that is the relationship between two Federal agencies, where the other Federal agency is in no way subject to our jurisdiction and a private company which is. We have various policies going on within the Government, each of which I assume has a worthy objective.

Now, whether or not we, with no statutory authority, are in a position to tell the FAA, "We think you are wrong," if we did think they were wrong, is the entire sense of the question.

Mr. SPRAGUE. Does the statute exclude that authority?

Mr. ROBERTSON. No, but we have the job of enforcing the law and there is a statutory exclusion for bona fide occupational qualifications.

Mr. SPRAGUE. Yes, but if it is a private company, you would say they have got to show that it is a bona fide occupational qualification. When it comes to an airline pilot at 60, you say, well, you don't accept the FAA on that but if the statute says you have to enforce the law between 45 and 60 just because it is getting near the end of the age span wouldn't that mean that you have to relax your supervision?

Mr. ROBERTSON. Well, again, I can only say that I wouldn't seriously consider reversing the FAA in the field of their statutory responsibility as it relates to the safety of the flying public in the United States.

Now, it is very easy to say, why don't you, but it is also a difficult problem. I am aware of the feelings of the Airline Pilots Association. We have been exposed to some of the difficulties which have arisen. But I don't think that this is a matter which is within our area of prime responsibility for resolution.

Mr. SPRAGUE. Does that mean, Mr. Oriol, that it is in the jurisdiction of Congress to look at that kind of question?

Mr. ORIOL. Well, we are.

Is there anything else?

Thank you very much, Mr. Robertson.

Now we would like to call Mrs. Rashelle G. Axelbank, former labor market analyst, New York Division of Employment, and consultant on Older Worker Employment and Retirement Subjects for the National Council on the Aging.

**STATEMENT OF RASHELLE G. AXELBANK, FORMER LABOR MARKET ANALYST IN THE NEW YORK DIVISION OF EMPLOYMENT, AND CONSULTANT ON OLDER WORKER EMPLOYMENT AND RETIREMENT SUBJECTS FOR THE NATIONAL COUNCIL ON THE AGING**

Mr. ORIOL. Mrs. Axelbank, I know the Senator wanted to hear this but I am sure you understand his problems this morning.

Mrs. AXELBANK. That is all right.

The excellent report of the Task Force singled out early retirement as one of the developing trends that contributes to the worsening economic status of the aged.

Early retirement is deplored because it cuts into the size of social security benefits of the very persons who can ill afford any reductions in their retirement incomes. Yet more and more persons choose to apply for benefits before they reach age 65. Of the men who started receiving benefits in 1968, some 54 percent were under 65 and got reduced amounts; the proportion of reduced benefits was still higher among the most recent awards.

As would be expected, the average monthly benefit with reduction was substantially lower than the average for men who waited till age 65 to retire: \$96 versus \$115 in December 1968.

Why, then, are so many male heads of households choosing early retirement when it means reduced amounts not only for themselves but their wives, as well? The answer is rather simple: They believe they have no better alternative.

I should like to discuss some of the developments in our economy which contributed to this trend. If we understand some of the reasons for what happened, perhaps we can find better ways of coping with the problems created.

Early retirement is the end product of several developments, of which the most important was the postwar change in the industrial and occupational patterns of employment. Growth in private pension plans, which often went hand in hand with upper age limits for newly hired workers, also contributed to this trend. The amended social security program, making possible the retirement of men at age 62, was a response to the problems which these developments created.

The data I present are drawn chiefly from a study, "The Position of the Older Worker in the American Labor Force," which I prepared in the spring of 1968 for the National Council on the Aging's Institute of Industrial Gerontology. This study centered on the problems of male workers.

## CHANGES IN INDUSTRIAL EMPLOYMENT PATTERNS

Between 1950 and 1960, employment of men in the Nation rose almost 7 percent. This average figure tells us little. It was the product of great expansion in some industries and sharp declines in others, and this tells us a great deal.

On the one hand, there was the enormous increase in professional services (48 percent), in State and local government (also 48 percent), in finance-insurance-real estate (29 percent), and in personal services (down 7 percent).

Even more dramatic changes occurred in some subgroups. In air transportation, employment rose by 90 percent; in aircraft production, it went up 142 percent. At the same time, railroads suffered a 33 percent decrease.

The significant point about these changes is that the largest losses were in those fields where large numbers of older workers held jobs—agriculture, mining, railroads, and the self-employed.

Unfortunately for the older displaced men, the newer and rapidly growing industries have tended to hire younger workers. A few examples will illustrate this point. In 1960, the median age of men in all industries was 40; in the fastgrowing transportation industry, it was 35, but in the dwindling railroads the median age was 47.

The situation can be described in another way. The older workers were a disproportionately high percentage in declining industries and a disproportionately small proportion in expanding fields. Men aged 45 and over were 39 percent of all employed workers, but held 46 percent of the jobs in retail apparel stores, where jobs were dropping, as against 30 percent in electrical machinery factories, a growing field.

Mr. ORIOL. Mrs. Axelbank, if I may interrupt at that point, you were a labor market analyst in the New York area and maybe that will help you answer this question.

You point out that in the electrical machinery factory there was a tendency to hire young people. It is a very rapidly growing field. Well, why is there a tendency to hire the younger person where with a little retraining perhaps an older worker seasoned with experience and so forth might have the very qualities that a rapidly growing industry would want?

Mrs. AXELBANK. Well, actually, declines and expansions don't happen at any one point. We are now talking about a trend that had been going on for many, many years. An older worker doesn't leave his job even when he knows the field is declining. I suppose they hung on as long as they could. Young workers have much greater labor mobility and they are attracted by a field that is new, also a field that is expanding, and because there is a general preference for younger workers anyway, they were the ones who were hired in large numbers.

You must not think of this as something that happened at one point in time; it is a process in which the older worker is reluctant to leave and the younger worker is anxious to leave and go into what he thinks is the glamor field. And I think it is just one of those things that happens.

Mr. ORIOL. Well, that is the employee viewpoint.

Is there anything in the employer viewpoint or is he guided by the employee?

Mrs. AXELBANK. Well, there just is a general preference for young workers, that is all one can say, and I suppose at the same time it is the younger worker who is responding.

First of all, many of these plants were established in new areas and they often required the transfer of workers from one area into another, and so to a certain extent I would say the thing happened for natural reasons. Let's put it that way. And the other is because there just is that kind of preference.

I don't think that the electrical machinery factories were necessarily not utilizing their older workers. It is just that they were expanding and they were absorbing more younger workers.

Mr. ORIOL. Thank you.

#### CHANGES IN OCCUPATIONAL PATTERNS

Mrs. AXELBANK. Now, when the industry pattern is altered, changes in occupational patterns necessarily follow, and this is what has been happening in the postwar period. The major changes in the 1947-66 period were the greatly increased proportion of men in white collar fields, particularly professional and technical jobs, and the reduced percentages among laborers and operatives. The great technological advances during these two decades created new areas of work requiring highly specialized personnel, and modified the job content of many traditional occupations.

Precisely as in industries, the expanding occupations show a younger than average work force, while the contracting occupations show an older than average labor force in 1960. One set of contrasts must suffice: the median age of tailors and furriers was 56 years; of airplane mechanics, it was 38 years.

The impact of the foregoing changes on job opportunities for older men, once they lost their positions, can be predicted. When semiskilled and unskilled men past their mid-fifties looked for other work, many discovered that they were considered unqualified in the newer, expanding fields because they lacked the required education and work experience.

Eventually, some settled for lower paid work, or temporary employment or part-time jobs; still others, after prolonged unemployment, gave up the search and retired from the labor force.

This is not to imply that all older workers, once unemployed, do not find good jobs. Unemployed persons—old or young, are a heterogeneous group, comprising the well-educated who offer the required skills and experiences, as well as those who do not.

However, tens of thousands among the older population, particularly men in various blue collar and service occupations who had little schooling, feel they have been discarded, unjustly rejected by personnel staffs simply because of age. They are supported in these views by investigators who find qualifications for many semiskilled and unskilled job openings to be excessive, mere disguises for age prejudice.

## UNEMPLOYMENT

The volume and rates of unemployment among men aged 45 and older vary with the state of the economy, as among men of all ages. But in any given period, rates are lowest in the 35-44 year group; thereafter, they tend to rise with each successively higher age group. The year 1966 illustrates this point:

In the 35- to 44-year group the unemployment rate was 2 percent. It wasn't any higher in the 45- to 54-year age group. But beginning with the 55- to 64-year age group, it went up to 2.6 percent, and for 65 and over, it was 3.1 percent.

I might say that these figures for older groups are deceptively low, probably because they do exclude those unemployed persons who withdraw from the labor force and are not counted as unemployed. Also, a good many of them have only part-time employment which in a way conceals some of the unemployment. I am talking now about involuntary part-time employment.

In 1966, just to give you an idea of the magnitude of unemployment, men aged 45 and older, unemployed in any one week, averaged 442,000. In the course of the year, approximately 1.5 million individuals were without work at some time.

## LONG-TERM JOBLESSNESS

Now, the problems of older workers are not reflected so much in their rate of unemployment, as in the length of time they remain without work. They make up a disproportionately large percentage of the long-duration unemployed. It is in this respect that their experience differs so widely from that of the younger population.

The average duration of unemployment among men 45 and over was almost 18 weeks as against 10 weeks for those under 45, in 1965.

Now, it makes all the difference in the world to the morale of a jobseeker, and to the person who is doing the hiring, whether the applicant has lost his job a few weeks ago or half a year ago.

The statistics tell the story. In 1966, men in the 45-64 group accounted for 23 percent of total unemployment. But among men out of work 15 weeks or longer, they were 36 percent. Worse still, among men out of work 27 weeks or longer, they were 43 percent.

Unemployment of long duration is relatively more extensive in unskilled and service fields, where large numbers of older workers are employed, than in white collar fields which engage relatively fewer older persons. For example, in 1966, professional and technical workers accounted for 12.6 percent of the employed population but only 3.7 percent of those who remained jobless for 27 or more weeks. On the other hand, laborers were only 5 percent of employed persons but 12.1 percent of the long-duration jobless.

## EDUCATION AND UNEMPLOYMENT

When advancing age is coupled with low educational levels—as is often the case—the difficulties in obtaining work are intensified. It is not surprising to find the highest jobless rates among the least educated of the older jobseekers. In March 1964, for example, men aged 45 and over, with less than 8 years of schooling, showed an unem-

ployment rate of 7 percent, compared to only 3 percent among high school graduates, and 1 percent among college-educated men.

#### DROPOUTS FROM THE LABOR FORCE

An alarming development during the past two decades is the increasing number of older men who are withdrawing from the labor force. In 1966, there were 1,253,000 men, aged 56 to 64, not in the labor force; this was half a million more than in 1947. Among the 65 and over group, 5,635,000 were not in the labor force, an increase of more than 3 million from the 1947 figure.

Expressed in terms of labor force participation rates, the declines were as follows:

In the 45-54 group, it was very little, not worth mentioning. More than 95 percent were in the labor force in both 1947 and 1966. But when we get to the 55- to 64-year group, 90 percent were in the labor force in 1947; 85 percent in 1966. And in the 65 and over group, 48 percent were in the labor force in 1947 and 27 percent in 1966.

The decline in labor force participation is often cited as a measure of affluence, enabling more and more men to retire early on adequate incomes. This holds true for perhaps a third of the early retirees. This figure is based on the analysis by Mrs. Bixby and Miss Ring, which I will refer to a little later. But the story is quite different for the other two-thirds of the early retirees.

Why have more and more older men dropped out of the labor force? The U.S. Bureau of Labor Statistics is beginning to develop data on reasons for this trend. Many studies reveal that the official reason given by early retirees for dropping out of the labor force is not always the real one.

Ill health is the explanation most often cited, although inability to obtain a regular job is frequently the more basic cause. It is now recognized that humiliation and depression resulting from a long and unsuccessful job search may lead to symptoms of illness and disability. Dr. Sheppard commented on this. Moreover, ill health provides a proud man with a face-saving reason for not working.

A relevant finding in one study is worth mentioning. The 1962-65 decline in labor force participation among men aged 55 to 64 was almost entirely among those with the lowest educational attainment; a group that makes up a large portion of the long-duration jobless.

#### EMPLOYMENT INCOME VERSUS BENEFITS

Most men under 65, and many above that age, prefer employment to retirement for the simple reason that they need the larger incomes which jobs provide.

It may be advantageous for men to obtain reduced benefits at age 62 or 63 or 64, if they have lost hope of finding work, but it must be recognized that the size of the average benefit is only a fraction of employment income.

Median earnings of employed men, aged 60 to 64, covered by the social security program, were \$5,000 in 1965. Benefits in that year for early retirees (62-64) averaged below \$1,000. When we get to the 62-year group, they are even lower than that. In 1965, they were

only \$872 so that any comparison between the average social security benefit and the average that a worker earns shows the benefit to be much smaller.

#### EARLY RETIREES

What do we know about these early retirees? In terms of their employment histories and past earnings, how do early retirees differ from men who defer retirement until 65? Some answers are provided in an analysis of men claiming retirement benefits in 1966—Lenore E. Bixby and E. Eleanor Rings, "Work Experience of Men Claiming Retirement Benefits, 1966," Social Security Bulletin, August 1969.

Briefly stated, the analysis reveals that men claiming reduced social security benefits are much more likely to have low lifetime earnings, sporadic work, and unemployment in the years preceding entitlement than men who retire at 65. Here are the highlights of their analysis:

**Recency of employment:** The percentage of 62-year men not working in the year before entitlement was more than twice as large as among men aged 65, for example, 22 percent among those aged 62 compared to 9 percent of those aged 65. Moreover, one in 10 men that took reduced benefits at 62 had the last year of covered employment in 1963 or 1964 but could not begin to receive benefits until reaching 62 in 1966. Presumably, many of these were disabled but not eligible for disability benefits under the OASDHI program.

**Continuity of employment:** Early retirees showed less continuous employment. The proportion who worked in covered jobs throughout the years 1951-65 was only 46 percent for the 62-year group, but 70 percent for men aged 65.

**Level of earnings:** The percentage of men with low earnings (less than \$2,400 in their last year with earnings) was almost 3 times higher among retirees at age 62 than among retirees at 65; 47 percent of men aged 62, but only 17 percent of men aged 65 earned less than \$2,400 in the last year they were employed.

As would be expected, average earnings in the last year employed were considerably lower for earlier retirees: \$2,749 for men aged 62; \$3,514 for those aged 63 to 64; and \$4,057 for 65-year men.

Perhaps a third of the early retirees may have retired because they had adequate incomes. At any rate 30 percent of the 62-year men had earned the maximum that was taxable for social security, namely \$4,800 a year; this is the group that may have had private pension plans enabling them to retire voluntarily.

Although we do not have all the answers to the question of why so many men are settling for reduced benefits, it is difficult to avoid the conclusion that in a very large proportion of cases, early retirement is an alternative to long-term unemployment or sporadic employment at low wages.

#### PRIVATE PENSIONS AND AGE DISCRIMINATION

I want to say a word about private pensions as they relate to age discrimination. It is an irony that private pension plans, which mark an advance in economic security for millions of workers, have

at the same time intensified age discrimination in the hiring process, curtailed job opportunities for many older men and contributed to their longer unemployment.

Mr. ORIOL. Mrs. Axelbank, on that point, what reasons do employers give? Is it usually the argument that they can't afford to take on an older person who contributes only a few years to the pension fund and then should have a pension? Is that the problem?

Mrs. AXELBANK. I think for the most part it is related to the cost of pensions. If you have, let's say, a fixed pension at age so-and-so, naturally if the man comes on and only works for 7 years, it is going to cost the employer a good deal more than when he takes on a younger person.

I think it is very complex, the reasons why they don't hire older men, but I believe that the cost of the pension is important, a very important factor there. I think it probably has made the justification for not hiring stronger, let's put it that way.

We find that a study of the Labor Department showed that establishments that do not have pension plan hire larger proportions of persons over 45, over 50, and so on, than do plants that have pension plans.

In this same study, employees indicated that cost was one of the considerations; and even where they didn't admit it, the interviewers had the impression that the existence of the pension plan does mitigate against the hiring of the older person.

Mr. ORIOL. Wouldn't it be possible for a pension system to be flexible, though, to allow perhaps a smaller pension for someone who comes in later?

Mrs. AXELBANK. As a matter of fact, I think many older workers would often say, "I don't need a pension. I will come on without a pension," but the large establishments say that this would make for a bad image because after the person retires he might nevertheless say that he had worked there for a certain number of years and he was dismissed and got nothing, so most establishments, I think, do not want, haven't wanted, to make these exceptions.

Now, I think many things can be done about altering our pension system philosophy and policy but I don't think this is the occasion for such a discussion. I think there is enough evidence to indicate that employers themselves admit that pension costs do enter into one reason for setting up early age limits.

Mr. ORIOL. We don't want to pursue that, but if you could give us some supplementary thoughts on the changes you were just discussing, I think this would be very helpful to the record.

Mrs. AXELBANK. At another time?

Mr. ORIOL. Yes.

Mrs. AXELBANK. All right.

To continue, the preference for younger workers in our society is recognized. Growth in private pension systems has reinforced this preference, has often gone hand in hand with upper age limits for newly hired persons.

The added cost of pension coverage for newly hired older employees is the reason usually given for such upper age limits. This cost-accounting approach, I think, is inconsistent with an enlightened labor market philosophy and requires reexamination and revision.

## RECOMMENDATIONS

Advances in technology, the things that I have been talking about, will continue to go hand in hand with uneven growth and decline of industries and occupations. In other words, what I have tried to show is that the tremendous changes in the structure of industries and occupations that have occurred between 1947 and 1966 will continue, maybe not in as pronounced a form as they did during those two decades, but this is probably inevitable in all industrialized societies. For various reasons, preference in hiring younger workers is also likely to persist.

Again, with the new Federal legislation, we hope discrimination will not be practised in so intensified a form, but we know that there are many dodges for justifying upper age limits. I must say sometimes it is difficult to say whether an upper age limit is really an occupational qualification or whether it actually is a disguise for something else.

Although years of schooling among older persons is rising, the gap in educational levels of younger and older generations will not soon be eliminated, may never disappear. I take it that even a decade from now there still will be gaps between the older and the younger generation.

Now, the adverse effects of these tendencies on job opportunities for unemployed older workers would be lessened by a variety of programs and Dr. Sheppard mentioned, I believe, most of them, but I have reduced them to a fewer number.

## GOVERNMENT-FINANCED TRAINING PROGRAMS

The first, maybe not in their order of importance, is Government-financed training programs, as far as possible initiated and tailored by employers in response to actual manpower requirements in their industries, which would give reasonable assurance of jobs to older workers after satisfactory completion of such training.

I must say this as an aside. I am skeptical about universal panaceas. When you have legislation that covers the United States of America, it is likely to be thinly spread because there is never money enough for programs of this kind that can do a really intensive kind of job, the kind you would like to see done, and when you have these very large programs of training for older workers, which applies to all States, all localities and so on, from my experience in the division of employment I would say that they are rather superficial in their effectiveness, and for that reason I have somehow or other placed the emphasis on training by employers which is not general but specific.

Now, I know that there are many questions that arise as to how you implement this kind of program. I mean, to whom do you give money, under what circumstances. I must say I don't have the answers here now.

Extended unemployment insurance benefits to workers, along the lines that Dr. Sheppard suggested, to workers aged 60 to 64 who exhaust benefits, provided they enroll in retraining programs which are approved for them by agencies established for this purpose; such

agencies might consist of representatives from industry, unions, and the government.

Again, the words "training" and "retraining" are sufficient. I have seen too much training and retraining done that somehow or other is very disappointing to the workers who have had it, and I think that this is one reason why older workers are to a certain extent reluctant to undertake training. I think they haven't had enough success with it.

I would like to see genuinely improved counseling and placement services in public employment offices.

Revisions in private pension systems to eliminate or minimize the added cost of pension coverage for newly hired older workers are another great need.

Government-created work projects, as a last resort, for persons aged 60 to 64 who cannot find jobs in the private sector are also recommended.

And I say as a last resort because I think it is healthier to put some of the responsibility for the employment of the older person on industry where I feel that it really belongs. I don't feel that they have carried the responsibility sufficiently.

I think it is healthier for the older worker to remain within the industry in which he has spent many years of his life. I think new projects are always a threat to the older worker, especially the persons we are most concerned with, the less educated, the unskilled, the semiskilled, and so on, but there will always be some persons who will never be able to be fitted into the private sector, so I feel there should be Government-created work projects for those persons.

Mr. ORIOL. Thank you very much, Mrs. Axelbank.

To go back to your first recommendation, Government-financed training programs as far as possible initiated and tailored by employers in response to actual manpower requirements in their industries.

Now, other witnesses are going to mention, I believe, that training for now is not available to a man unless he is out of work under Government-supported programs. Now, you seem to be proposing that people that are employed receive that training; is that correct?

Mrs. AXELBANK. Well, no. Frankly, I think that when I was thinking about it I was really thinking primarily of the unemployed person.

Mr. ORIOL. I see. And how would the employers go about initiating and tailoring such programs?

Mrs. AXELBANK. Now, this means a selective basis and I can think of it in several ways.

Where you have a large plant shut down as we have had very often, it seems to me that the job of let's say the employment service, I think they ought to have many more persons who are specialized in looking out to see where workers are needed. Job openings are now supposedly registered with the employment services and I think that there should be scouts trained to constantly be on the alert for industries that are expanding, that are taking on more people.

When such a layoff occurs, it seems to me then that part of the job would be to try to find out if there are industries, are establish-

ments that need people, and, if there are, to then see whether you cannot get these industries and these establishments to take on some of these people. Now, I think that they ought to have something to say about the selection of the unemployed persons to be trained, and I think that they would be in the best position to initiate the kind of training programs which would equip those who took the training, once they successfully finished the course, to be employed there.

I still feel, while this is a very complicated way of doing it, there at least is the hope of some success there. I mean it is done with purpose, whereas when people are given a choice to be trained as a paperhanger or upholstery fixer, because there is a general need in that occupation, the person takes the course and when he is finished, what are the chances that he will really find a job in the training that he received?

While this is much more complicated and will not work for all the people who are unemployed, I still feel that all programs are partial and I would rather see success with a proportion of the unemployed than something which is spread very thin and in the end really and truly doesn't fulfill the objective.

Mr. ORIOL. The reason I raise the question, earlier in our discussion you said that employers prefer the younger person. So, how do you persuade the employer that it is to his interest to tailor the type of program you are talking about?

Mrs. AXELBANK. Well, first of all, you can't always get younger people. I mean in a full employment economy. There are various occupations. Not all occupations are attractive to young people, either. We are now talking really of a very specialized group of people. We are not so concerned with the person who is well educated, has a good skill or so on. Very often he is able to do something himself.

We are talking now about the person who is not well educated, is not a skilled worker. In all industries there are some jobs that are not attractive to the younger population.

Mr. ORIOL. Well, that is the current situation, to a large degree. But wouldn't you say that as our technology changes rapidly you will find more and more people who are not uneducated, who are not unskilled and so forth, who face the same problem as an older worker?

Mrs. AXELBANK. Well, all you can say is that in a full employment economy there always are unfilled job openings. The problem sometimes is that the person who is unemployed doesn't even know where the need exists and very often employers do have job openings. They are not always the most attractive ones, and he can't always get persons to fill them. I think there is some room—as I say, I don't consider this of universal application but I think something can be done and more constructively than we have done it up until now.

Mr. ORIOL. What is the period for unemployment insurance now? How many weeks?

Mrs. AXELBANK. In New York State, with which I am familiar, it is 26 weeks.

Mr. ORIOL. And one of your recommendations is for extended unemployment benefits to workers 60 to 64 if they retrain?

Mrs. AXELBANK. Well, since we are so concerned with the earlier retiree who then gets reduced benefits and forever and forever has

the reduction for him and his wife, also, it seemed to me that possibly that person should be encouraged to take—this is not in the same category exactly as the group that I was talking about previously—training of a kind that is recommended, which would build his morale somewhat, so that as a result of that, he wouldn't be discouraged, would make some effort, and might possibly succeed in getting some kind of employment that would hold him until he is 65.

MR. ORIOL. About how long a period of extended unemployment benefits do you think would be needed?

MRS. AXELBANK. I don't know that I can talk with any authority there. I honestly don't know, but it seems to me that it might be something like 4 or 5 months. I really don't know. Maybe it could be less.

MR. ORIOL. Mr. Miller.

MR. MILLER. Yes; I have a couple of questions. The excellence of your statement has reduced the number a good bit. I do have one minor one.

You refer to the substantial increase in professional services and the decline in personal services.

MRS. AXELBANK. Yes.

MR. MILLER. And this raises the question whether, since professional services are so often personal services, whether it is not merely an upgrading of personal services.

MRS. AXELBANK. Well, personal services covers an enormous number of occupations, and I am not sure I have them all here but, for example, barbers is a personal service. There are fewer barbers. Laundry and dry-cleaning services—no; those are not. I was just trying to think of what other personal services there are, but the categories are sometimes different from what you would think and I am using the nomenclature in the census so that within that group of personal services—if I could open my book to the right page, I would be able to tell you where they would occur.

Very often a large group may show, let's say, a small decline and yet you find in the listing some that have enormous increases. Within any one category, you may have one little sector that goes up enormously; another one that goes down. But they are not interchangeable. They are quite different kinds of occupations.

MR. MILLER. Well, related to the probability that professional services are so often personal services, would you say what has happened is a shift from unskilled and semiskilled personal services to more highly skilled personal services?

MRS. AXELBANK. Well, actually I would say what has happened is that after the Second World War, we became an enormously wealthy nation and lots of things became possible for us in the way of professional services. Education, medicine, well, I suppose state governments. I mean, the whole welfare program. There are tremendous expansions in these fields. These are the professional services.

I don't think there was an upgrading from one to the other. I think that they just created whole new categories of jobs. It was not just a transfer.

MR. MILLER. In your recommendations, you suggest Government-created work projects as a last resort. Elsewhere in your statement you made the observation that the longer unemployment exists, the more serious becomes the problem, presumably emotionally and

what-not, for the individual and also the less his chance of employment. This raises a question as to whether last resort, at least time-wise, is appropriate, whether there might not be a real service particularly if it is combined with training programs to have Government employment as an early resort so that you retain the employability of the employee.

Mrs. AXELBANK. You are absolutely right. Now, in presenting a very short talk of this kind one oversimplifies. I did this in order to put more emphasis on the private sector because I really do feel that this whole problem is partly a problem of the values of our society, and I think that this discarding of older people, even if they aren't as efficient as the younger people, I think is a wrong value, and therefore I just did that in order to put the emphasis there.

But you are quite right. I think that there are many instances in which the thing should be parallel. I really didn't mean at the exclusion of the other.

Mr. MILLER. Thank you.

Mr. ORIOL. Dr. Sheppard, did you want a last word on this question of the Government as an employer of last resort?

Mr. SHEPPARD. I was surprised to hear Government as an employer of the last resort, because I think a lot of people, including some Congressmen, have done a disservice to the whole question of employment in the country by using the term "Government employer of last resort." I think the more critical way of looking at it is there are many public services we need in our society which are not being provided and I don't care whether it is done through the private sector or public sector, but if they are public services, the Government will have to pay for it, you and I will have to pay for it. You and I are suffering because of the lousy air pollution going on in the big cities in this country. Many people could be hired for tackling this problem, including "older people". I don't want to elaborate any further on that.

#### NEED FOR FUNCTIONAL CRITERIA

I think it is important to have the Government as an employer in the public service sector, and in the process you create jobs. You are also furnishing services, regardless of the age of the person to do it.

The only comment I wanted to make now is that I am disturbed by expressions used in much of the discussion during the whole morning, such as "older workers, they", and the expression that "maybe there are some jobs for which older people are not qualified." I am trying to convey, and the National Institute of Industrial Gerontology is trying to convey the principle that we should have functional criteria for hiring and retiring purposes, as opposed to using the year a person happens to be born in. I think we have agreed generally in our society that you don't use the color of a person's skin in determining what kind of job he takes. In the same way I think we ought to get rid of the year of birth as determining the kind of job a person is eligible for.

There is one more point I want to make, and that is the use of average age of people in a given industry or given occupation sometimes can be misleading or irrelevant to the issue of, should age be

used in determining hiring or retirement? I am reminded of something I read recently by the French demography expert, Sauvy, on age. He said, "You know, the richest countries in the world have the highest percentage of older people. Therefore", he says, "many people conclude that the old people are rich."

Now, that is a non sequitur. It doesn't necessarily follow. But it reminds me of the way we use a lot of statistics about ages and occupations in industry as some kind of proof or iron law that therefore we are stuck with this fact.

The growth industries have the youngest average age and the dying industries have the highest age, a sort of iron law that we can't violate. We have got to get beyond that type of thinking, more specifically to the question which is related to my previous point of getting at criteria other than age for determining employment and retirement.

Mr. ORIOL. Mrs. Axelbank, I would like to agree with Mr. Miller about the excellence of your statement and thank you for giving us perspective on many important facts. The tables you have referred to will be printed in the record.

(The tables referred to follow:)

TABLE 1. LABOR FORCE PARTICIPATION RATES OF OLDER MEN, 1947 AND 1966

|                        | 1947      | 1966       | Percent change<br>1947-66 |
|------------------------|-----------|------------|---------------------------|
| Number in labor force: |           |            |                           |
| 45 to 54 years.....    | 7,882,000 | 10,202,000 | +29.4                     |
| 55 to 64 years.....    | 5,650,000 | 6,852,000  | +21.3                     |
| 65 years and over..... | 2,376,000 | 2,089,000  | -12.1                     |
| Participation rate:    |           |            |                           |
| 45 to 54 years.....    | 95.5      | 95.3       | .....                     |
| 55 to 64 years.....    | 89.6      | 84.5       | .....                     |
| 65 years and over..... | 47.8      | 27.0       | .....                     |

TABLE 2. NUMBER OF OLDER MEN NOT IN LABOR FORCE, 1947 AND 1966

|                         | 1947      | 1966      | Change, 1947-\$6 |         |
|-------------------------|-----------|-----------|------------------|---------|
|                         |           |           | Number           | Percent |
| 45 to 54 years.....     | 369,000   | 499,000   | +130,000         | +35.2   |
| 55 to 64 years.....     | 658,000   | 1,253,000 | +595,000         | +90.4   |
| 65 years and older..... | 2,590,000 | 5,635,000 | +3,045,000       | +117.6  |

SOURCE: Manpower Report of the President, April 1967, tables A-2, A-7.

TABLE 3. PERCENTAGE OF OLDER MEN EMPLOYED IN SELECTED INDUSTRIES, 1960

|   | Percent change<br>in male em-<br>ployment | Median age | Percent 45<br>years and over |
|---|---|------------|------------------------------|
| All industries.....                     | +6.9                                      | 40.6       | 39.4                         |
| Agriculture.....                        | -38.9                                     | 44.7       | 49.4                         |
| Railroads.....                          | -32.6                                     | 47.3       | 55.6                         |
| Retail trade—apparel.....               | -18.1                                     | 42.6       | 45.9                         |
| Laundries and cleaning services.....    | -17.9                                     | 42.5       | 44.0                         |
| Apparel manufacturing.....              | -5.2                                      | 42.3       | 44.2                         |
| Electrical machinery manufacturing..... | +71.1                                     | 37.4       | 29.3                         |
| Aircraft manufacturing.....             | +141.6                                    | 38.7       | 29.6                         |
| Air transportation.....                 | +89.9                                     | 35.6       | 19.0                         |
| Retail trade—auto, accessories.....     | +51.4                                     | 38.7       | 32.6                         |

TABLE 4. PERCENTAGE OF OLDER MEN EMPLOYED IN SELECTED OCCUPATIONS, 1960

|                                 | Percent<br>change in<br>male employ-<br>ment | Median age | Percent 45<br>years and over |
|---------------------------------|--|------------|------------------------------|
| All occupations.....            | +6.9   | 40.6       | 39.4                         |
| Professional and technical..... | +50.8  | 38.2       | 31.6                         |
| Airplane mechanics.....         | +60.3  | 37.9       | 24.4                         |
| Radio and TV mechanics.....     | +37.9  | 35.8       | 23.2                         |
| Operatives:                     |  |            |                              |
| Assemblers.....                 | +50.5  | 36.9       | 30.2                         |
| Attendants, auto service.....   | +49.8  | 25.8       | 18.5                         |
| Fabricated metals.....          | +37.7  | 38.0       | 32.1                         |
| Electrical machinery.....       | +38.7  | 37.1       | 29.8                         |
| Paper.....                      | +17.9  | 35.7       | 27.4                         |
| Chemicals.....                  | +20.8  | 38.4       | 30.9                         |
| Farmers and farm managers.....  | -43.1  | 49.2       | 60.7                         |
| Painters.....                   | -7.5   | 45.2       | 50.4                         |
| Tailors and furriers.....       | -51.9  | 56.4       | 73.0                         |
| Elevator operators.....         | -21.4  | 52.2       | 65.7                         |

SOURCE: Census of Population 1960, Vol. I, Characteristics of the Population, Part 1, U.S. Summary, Tables 202, 204, 211, 212.

TABLE 5. LONG-TERM UNEMPLOYMENT COMPARED WITH TOTAL UNEMPLOYMENT, MEN, BY AGE GROUP, 1957 AND 1966

[Percent distribution]

| Age group           | Unemployed 1966 |                      |                      | Unemployed 1957 |                      |                      |
|---------------------|-----------------|----------------------|----------------------|-----------------|----------------------|----------------------|
|                     | Total           | 15 weeks<br>and over | 27 weeks<br>and over | Total           | 15 weeks<br>and over | 27 weeks<br>and over |
| Men, all ages.....  | 100.0           | 100.0                | 100.0                | 100.0           | 100.0                | 100.0                |
| 14 to 19 years..... | 31.0            | 17.8                 | 11.2                 | 18.6            | 11.9                 | 8.9                  |
| 20 to 24.....       | 13.5            | 9.4                  | 5.7                  | 14.9            | 11.0                 | 8.3                  |
| 25 to 44.....       | 28.2            | 29.8                 | 31.8                 | 34.6            | 31.8                 | 30.7                 |
| 45 to 64.....       | 23.3            | 35.7                 | 43.2                 | 27.6            | 37.1                 | 41.5                 |
| 65 and over.....    | 4.0             | 7.3                  | 8.1                  | 4.3             | 8.2                  | 10.6                 |

SOURCE: Manpower Report of the President, April 1967, Table A-18.

Mr. ORIOL. Senator Randolph is still tied up and would like us to continue in hopes that he might be able to join us for this third panel, so I will call the third panel at this time, Dr. Robert N. Butler, research and practicing physician; Dr. Sidney Cobb, former program director, Survey Research Center, University of Michigan, now Harvard School of Public Health; and Mr. Alfred Srote, author and assistant director of television, University of Michigan.

Dr. Butler, if you would begin, I think this would set the stage for what our other two panel members would give us.

**STATEMENTS OF DR. ROBERT N. BUTLER, RESEARCH AND PRACTICING PHYSICIAN; DR. SIDNEY COBB, PROGRAM DIRECTOR, SURVEY RESEARCH CENTER, UNIVERSITY OF MICHIGAN, NOW ON LEAVE AT HARVARD SCHOOL OF PUBLIC HEALTH; AND ALFRED SROTE, AUTHOR AND ASSISTANT DIRECTOR OF TELEVISION, UNIVERSITY OF MICHIGAN**

Dr. BUTLER. I am glad to be able to participate in these hearings on retirement opportunities for older Americans.

There are occasions when the "disease" only begins after the

"cure" has been effected. An example is retirement itself. The presumed "cure" for a lifetime of work, for opening up jobs for the young, for minimizing the socioeconomic disruptions that would follow upon death on the job.

In America, "cure" by retirement is creating grave diseases for many Americans. You will recall the grandmother who felt that, if one dose was good for Johnny, two or three times the amount might be even better. So we are instituting retirement earlier and earlier, and we are administering the dose of retirement almost two-fold as the time of retirement increases from a present average of 14 years to a projected average of 25 years in the year 2000.

#### WHAT ARE SOME OF THE DISEASES?

First is the problem of money. Only one in five persons over 65 is employed, and most of them are in part-time and in low-paid jobs. Yet employment is still the largest source of income for the elderly. Our retirement policies have helped to create enormous poverty among the elderly, which, needless to say, has profound psychological consequences.

Second is the problem of social usefulness. Among the 20 million older Americans is a significant number who have the competence, the physical capacity, and the desire to work, but they cannot find jobs. It has been estimated that there are as many as 100,000 of these job-seekers in the technical and scientific fields alone.

Third, there is a disease affecting self-esteem. In our work oriented society, many but not all people derive their sense of worth from the reality of their participation in the world of work. Although the situation is a complex one, it is of great interest that depression and suicide rise steadily with age among American men, increasing particularly after the 40s. Suicide reaches its zenith in men in their 80s.

Fourth is a disease deriving from physical and mental inactivity. It takes an enormously disciplined individual to maintain an active and involved schedule of activities in the huge, black void of retirement, with its absence of structure, and with a much diminished social calendar. The amount of education per se that an individual has is somewhat protective against disuse atrophy of mental functions, but is not as important as the individual capacity for self-generation of ideas and self-education.

The fifth disease affects the younger members of our population. The contemporary imagery of old age—the picture of unproductive, dependent, lonely, wizened, rigid old people—is hardly calculated to attract youth into their own future. There is little to look forward to. Thus, among the "diseases" produced by the benevolent and curative process called retirement is one that goes beyond its effects on the retired themselves.

In our discussion today, I would concentrate my attention on the effects of involuntary retirement on the emotional and physical well-being of the retiree.

I will not devote time to the economic aspects which are so commendably developed in the excellent task force report, "Economics of Aging—Toward a Full Share in Abundance." I would emphasize,

of course, that personal security is inextricably linked with economic security.

I will repeat again a long-range proposal I have made before, which calls for a reversal of the current trend toward earlier and earlier retirement, and the excessive compartmentalization of education, work, and leisure-retirement into three separate periods of life. We must begin thinking of these activities as running concurrently and continuously throughout life.

In our work at the National Institutes of Health, first presented in our book, "Human Aging," we found that when an individual felt—subjectively—that he had been forced to retire, he was more likely to develop a depression. In our first follow-up, 5 years later, we found that a sense of usefulness was of crucial importance to mental health.

Many other investigations have reported similar findings.

We recognize, of course, that the retirement process is complex. Some men and women develop the subjective sense, or come to the realization, of having been forced to retire only later.

It must be understood that we are not talking about personal interaction. Some people prefer to be very much alone. The important fact is the accrual of a legitimate sense of personal value.

#### RELATIONS OF WORK AND HEALTH

Dr. Sidney Cobb's data, like much of ours, confirms the old Roman adage: "Mens sano in corpore sano." Industrial medicine has long recognized "occupational disorders." Now we must recognize "unoccupational disorders."

#### "IMMUNE" FROM RETIREMENT

We have little evidence to support the idea that three of our leadership groups, political, judicial, and medical, are immune from retirement because of their high level of performance. The Oregon Medical Society is the first medical society to require continuing postgraduate education. The State of California, through its Commission on Judicial Qualifications, has developed a relatively painless and apolitical technique for assaying and acting upon judicial competence.

#### THE AMERICAN NEWS MEDIA

There is a tendency in the media to treat of the more "cute" and sanguine aspects of the life of the elderly: a 74-year-old grandfather finally achieves his B.A. A 69-year-old grandmother flies her plane from Nashville to Cincinnati. 250 older Americans have Thanksgiving dinner at the YMCA. We shall call this the euphemistic manifestation of ageism.

We don't really object to the presentation of positive aspects of aging. We do object to minimization of the negative, indeed tragic, facts of old age.

Seven of 20 elderly Americans exist below the poverty line. In some areas, the situation is especially desperate. For instance, in the inner city of the Nation's Capital, an estimated 44 of every 100 elderly Americans exist on \$1,000 per year or less.

Since we all age, and we all have to face the psychological and economic effects of retirement, and the unavailability of job opportunities, as early as our forties, it is imperative that the news media more actively report on a problem affecting so many of our Nation's citizens.

One could comment on many other psychological aspects of retirement. In Sweden there has been some effort to raise the retirement age, rather than lower it. Cross-national comparative studies would be helpful. Instead of the "retirement test" in social security, which many regard as a penalty—limit on the amount of money one can earn before losing benefits—it would be interesting to experiment with money incentives to work in this age group.

I urge the passage of the Middle Aged and Older Workers Full Employment Act, S. 4180.

These are some of my thoughts on the effects of enforced retirement, which may seem like I have gotten far afield, but I think are basically very pertinent.

Mr. ORIOL. Thank you, Doctor.

I think we will hold questions until the entire panel is through, because I sense there will be some room for cross-discussion.

Mr. Slote, would you care to continue?

#### STATEMENT OF MR. SLOTE

Mr. SLOTE. I would like to begin by saying I am not an expert on the economic problems of older workers. I am a writer who over a period of 2 years interviewed men with long-term seniority who lost their jobs when their factory was automated and relocated in another State. Most of these men were in their forties and fifties. They were both hourly and salaried workers. It is their story that I have told in "Termination: The Closing at Baker Plant."

As an investigative but innocent eye, what I have learned is that in a society that puts a lot of stress on the idea that you are young when you are old—witness all the colorful ads featuring grayheaded people enjoying seashore retirement—the fact is that the one thing that keeps older people young is not waterskiing, but working. And when a man loses his job at 45, 55, a job he has had for 20 or more years, it can be nothing short of a calamity—financially, socially, physically, emotionally.

For a factory worker, life does not start at 40. It starts to end at 40, and unless he has adequate public and private pensions when he retires, the golden years are a swindle.

The Baker men were prematurely retired when their plant closed. Losing years of seniority, unable to work physically the way they had when they took their first jobs 25 or 30 years before, many of them were forced to take jobs as janitors, night watchmen, school busdrivers.

The last superintendent of the resin plant at Baker, an engineer with a college degree, became a school busdriver. He had just 3 months to go before becoming eligible for a retirement pension. He missed that pension by 3 months.

The suffering of the men of Baker was in direct proportion to how much they liked the plant. It was a plant they swore at, and by.

One man after another told me, grudgingly, "It was a good place to work."

As far as I am concerned, the way you define a good factory in which to work, and this line came up again and again, when there was no work to do, you did not have to look busy, a terribly important thing.

I am referring to Dr. Sheppard for a moment, and Mrs. Axelbank, talking about the reasons for voluntary retirement.

It occurs to me that one reason, which I gather from personal observation—again, I am not an expert—is that most factory workers hate their jobs.

And if anybody has ever worked on an assembly line, it is quite a dehumanizing experience. You can see why they get out at the first opportunity. They don't look ahead, and this is part of the problem, and the reason for these hearings.

The closing at Baker plant had all the appearance of fairness. There were no villains. The owner of the Baker plant, a faraway company, gave 2 years' notice—unheard of in a world where plants close over a weekend. The company offered severance pay, without being forced to. They divvied up the pension fund the way the union wanted it divvied up. Everything went according to civilized rules between two juggernauts: union and corporation.

It was a small, 600-man factory, in a big city. Detroit would not fall apart when Baker folded. In fact, apart from the men and their families, few would know Baker had gone. Times were good. The auto industry was booming.

One man, I will call him Henry Burns, told me: "I was sure I could get a job. Times were good. I was in good health. I had a skill. I was a jitney driver. I was only 58.

"Well, mister," he went on—

Burns got lots of sympathy, but no job. He looked first for a job in a paint plant. He was 58 years old. There was no job. He looked vainly in other paint plants.

The Burnses went into their savings. Burns would not take unemployment compensation. They cashed in their severance pay bonds.

Finally Burns found a job as an ash handler in a large automotive factory. It was a nightmare for him. He had 26 years of seniority built up at Baker—a small factory, and now all that was out the window, and now, at the age of 58, he was starting from the bottom again, having to work on rotating shifts as a replacement, never being able to get to know anyone. Coming home late one night from work, Burns fainted on the sidewalk. His wife made him quit that job.

Two weeks after his 59th birthday, on the advice of a friend, Burns returned to a paint factory that had previously rejected him, and to his surprise, they hired him, but first he had to sign away pension rights. Compulsory retirement was at 68. Ten years' seniority, according to the contract, was required for a pension.

Burns today does not see that his previous rejection by the paint company a couple of months before, when he was 58, might be connected with the pension contract. As Burns puts it: "I guess I was just born wrong. I missed an early retirement at Baker by one year, and a pension here by two weeks."

Mr. ORIOL. Mr. Slote, I just have to find out what an ash handler is.

Mr. SLOTE. Well, it is somebody who works with giant vacuums. There is a cartoon in last week's Saturday Review about a writer sitting at a bar saying, "All I know is what I read in the books that I write."

What an ash handler does is look after six gas furnaces, each one three stories tall. They don't handle ash. They have gigantic electric vacuums to do that.

Mr. ORIOL. Was that a union job, ash handler?

Mr. SLOTE. Yes.

Mr. ORIOL. There is no competition for it?

Mr. SLOTE. I don't know.

Burns is and was a thoroughly admirable man. He used to take pride in his ability to take care of himself. He puts antifreeze in his car in September, snow tires go on in October. He never took unemployment compensation. He calls it charity. He did not want welfare. He wanted work.

#### PENSION RIGHTS LOST

Right now he is driving a jitney again in the new paint factory, but with no pension to look forward to. The Burnses have little savings left. He sees a doctor regularly about hypertension. He does not know what will happen to him or his wife if he gets too sick to work. He refuses to think about the future. He does not know how he and his wife will get on when he has to retire. And he adds: "I'd die before I took money from any of my kids."

Vested pension rights would have helped Burns. Today, I understand the UAW is negotiating for vested pension rights in contracts—deferred pensions to be given on the basis of a minimum of 10 years of work in any given plant.

In Belgium, vested pensions are a matter of law, and must be given on the basis of 5 years of work.

A good number of the men at Baker are bitter about the Federal Government's lack of interest in them. They could understand the company not giving a damn about them, and many felt that the union did not really care, either, but the Government somehow should have cared. As Henry Burns put it in a moment of anger: "They got laws protecting rapists and murderers, but what are they doing for poor slobbs like me?"

The men are bitter about not being offered the opportunity to move to the new plant in Ohio. "I wouldn't have gone," one man said, "but it would have been nice to be asked."

My feeling is that few of them would have gone. Occupational mobility is something that belongs to the military, junior executives, and college professors. Few factory workers want to leave the place of their roots. Ohio can be light years from Michigan.

In fact, one guy told me, "Ohio is a good place to visit, but no place to work," and he living 30 miles away from the Ohio line.

The company officials knew this, but did not want to take a chance. For them it made better sense to train Ohio farm boys from

scratch than to try to retrain older Detroit workers who, according to the company, were set in the old obsolete ways of an old obsolete plant.

This may well have been, but the fact remains that this old allegedly obsolete plant in Detroit was making money for the corporation right to the very end, and just as important: a group of human beings were functioning. Now that plant no longer exists, and a group of human beings are no longer functioning.

#### SALARIED MEN HURT, TOO

It was not only the hourly who were hurt by the closing, but salaried men, too. The sickest men I met were the last plant manager, who took early retirement, going out with the plant, and the last production manager, who also took early retirement. One had colitis, the other denied the reality of the closing, and had not had a visitor in his house for 3 years. I had to interview him through a crack in the door, and it was raining. I stood in the rain for a half hour talking to him, and he kept apologizing for keeping me out in the rain, but he said he just had not had a visitor, did not want to talk about the plant, and promptly talked about the plant for a half hour while I stood in the rain.

Out of seven Detroit-based salesmen in the company, three died during the closing. The more a man has, the more he stands to lose.

I could go on about the men of the Baker plant, but I would just say this: these were men who liked their work, who were making money for the company. A faraway corporate decision (perhaps a sensible decision, from a business point of view) separated them from their jobs. They were humiliated, could not bounce back, and today a good percentage of them are ill.

Part of the problem lay in the length of the closing. Two years is a long time, time enough in which to disbelieve that a good place to work is going to be no more, time enough to be truly shattered when the end comes.

Most of the long-term seniority hourly workers stayed to the very end. They stayed for severance pay, they stayed because it was a good place to work, they stayed because right to the end most of them did not believe it would actually happen. After all, they were working, were producing, were making money for the company.

But they were not making enough money. More money could be made elsewhere, and with younger men. The plant had to go, and they with it.

I do not believe that we should stop automating factories, stop progress. But as Dr. Cobb says, the test of a civilized society is how well it takes care of its losers.

The men of the Baker plant were losers, and I think this Nation is resourceful enough to find ways in which to help them and others, for this is a tale that will be repeated again and again in our rapidly changing society.

Thank you.

Mr. ORIOL. Thank you, Mr. Slote.

Dr. Cobb, do you wish to continue?

## STATEMENT OF DR. COBB

Dr. COBB. Yes.

I think I will leave my prepared statement for the record, and add some comments, some points which have not been so well covered, or which might be amplified a little bit.

(The prepared statement follows:)

## PREPARED STATEMENT OF DR. SIDNEY COBB

For the past five years I have been collecting information about the effects of employment termination in men aged 40-59. My research has been supported by grants from the Health Services and Mental Health Administration (5R01-CD00102, K3-MH-16709, K6-MH-21844). The data collection phase of the research is now coming to an end and in the spring the full analysis will begin. However, we are currently doing some preliminary analysis; I have some clear impressions from my involvement in the data collection; and Mr. Slote has written a book about the human side of the first closing that we studied. This book is entitled Termination: The Closing at Baker Plant. It is being published by Bobbs Merrill this week. My testimony is based on these sources and not on a complete analysis of the data. Further conclusions will no doubt appear from the study later on.

My preliminary conclusions are:

(1) It is important to remember that change is necessary to progress and that we must not legislate against change. Rather, we must find ways to minimize the suffering due to change.

(2) Though the majority suffered substantially and many have ended up two years after termination worse off than they were before the closing there were a few who were better off and some who came through largely unscathed. Mr. Slote illustrates this in his chapter entitled Winners and Losers.

(3) In our preliminary looks at the data those who had the most unemployment were the ill educated and the physically disabled. This is hardly surprising but the importance of education in our rapidly moving technical society needs to be kept constantly before our school aged children and their parents.

(4) Some of the older workers particularly those over 55 appear to have lost forever their chance of a pension other than social security. This is a serious problem that demands legislative attention for it is predictable that when these people retire they will be impoverished.

(5) During the first eight months following termination, health complaints, utilization of health services, and the number of drugs taken were all unduly high. As the men became stabilized in and adjusted to their new jobs they appeared to return to a more usual state of health. So far we have not been able to tell how much of this is due to an increase in actual illness and how much to an increase in illness behavior. We think that both things occur. Not only do people have more illness when going through a stressful experience of this sort but also they increase the number of complaints per illness, the number of visits to the doctor per illness and the number of drugs per illness. Further information on this matter will be forthcoming from the final analyses.

(6) Our society has arranged things so that workers are bound to their jobs. Particular efforts are made to bind workers to dying plants. First of all the seniority system has an unfortunate effect because when a plant closes those with least seniority are dismissed first and get the first chance at the available jobs in the area. This leaves those with the most seniority, namely the oldest, to enter the labor market when the best jobs are gone. Second, severance pay is regularly used by managers to induce workers to stay until it is convenient for the company to let them go. This is usually not in the best interest of the worker. Third, employment agencies particularly those run by the Government usually refuse to help a man find a new job until he is actually unemployed. Fourth, most if not all retraining programs are not open to those who are currently employed even when it is completely predictable that the men in question will soon be unemployed. Employees facing termination are not unjustified in their feelings that the world is conspiring to make things difficult for them to make a smooth and orderly transfer to a new job.

(7) It would seem that a significant proportion of those who are repeatedly

refused employment and remain unemployed for several months gradually develop the belief that they are not good enough to hold a job. When this belief becomes firmly entrenched, the holder thereof is unemployable because it is so extremely difficult to convince him that he really can do a job.

Based on these conclusions I would make the following recommendations:

(1) It is important to make continuing efforts to keep the importance of education before our young people.

(2) It is imperative that portable pension plans become the rule rather than the exception. As a member of a university faculty, I come under a portable pension plan operated by the Teachers Insurance Annuities Association. If I move to another job, none of my accumulated pension is lost and if I were to go to another university, contributions to T.I.A.A. would be assumed by my new employer. Few if any hourly employees are covered by such portable pensions. Vesting pension rights is not quite enough because this could end up with a man receiving on retirement small pensions from three, six even a dozen sources depending on the number of companies that had employed him. This is not only inefficient but also unfair to the hourly worker with limited education and limited ability to fight the red tape to get his due. Some Industrialists would argue that portable pensions would lead to excessive labor turnover. I would argue that the labor turnover would be high only in those plants where the conditions were unsatisfactory and that the portable pension only gives a man the freedom to pursue life and happiness in a manner consistent with our democratic ideals.

(3) Unemployment compensation should automatically provide health insurance coverage, because people on a reduced income usually feel they cannot afford extra-premiums as individual subscribers to health insurance and because the unemployed have usually high medical needs.

(4) It should be required, by law if necessary, that plants about to close establish a transition period. During this transition period every possible service should be brought to bear to help the employees find new and suitable employment. During this period employees should be allowed to leave at their convenience to accept new jobs. It is my opinion at present that the optimum length of a transition period will usually lie between 30 and 90 days. In those situations in which a large number of employees are being turned out into a community with few jobs the optimum may be even longer. Of course the management will always want this period to be as short as possible and the employees will want it to be as long as possible. Perhaps the best way to make negotiations realistic would be to have the company forced to pay a penalty for each worker not reemployed by the end of the transition period. The money from such penalties should not go to the workers but should be used to finance services to help the unemployed find new jobs.

(5) Finally, it is clear that employment termination is a social emergency which is costly not just to the individual but also to the society which must support him if he is allowed to develop the belief that he is unemployable. The Midcareer Development Service proposed in S4180 should go a long way toward meeting this kind of emergency if suitably trained people can be found to staff this Service. It is my belief that sufficient appropriately educated people are not available. I would therefore suggest that the time has come to start establishing at our major universities colleges of social technology. These colleges should teach humane interpersonal skills based on our knowledge of the behavioral sciences. The graduates of these colleges should be prepared to work with practical human problems in the same way that graduates of schools of engineering are prepared to work with practical mechanical problems. It is this kind of long range development that must go along with the more immediate tasks if we are to deal effectively with the medical, social and economic problems that face our older workers. Professor Albert J. Reiss, Jr., Chairman, Department of Sociology, University of Michigan, has made an admirable proposal in this regard.

Dr. COBB. First of all, I would like to say something about Dr. Butler's point with regard to identity.

The plant manager in the Baker closing was convinced that one of the reasons for so much suffering among his men was the extent to which they identified with the plant, and he blamed himself and he blamed the nature of their operation for this suffering, because the

men stuck to the plant, because they felt that they belonged to this plant, and that this was an important part of their life.

They were unable to believe that it would close, in the first place, and in the second place they were unwilling to leave when it would have been to their advantage to leave, before the plant actually closed. This is a problem that I don't know just how we can deal with, but it is a real problem when family-based, well-integrated plants have to close.

The second thing I would like to pick up on is Mr. Slote's mention of Mr. Burns seeking a job at this other paint plant on the advice of a friend. This is terribly important for us to remember, because most people do not find their jobs through public employment agencies. Most of them find their jobs, at least in our experience, through friends, through family, and through a sort of general rumor market, rather than through official channels. If we are to help these people, one of the ways that we can do it is to remind employers that their employees are the best source of finding other people to join the work force.

I would like to say a few words also about the problems of health, as we saw them.

Before doing that, I should remind you that the final analysis of the material that we have collected in these several plant closings, in fact, the last bit of the data collection will take place early in February, and by the first of March I will be back in Ann Arbor and will tackle the detailed analysis. However, my familiarity with the material, and our preliminary looks at the data suggest several things.

First of all, we have some clear evidence that there are physiological changes in these people associated with termination. Whether this extends all the way through the age scale or not, I cannot say. We have studied those age 40 to 59.

A number of biochemical variables are significantly altered, including the cholesterol level, which during the period of adjustment to the new job goes up and presumably increases the likelihood of coronary diseases.

The blood pressure goes up during the period of anticipation, and rises further in those who remain unemployed for any significant period. It, however, comes down promptly on reemployment.

Complaints, disability measured in terms of days unable to carry on usual duties, and the drugs used all increased substantially during the 8 months following the termination of the plant. We believe, though the evidence is not appropriately analyzed to make a statistically significant statement, that the use of medical services by these men also increased substantially.

Probably the most striking thing is the lowered self-esteem, and the concomitant depression that goes along with this experience.

I cannot unravel the whole story for you at the moment but I can say that when we first came to see the men at the Baker plant, some 6 months before the plant finally closed, they were already more depressed than any of our control men, and on the average they still remained so 2 years later. The exact patterns of change within this time have not been unraveled, and I do believe that there are some who became increasingly depressed as time goes on, and there are

others getting new employment and even perhaps better jobs, and there were some who got better jobs, have improved, but the average is still substantially lower on their self-esteem and substantially higher on our measure of depression at the end of 2 years than it was in a control group.

We had one suicide. Mr. Slote mentioned this in his book, the case of Harold Peterson.

His invisible cripple, Dave Masiac, is an outstanding case of a man whose self-esteem went down so far that if we had been able to rehabilitate him physically, he did not believe that he could hold a job. And I think this is a terribly important point, because this is one of the ways in which we create unemployable people. We convince them by repeated rejections at the factory gate, and by social rejection by their peers in the community, and by their wives, who see them as not able in a society where ability is commonly measured by bringing home the bacon. After a while these men get to believe that they are not fit to be employed, and when they believe this, it is very hard to reverse their position.

Many of the manpower training projects have perceived this difficulty. One of my colleagues, Dr. John H. P. French, Jr., in association with Dr. Gerald Gurin, did a study of the manpower retraining programs in Chicago, where they were attempting to retain those who had been declared by the State of Illinois to be unemployable. The success was trivial in terms of retraining these people and getting them back on to jobs.

And my interpretation of the findings of that study, and it is an evaluation study of why they were unsuccessful, is very simply that these people did not really believe that they could be trained to hold a job.

#### RECOMMENDATIONS

In terms of recommendations of what one should do in this area, I feel strongly about one thing, and that is the matter of medical insurance.

Most of our men dropped their medical insurance, though they did have the option of carrying it at a somewhat higher premium after the closing of the factory. I believe it would be appropriate to make the continuation of health insurance premiums a requisite part of unemployment compensation. The reason for this is two-fold: Both because the men tend not to carry the insurance themselves, and because they have an excess of illness during that period.

In terms of what we ought to do about termination arrangements, I would like to say one thing: the problem seems to center around being unemployed. Yes, we can do a little to encourage people to keep the period of termination short, but I don't think this is a serious problem, because in most factories the experience of the Baker plant going on for 2 years simply is not carried through. There are very few closings which go beyond 90 days, simply because the factory falls apart, morale gets so low that no work gets done. So by and large the closings are going to be short.

But I do think that whatever can be done to persuade employers that it would cost them no more to provide a period during which a man may take some time off to seek a new job, and during which he

will be guaranteed employment if he does not find new employment, would do a great deal to facilitate a smooth transfer of employees, and I believe no more costly than the pernicious practice of offering severance pay, which is only provided if a man stays to the date which his employer finds convenient for his discharge.

Finally, one little point about the proposed Mid-Career Development Service, which I think is an admirable proposal. I would like to suggest that we need an army of qualified people to work in such areas, and the time has come when we know enough about the social and behavioral sciences so that we ought to be training people to work in these kinds of jobs, doing social technical work in the same way that we train engineers.

I believe the proposal of Dr. Albert Reiss at the University of Michigan is very worthwhile. He proposes that we should establish at the University of Michigan and other universities colleges of social technology, with status equivalent to our colleges of engineering.

Thank you.

Mr. ORIOL. Thank you.

I think it is obvious that the comments of the panel members relate to each other, and I think we can have a group discussion here.

### ROUNDTABLE DISCUSSION

Before we begin, though, Mr. Sprague, the rate of plant shut-downs in this Nation, I believe the Institute of Industrial Gerontology estimates it may be perhaps two a week, or thereabouts.

Mr. SPRAGUE. Yes. I would estimate at least that much. We simply don't know the facts. We would estimate two or three a week.

Mr. ORIOL. But it is perhaps safe and perhaps conservative to say that what was described here is happening to hundreds of new people each week?

Mr. SPRAGUE. Yes, absolutely.

Mr. ORIOL. The Committee on Aging hears a lot of testimony about work and its relationship to aging. Sometimes work is described as a great good because it allows a person to express himself in one way or another, and therefore keeps him an alive and growing person.

Sometimes work is described as a very bad thing because we are so worried when we don't have it, and a common theme, aside from the economic consequences, what I am driving at is the shock which has been described in various ways here by each of you, of what happens to a person when he is deprived of work, and I just wonder if we can explore a little, and perhaps, Dr. Butler, why this is such an emotional catastrophe when it hits.

Do you have any thoughts about that?

Dr. BUTLER. I was thinking that our definition of work must of course, be viewed in terms of its cultural definition, which is largely product-oriented.

By the year 1975 one out of every seven Americans will be working in some governmental capacity, for a city, town, or State. There are so many service-type work orientations. The link between the internal or psychological situation and the social situation is in itself changing.

If we think, though, not only of work, but of the sense of involvement in something that is important to us, there are at least three different kinds of participation in the world around us.

One is what we at the moment think of in the contemporary situation as being work. Another might be voluntary activities of various sorts, and the third might be something that is extremely personal, maybe related to the old Greek concept of *lesisure* that has to do with a personal sense of accomplishment or esteem.

Mr. Slote referred to the vast importance of self-esteem, and the relationship of that to one's mental health.

So if we broaden our concept of work to include at least those three components, either in some combination or individually, I think we could minimize the extent of shock. If a person had better transitional arrangements to move from one State to another, it would help. Of course, I think we need a very different kind of educational system, something that makes it feasible for individuals to be prepared for these quite fantastic shifts that they often have to go through, particularly in these times of marked technological changes and particularly in the latter part of life, when they are faced with the most crises of all; medical illnesses; loss of loved ones; an enormous number of things are happening.

It is the most challenging time period of all of life.

Mr. ORIOL. Mr. Slote, you describe the dehumanizing experience working on the assembly line, I think in contrast to the attitude of the people at the Baker plant, who thought it was a good place to work, one of the reasons being that they did not have to act busy when there was no work to do, another reason being perhaps they could deal on very human terms with their fellow employees.

Does this suggest that perhaps one of the failures here is that so much employment today is not dealing with human beings in mind, it is geared to have production in mind? Do you think a redesign of the way work is done could have an effect on the attitudes of workers?

Mr. SLOTE. I do, but I don't know what you are doing to do about it.

I spent one day on the assembly line, and that was just too much for me. At one point a car was sitting crookedly on the line. Everybody knew that at a certain point that car was going to fall off when it hit this bend, and nobody said a thing. I mean it was like a tacit understanding, when the car fell off, everybody was then going to have a 10-minute break.

Talk about nonidentification, and love of labor, and love of job. The car fell off, and everybody went and had their break.

Now, that is not healthy, and I think this situation repeats itself again and again.

In the Baker plant, I don't think the corporation was happy about the way the Baker plant was functioning; people not working when they did not have to look busy. One corporation officer after another told me this was an inefficient, goldbricking plant.

However, whenever there was a crisis in that plant, those men pitched in and worked it out. This was really a family-type plant. I think this contributed to the trauma when these men had to leave.

Mr. ORIOL. Dr. Sheppard.

DR. SHEPPARD. This reminds me that there has been criticism of the human relations and industry, when they tried to treat workers as full human beings, and this is an argument against treating people as human beings, because when they have this situation then they don't have as much trauma.

I am being facetious.

I think counselling is another service that could be performed.

Maybe we are talking on cloud 9, but some kind of counselling service that gets down that bereavement, breaking down that psychology of denial.

It was one of the functions performed, by the way, during the Studebaker plant shutdown in Indiana, where they used older workers themselves as counsellors of fellow exworkers, to get them out of the door and into new-plant production lines, and in new training programs.

I think this is an indispensable part of that kind of experience. We must assume we are going to have shutdowns as part of our economy forever. It is inevitable.

MR. SLOTE. I would like to point out that the corporation did send a personnel expert down. This was described to me by three different men, and this guy did come down with a list of jobs, and said these are a list of jobs I think are opening in Detroit. But they just sat and listened to him.

DR. SHEPPARD. That is part of the problem, I think. They bring in the personnel guy and say he is automatically an expert on how to handle problems like that, and it does not necessarily follow.

DR. COBB. I think this is a very important point, and one on which there is a real ambivalence. As I see it, the plant management is interested in keeping the plant going, so they don't kill these rumors that the plant is really not going to shut down.

They rebuilt after the explosion which took place in the Baker plant, and there were many people who believed that when the plant was rebuilt, "They can't close it down now." And the management, not in any sort of bad-faith sense, but in a simple operational sense, promoted the belief that this was going on for an appreciable period of time.

It seems to me that the only way we can really get across what needs to be communicated is to make the closing plant responsible for the reemployment of its men. If they, for example, had to pay a penalty for every man who was not reemployed in some other position by a given date which they set for closing the plant—and incidentally, such penalty should not go to the workers, it should go to some fund to help those men get employed—if that were done, they could then face up honestly to the fact that their task was to close the plant, not to keep it running.

The problem is that the plant is trying to keep running to the last, and this is in fact in the disinterest of the men, so there is a real conflict here.

Where there is a strong union, of course this can be a subject for negotiation, but most of our plant closings are in the smaller non-unionized plants.

MR. PATTON. Mr. Slote, you mentioned in your investigation that

you learned that the worker whom you describe<sup>o</sup> as Mr. Burns was reluctant and unwilling to accept unemployment compensation.

I believe you also mentioned that these men by and large do not go to public employment agencies, at least they are reluctant to, and yet you also noted that you learned in your investigation that there were considerable gripes and complaints among these men, not so much directed against the company and the unions, but against the Federal Government. They seem to think that somehow the Government should be aware and concerned and help them.

This seems to me a kind of paradox. Maybe you can enlighten us on exactly why these people have this attitude that the Government should assist them in some way, and yet appear to be reluctant to accept the services that are presently available.

Mr. SLORE. I think the way I stated it is a paradox.

Let me say I picked Mr. Burns simply because he was such an admirable type. At 58 he felt young. If you talk about could he climb a pole, he would be right there with the utilities.

I chose him because he is a kind of square type. He did not want help from anybody, but at the moment he was talking to me, he was nervous as a cat. He could not sit still. He was pacing his living room. And he said to me, "Why doesn't the Government take care of me?"

Now, I don't think that was his attitude in the last days of closing of Baker. His attitude was, "I am going to find my own job. I am not going to take any kind of charity."

The point is, I think this is the spot to which he has now been driven. This is the way he was with me.

I think you know the Government is a big catch-all, and the feeling of most of the men about the plant, about the company, was that, hell, they are businessmen, and part of their job is to, you know, make money, and if we get in the way, that is it. They can understand that.

Their attitude toward the union was two-fold. One, at the international union level, they were just concerned about the big companies, General Motors and Ford, and at the local level, heck, the guys representing them were working stiffs just like them.

So that left the big, amorphous Government to help them.

But I still don't believe this man, 5 minutes after making that statement, would take unemployment compensation.

I just chose him because he is kind of an ideal American type.

Mr. PATTON. Would you say that this example was untypical, then, or do you know?

Mr. SLORE. I would guess it was untypical. To me he was important because of the place and attitude he ended up with.

I don't think I chose any of these people because they were typical.

Dr. SHEPPARD. I just want to quickly say that the failure of this man, or unwillingness of this man to take unemployment compensation is a sign of failure of our society, or the union, or somebody, or the employer, that unemployment compensation is a right. It is insurance, and it is not charity. And I think somebody failed along the line, there.

I am sure, you know, when he gets ill and has Blue Cross, he would not be ashamed to take the Blue Cross money to pay the hospital or doctor.

There is a failure there, and he really was square.

Dr. BUTLER. I just wanted to stand back a minute from retirement and suggest that we may not really be able to make any serious headway with respect to the problem of those who face the termination and shutdowns of plants and the psychological consequences of retirement until we make these problems more understandable to the nonretiree.

Part of what I have in mind is the fact that some might argue that the reason we have retirement to begin with, among a series of reasons, is "to make room for the young," which is a standard statement. This is probably why Social Security made headway in this country, at least in 1930, at the time of our most devastating economic depression.

So how do we reach younger people in order to acquaint them with the future effects upon them because of retirement policies now existing?

Secondly, if we think of, let us say, the most uncivilized circumstances imaginable, a very crowded society in some place—we will not say where—any death among its leadership, or disruption by virtue of staying on the job and dying with one's boots on, becomes a major problem, and therefore presumably is one of the reasons why we came to retirement to begin with.

I will not mention names, but I am familiar with four major organizations in which the boss was close to retiring. In three of these cases, he was the crucial figure in making these organizations the enormously important organizations they are.

In these instances, the effects of retirement have been much more notable on the people that are remaining than on the man who is leaving, and indeed have been devastating.

In one case the "organization" arranged to have the founder and director fired, literally, so they would in a sense get rid of him before he actually himself left. Before his retirement or death occurred, he was fired by the organization which he made in fact internationally famous.

I cannot go on with this subject for some obvious reasons.

#### NEED FOR "VISIBLE HAND"

The only other thought I wanted to express in this connection is our fear, in this country, to plan. We are so enamored of the Adam Smith image of the invisible hand.

I think it is time we had a visible hand. If we don't have some kind of planning, I think we will wind up with something so potentially chaotic that there will be planning, all right, but planning which will become very arbitrary and very dictatorial.

We need to introduce rather soon, I think, much more rational and thoughtful types of social planning than we now have, including retirement.

Mr. ORRILL. Mr. Slote and Dr. Cobb, I have quickly looked at this

chapter, and I see that industrial health compensation suits have been instituted.

Now, is that solely at the Baker plant, or is that more general? What is the significance of these suits?

Mr. SLOTE. This came up in the course of my investigations. One man after another began to reveal that they were suing the company.

This is solely at the Baker plant, and it is for men who could not get jobs.

I don't know too much about it. I did not want to get into it.

It struck me that at the end of a book, it was like opening up a whole other Pandora's box, but apparently what happened was that some man got together with a lawyer and sued for health damages. He could not get a job, I gather, for reasons of health, having worked 20 or 30 years exposed to paint fumes, and collected, and word spread like wildfire among these exemployees.

Mr. ORIOL. Is he saying that his health had been affected by the work he had done, or by the fact of termination?

Mr. SLOTE. Oh, the work he had done, that he could not get a new job because of his 20 years in a paint plant.

Mr. ORIOL. Did any of them claim that their health was affected because of termination?

Mr. SLOTE. No, but they probably will, after they read this book.

Dr. SHEPPARD. Only another Ralph Nader.

I am serious about that. The lawyer who knows how to argue the case, and finds precedent, could find the precedent to do it, because there is this whole movement in the field of industrial mental health where workers have been suing companies, and successfully, for what certain jobs do to them mentally, and there is such a serious problem now that the National Association of Manufacturers have a huge committee to figure out what to do about this.

They are hiring lawyers, and some of the unions are hiring lawyers, and it is a big field now.

I am not being facetious when I say this, too, might become an arena for lawyers to move into, with long-term good effects.

Mr. ORIOL. Dr. Cobb, it seems from your findings that there is a clear cause-and-effect relationship here between termination and definite illnesses encountered by the men. Is that not a safe assumption?

Dr. COBB. I think it is pretty clear. The cause-and-effect relationships are sort of hard to document in some instances, but I think when all the analyses are completed, we are going to be able to document these relationships very much better than ever before.

The problem at the moment is that perhaps one of the most common things that seems to be an unfortunate health consequence is progressive increase in blood pressure, and it is hard to say that the men who have this experience were not already on this track before they started, before the plant closed down, and we need statistical evidence to show that these kinds of events happened more frequently after a plant closing than they do under other circumstances.

Mr. ORIOL. Mr. Miller.

Mr. MILLER. In your most readable book, Mr. Slote—and its readability I think is very important, as well as the distinguished research on which it was based—one of the things that interested me was the fact that at least several of the executives reportedly had been thinking about early retirement. This raises a little question as to what special reasons there may have been, if any, that you discerned for that interest in early retirement.

You have made the comment about the problems of a person confronted with the assembly line situation, and that is most understandable, but here, presumably, these executives have a more diverse kind of activity, and so forth. I am curious as to whether you determined any particular reason for their attitude toward early retirement.

#### ATTITUDES OF EXECUTIVES

Mr. SLOTE. Well, the executives that took their early retirement, as I recall it, were, one, the vice president of the corporation, who said that he made the decision to close the plant. I did not really ask him why he took early retirement. I think he was enjoying good health. I don't think he had a health problem.

He did say that he was playing golf now every day, something he liked to do. He said the company was shocked when he took early retirement. He said, "They acted as though I had raped a 6-year-old girl."

But I don't know. It was not the kind of thing you get into at that moment.

The plant manager also took early retirement, and I think that was an emotional thing. He wanted to go out with the plant.

Mr. MILLER. Am I not correct that in your book the observation was made that they had both indicated that they had earlier, before the decision was made to close the plant, considered early retirement?

Mr. SLOTE. No.

Mr. MILLER. Or am I incorrect in that?

Mr. SLOTE. No, no. The plant manager decided he would go out with the plant. When he was appointed to be plant manager, and was literally appointed to bury that plant, he decided he would go with it. They tried to keep him a little longer, but he said, "No, I am going out with the old plant."

He is a very complex man, and I think he was one of the reasons that the plant was a success, and he, a failure, subsequently.

The production manager also took early retirement, but I think he was ill during most of the closing. He was the gentleman who kept me out in the rain. He denied the sequence of the closing. He told me that they had not had 2 years' notice. He said they decided to close the plant after the explosion. This, in the face of correspondence, mail records, meetings that had gone on before the explosion.

I think his case was health, though I think it was the closing that caused a good deal of the ill health.

Dr. COBB. I would like to add one thing about the plant manager. I really think that man would have done better to have moved to the new plant and spent 2 years working there. I think he very

likely would have regained his health if he had done this kind of thing.

The worries and the guilt that rode this man, living by himself in Arkansas, I think, really contributed to his continued ill health.

Mr. MILLER. This relates to another question, on which perhaps Dr. Butler may care to comment.

#### PEOPLE WHO DON'T LIKE THEIR JOBS

Someone made the observation that people don't like their jobs. It would appear that this is a factor at whatever age, whether it is 30, 40, 50, or 60, looking ahead, in the inclination of many people to want to retire.

Again, understandably, confronted with the tedium of a particular kind of job, this is most easy to explain, but others, who have very interesting jobs, still seem to have this kind of problem, too, and I wonder, Dr. Butler, if you care to make any comment on this, or explanation of it.

For example, whether involved in it is the business of having to report to somebody, or a variety of things like that. Would you care to comment?

Dr. BUTLER. Let me be certain I understand your question: What are the motivations that people have for early retirement?

Mr. MILLER. Yes.

Dr. BUTLER. I am not sure I can answer in full.

I think some of the motivation is lack of motivation. For instance, it is really very hard for us to make self-prophecies. We think we want to play golf every day, or would like to write, like to travel.

Then we get into retirement and find out it is not quite what we expected.

I recall from our N.I.H. studies, which we began in 1955, the not uncommon situation in which the best laid plans of man became the problem. In the case of one couple, the wife became sick, and all their plans to travel became completely changed.

So I think the motivation, feeling free, as you pointed out, from the instructions of others, the attractive features that are often built up in people's minds, of travel, and being able to enjoy leisure, often don't turn out. I think we need more preretirement counseling services, again as Dr. Cobb indicated, earlier. But we also need postretirement counseling which would be available when the unanticipated problems emerge.

I am reminded to say something about the blood pressure as one of the physical effects after retirement.

Just briefly, Professor Funkenstein of Harvard in studies of depression in the younger age group has found a relationship between blood pressure rise and depression. We had a similar finding in our over-65 study group at N.I.H.

I don't know if I can say that this is an established relationship, but it occurs to me to mention it because one of the reason for this blood pressure rise may be related to anger and depression. This is the usual mechanism offered in explanation.

Dr. COBB. Yes. That is in fact the case. We have a paper, Dr. Kasl and I, in the press, in the Journal of the American Psychosomatic

Society, showing exactly that, that this rise in blood pressure was associated with both anger and depression.

I wanted to just add for the committee's information that Dr. James M. Morgan of the Survey Research Center in Ann Arbor is conducting a study—it may now be finished, I have not seen the report—on this very subject of the motivation for early retirement.

This was worked out with the UAW people in connection with their innovation of retirement at age 62, and the data from that study have been collected, I assume analyzed, but I have not seen the report.

Dr. SHEPPARD. It has been published in the last few weeks.

Mr. ORIOL. Dr. Cobb, you have recommended that extended unemployment insurance be given along with health insurance. Is there a reason for suggesting that which is primarily economic?

In other words, you should have this protection, and you should have access to medical care, or are there psychological reasons? Did you discover great anxiety among people who did not have this protection among the people in the sample?

Dr. COBB. No. I think my point is very simple, that as a society we can ill-afford to let these people get worse, when adequate medical treatment would put them back on the job.

The case of Dave Masiak is a beautiful example. I think that man could have been saved, if he had had competent medical care and competent counseling at the time of termination. But 4 or 5 months afterward, he was in a state from which there was no return.

Mr. ORIOL. Another point, your proposal seems to suggest that what is needed is accurate intervention before unemployment begins, and that, of course, is one of the purposes of the midcareer proposal in the bill, as we mentioned.

But do you think it is possible that if midcareer consultation and other assistance became more general that it would reduce this shock that comes with termination or other forms of unemployment?

Dr. COBB. Oh, yes. I believe this can be very markedly reduced, and I think this is why I believe that the announcement of a plant closing should be looked on as a social emergency, and that we ought to treat it in the same way that we treat a fire. We should go and deal with this immediately, and solve the problem before it spreads, and by spreading I mean creating people who are not employable as a result of being terminated.

Mr. ORIOL. Have you given any thought as to how a program like this, or a procedure like this, could be administered? Do you think the State would be better? Do you think Federal? Possibly local action? Do you have any thoughts on that, Doctor?

Dr. COBB. I am afraid I am not well enough qualified in the political implications to answer that question. I could make some recommendations about the details of what might be done, but perhaps this is not the place to take those up.

Mr. ORIOL. We would be very interested in your thoughts on this, if it is possible for you to share them with us.

I also wonder whether, for the record, you might be able to give us a summary of your work studies on other shutdowns, plant shutdowns, if that is possible.

Dr. COBB. Well, let me first comment about one thing that I think is very important in dealing with a plant shutdown.

The personnel officer in every plant knows and can give you a list of those people who are marginal in their employment, those people who for physical reasons have been put on limited duty, who have been given special job assignments suitable to their abilities in some way, those who have had substantial absences, those whose advancement in the company has been limited by their education, and the medical department may know certain people who have invisible crippling, as Mr. Slote put it, which will impair their ability to get jobs in other plants where a physical examination is a requirement for employment. There is often discrimination with respect to health without regard to whether that health impairment has anything to do with a man's ability to do a job. There are very few jobs which are interfered with by the fact of having diabetes, but very commonly people with diabetes are turned down for employment because the insurance risks go up in proportion to people with chronic disease on the payroll.

Those people can be sought out and actively helped. There are, of course, many people who will proceed to get other jobs, and some of them will even find better jobs, and all they need is some encouragement and some guidance as to where the jobs are. The people who really need support are those who are in some way disabled.

I should not say very much about the other plant closings, because the data are as yet incomplete, and none of the data have been analyzed.

#### CLOSINGS IN RURAL AREAS

I would say, however, that the most important other closing is in a rural area, where a plant employing a couple of hundred men was one of three major employers in a town having a population of 2,500.

The pattern of experience there is substantially different. The men have a greater sense of their ability to cope with this situation. They have the experience of maintaining their gardens, and have a sense that they are not going to starve if they don't have some employment immediately.

They have all kinds of informal arrangements among themselves for helping each other out. Many of them employed each other in farming situations, without much exchange of money, but where goods were provided, potatoes, or things of that sort.

But on the whole, it is my impression that the men in that rural area were psychologically better off and adapted more quickly to their new employment, despite the fact that the average length of unemployment was greater. The job market was very bad in that area. I think, and I don't have the numbers exactly in mind because analyses have not been done, but I get the clear impression that the average time of unemployment was almost twice as long in the rural area as it was in Detroit, but the psychological trauma was clearly less, and I think it is partly because this was a well-integrated community and the town fathers took some responsibility in this regard and went out actively and sought new industry to bring into town.

The editor of the local paper expressed concern about this regularly in the newspaper, and there was a sense of community support

for the men who were out of work, and there was much less sense that these men were out of work because of any incapacity. They were out of work because those so-and-sos decided that they can make more money by moving this plant to another State.

Mr. ORIOL. I would very much like to continue this discussion, but I think that we have gone about as far as we can now, and I am sure that Senator Randolph would have been here if he could. I know that he was very much interested in your statements, and in the book.

Mr. Miller.

Mr. MILLER. No questions.

Mr. ORIOL. Well, thank you, not only for what you have given here, but also for the statements which will be put into the record.

Thank you very much.

(Whereupon, at 1:20 p.m., the subcommittee recessed, to reconvene at 10 a.m., Friday, December 19, 1969.)

THE ECONOMICS OF AGING: TOWARD A FULL SHARE  
IN ABUNDANCE  
(Employment Aspects)

FRIDAY, DECEMBER 19, 1969

U.S. SENATE,  
SUBCOMMITTEE ON EMPLOYMENT AND RETIREMENT INCOMES  
OF THE SPECIAL COMMITTEE ON AGING,  
*Washington, D.C.*

The Subcommittee on Employment and Retirement Incomes met at 10 a.m., pursuant to recess, in room 4200, Senate Office Building, Senator Hansen presiding.

Present: Senators Randolph, Williams, and Hansen.

Committee staff members present: William E. Oriol, staff director; John Guy Miller, minority staff director, and Thomas E. Patton.

Senator HANSEN. The hearing will please be in order.

This meeting of the Subcommittee on Employment and Retirement Incomes is in its second day. There were witnesses appearing here yesterday and I understand our first witness will be one who was scheduled to have been heard yesterday. I am certain all of us know very clearly how important it is to find activities that can be meaningful in the lives of our older citizens. It is important not only for their well-being but it is equally important as we consider the contribution they can make because of their experience, because of their ability to arrive at judgments that may be denied some of our younger citizens. I am certain we look forward in real anticipation to hearing from our first witness.

This hearing will consider all of the problems of persons 40 and older. Am I right about that?

Here this morning is Mr. Charles Odell, the Director of the Office of Systems Support from the U.S. Employment Service.

Mr. Odell, we will be very pleased to hear you, sir.

Mr. Odell, I am not sure what the procedure may have been here yesterday but I suspect that you would like to digress from your prepared statement. We would be happy to have you present your testimony in whatever fashion you desire. Your statement as it has been submitted will appear in its entirety in the record. So with that observation we will accept the thoughts that you have in the way of proceeding that best suits you.

(1219)

**STATEMENT OF CHARLES ODELL, DIRECTOR, U.S. EMPLOYMENT SERVICE**

Mr. ODELL. Thank you, Senator.

I will follow the text of the statement pretty carefully, if you don't mind, because it was finished at about 12 o'clock last night, I will say 11, and as a consequence I am not sure that it has even been properly edited, so I may be doing kind of an editing job as I go through. I apologize for that.

Senator HANSEN. I would be inclined to observe you must be as slow a worker as the Congress. That is the same time we ended work last night.

Mr. ODELL. I am pleased to have this opportunity to represent the Department of Labor at your hearings on employment opportunities for older Americans.

As the staff knows, I have had very limited time to prepare testimony. However, I read the position paper prepared for the committee by the National Council on the Aging's National Institute of Industrial Gerontology. I should say that since most of the data are derived from Department of Labor sources and basic Government sources and many of the findings reaffirm and elaborate upon earlier reports and testimony by the Secretary and the Department, I find the report is stimulating and a valuable one from the point of view of pointing up the issues with which the committee is faced and the Nation is faced.

As Director of the U.S. Employment Service, I testified before this subcommittee as to the need for training, work training, employment and volunteer service opportunities for middle-aged and older Americans but, from the point of view of departmental policy, and at that time administration policy, we were being pressed to direct funds, personnel, resources and program emphasis to the needs of other groups in the work force, including young blacks and Spanish-speaking populations in our inner cities who have the highest and most persistent rates of unemployment and underemployment and beyond those target groups toward the poor whites, Indian, and Mexican-American populations living in rural and rural-industrial areas of America.

What I am saying in effect is that with limited resources we have been forced to put our emphasis where the greatest need and the most urgent calls for help were coming from, and in that sense I suppose we have done less for older workers than we might have done if we did not have those pressing demands and resources to meet them.

While I recognize that much remains to be done, we have made some progress in the Department and I would like to discuss this as an indication not only of what has been going on but what we would like to do, and could do, if the resources were available to do the total job on the basis of our recognition and definition of the universe of need.

I am proud, for example, of the fact that the working paper which is before this committee is the kind of guideline for discussion that was prepared by the NCOA's National Institute of Industrial

Gerontology, because the Department of Labor has funded the National Institute of Industrial Gerontology since 1967 and recently re-funded the institute in a contract signed on June 28, 1969.

#### A CONTINUITY OF INTEREST

Our purpose in so doing was to insure a continuity of interest and activity outside of Government to shed light on problems and needs of middle-aged and older workers and to encourage private as well as voluntary and Government effort to do something more about these problems.

Some very significant things have happened under the aegis of the Institute of Industrial Gerontology. Primary emphasis in the first 2 years was to develop a basic curriculum designed to bring together under one cover and in one training design, or educational design, all of the new and insightful information that was available in this developing field of effort, not only in the United States but in Western Europe and around the world.

To do this the staff of the institute drew on an interdisciplinary task force for inputs to that publication.

They then held feedback meetings, one with essentially a group of university people interested in this field, and the second with a group of practitioners in order to validate the relevancy and utility of the curriculum. The first of those meetings was held in Washington, the second was held in San Juan, P.R., with a group of 18 State administrators from the Employment Security System.

On the basis of the support given to the whole concept of the curriculum we initiated on a cooperative basis between NCOA, the Department of Labor, and the University of New Hampshire the first in a series of training programs for employment counselors, interviewers, and administrators engaged in providing services to older workers.

That first institute was very successful and we plan to continue this kind of training program for practitioners in the field during the current phase of the contract in a series of six regional meetings which will be held around the country in the next 2 years.

The second major thrust was to attempt to identify major areas for what we called action-oriented research and demonstration. Here our intent was to develop working task forces on essentially a State or a metropolitan area basis composed of representatives from universities, community people interested in the problem, employment service people, management and labor people who would not only be involved in designing the project but who would work with it to its conclusion.

In the process of working through on a task force basis not only the definition of the problems but some of the proposed solutions to the problems, we felt that such people would perhaps come up with a commitment in their own organization to go ahead and do something on a practical basis about the problems faced by older workers in the job market.

For example, one of these project designs which borrows heavily from Dr. Leon Koyl's experience—and you will be hearing from him later on today—would involve a group of physicians in Port-

land, Maine, who are interested in applying essentially the Koyl technique in diagnosis and appraisal of work capacity among middle-aged and older people and who would follow through in the placement process to insure the validity of their prognosis as to what capacities and abilities older people had that were applicable or relevant in the work place.

I think it is important to give you this much background about our interest and relationship to the National Institute of Industrial Gerontology because it is my hope that we will ultimately be able to get funding support and interest to carry on the institute's work from private rather than Government sources. Our interest is largely one of highlighting and pinpointing the importance of an emerging field of a scientific interest which has gotten too little attention in this country.

Beyond that I would like to share with you my own interpretation, if you will, of the Department of Labor's general commitment and posture with regard to the problems of older workers, and I am basing this kind of interpretive analysis on a speech given recently by Dr. Arnold Weber, who is the Assistant Secretary for Manpower and the key policy level official in my constellation of responsibilities in the Department. He was speaking to a group of people called together by the AFL-CIO to discuss the problems of the older worker from the trade union viewpoint.

Essentially, these are the main threads of what he was saying which I think have relevance to the direction in which we are going.

His first point was that we must develop the kind of manpower program that is truly flexible and comprehensive; a program responsive to the needs of individuals and groups requiring specialized knowledge and techniques in the delivery of services. His feeling was that we cannot expect the Government to do everything for everybody but we can expect the Government to be more responsive in its program designs and implementation to special groups like the older worker.

#### MAJOR THRUSTS OF PRESENT POLICY

Specifically, the following ideas were brought out and are relevant to the general field of industrial gerontology:

First, technical assistance, education, and perhaps, research and support roles are the key roles for management, labor, and voluntary agencies. Together they could develop a whole second career concept for long service older employees and explore the general fields of pre-retirement education, retirement policy, and labor mobility as it is a particular problem for older people. Thus they could define new methodologies or utilization of middle-aged and older people.

In this context we don't see Government as centrally involved in these processes except at the level of a resource for consultation and assistance in specific phases of these kinds of programs at the community level. However, we strongly support the idea that leadership might be taken by the Government and by the Department in opening employment opportunities for the older unemployed and for those moving from full-time employment into retirement.

A second major emphasis is in the field of training and retraining

where only about 11 percent of all MDTA training is focused upon people 45 and over. This has resulted in part from the pressures to direct program attention to racial discrimination in employment and to the high rates of unemployment among young people.

I would like to comment later, and I assume you will be asking about this general issue of MDTA training. I think we know more and can do more than we are doing with what we have to work with but there are major psychological, social, and economic roadblocks in the minds of the older persons also about the wisdom of, in effect, withdrawing from the work force and accepting a relatively low level of training allowance during a period when family responsibilities and obligations call for a higher level of income than can be supported in the MDTA program.

Senator HANSEN. Would you mind stopping at that point just a moment, Mr. Odell. I think Mr. Oriol has a question he would like to ask.

Mr. ORIOL. You mentioned the high rates of unemployment among young people. I wonder whether you would compare the rate of long-term unemployment among young people compared to the older workers?

#### OLDER PERSONS AND CHRONIC UNEMPLOYMENT

Mr. ODELL. Well, it is true that when older workers lose their jobs they tend to stay unemployed longer than younger people. Of course I have had a kind of running battle in the Department of Labor for 30 years over those high rates of unemployment, just looking at young new entrants into the work force and trying to compare those with the needs and problems of older people. So I don't think we really have any difference of opinion about the question of who suffers worse from chronic spells of unemployment—it is clearly the older person.

The issue has always been; where do we put our resources in order to do the most to make for a better future for young people as compared to the limited validity of the investment in older people?

My quarrel with that general line of thinking has always been that we are talking about people who are going to live at age 45 even if they only make it on the actuarial basis to age 65 an average of an additional 25 or 30 years. When you stack that up against the investment that is implied in doing something toward providing decent employment opportunities for those people, I think it is a sound investment and I think it is an investment that we cannot afford to overlook or bypass on the grounds that there are other needs that are relatively more important. Essentially, however, this is the direction in which we have been driven, particularly in the last 4 or 5 years.

Mr. ORIOL. Thank you.

Mr. ODELL. The area in which I am professionally now engaged that has relevance to concerns for the older workers is an attempt to develop delivery systems for manpower services which will really facilitate employment and retention processes for middle-aged and older people. Here it seems to me that what we are doing in the Department has profound meaning and significance for this subcommittee and for older people generally. We are in the process of a

major reorganization and restructuring of all of our basic manpower delivery systems and our administrative structure as well.

In this process we are attempting to pull together for the first time within the Department the organizational roles and relationships associated with a whole series of "new" program responsibilities; new in the sense that they have been put on the books by Congress in the last 5 or 6 years. These include MDTA, institutional and on-the-job training, the so-called work incentive program, which is essentially directed to welfare recipients, the concentrated employment program, which is an attempt to link up community action agencies and old line manpower delivery systems like the employment service in a united effort to reach and serve a particular target population and the National Alliance of Businessman, job opportunities in the business sector—(JOBS)—program which is sponsored by the NAB and the Labor Department and which is being expanded to offer additional funding support to industry to provide jobs for so-called disadvantaged poor people and a whole series of smaller programs such as operational mainstream, new careers, the neighborhood youth corps, public service careers, and so forth.

The passage of the Manpower Training Act, which is currently before Congress, would provide even greater flexibility for accomplishing this basic restructuring of manpower services by replacing this whole series of categorical project-oriented programs with State and locally planned services tailored to the needs of the community where the problems exist.

I am certain that the reorganization within the Department under Dr. Weber's leadership will continue to concern itself with structural realignments of functions, roles, and relationships. But even more important is the fact that this opens up the possibility of getting away from other kinds of categorical considerations having to do with division of the job market and the delivery of services between the young versus the old, the black versus the white, the handicapped versus the nonhandicapped, and so forth.

In other words, we are now beginning to structure programs and attitudes and practices among those who are responsible for delivering these services so that they truly look at individuals in terms of need and develop services and training opportunities which are related to need. In this process we will not abandon the older worker specialist, for example, but we will use him where his special abilities are most needed—that is, on employability development—without setting up a self-contained competitive operation which ends up limiting the older workers to jobs structured and specified on the basis of age.

#### COMPUTERS AND MANPOWER PROBLEMS

One of the exciting things that has been happening in the Manpower Administration in the last few months is our move in the direction of developing computer-assisted methods of dealing with manpower problems.

One of the successful experiences we have had is with the job bank in Baltimore. This project was born out of the crucible of community conflict, with employers saying: "We cannot live with 19 competing manpower agencies, all funded by the Federal Govern-

ment and fighting with one another for our jobs; demanding a kind of privileged communication and status in their relationship with us. We'd just as soon not deal with any of these agencies if they cannot deal with us in an orderly, systematic, and effective manner."

The mayor of Baltimore had the vision to see that this chaos somehow had to be controlled and in effect he mandated the establishment of a job bank, for which he asked the Maryland Employment Service to take the responsibility. What the agency did, with modest Federal funding, was to use the computer to establish a job bank which maintains daily accountability for all the jobs that were known to be open in the metropolitan area and to permit all 19 agencies to draw on the bank to fill jobs. By this approach they ameliorated the competition, harassment, and confusion and at the same time maximized the job opportunities for those who were least likely to be served effectively.

In the first 6 months, placements of the disadvantaged jumped from 20 percent of all placement activity in Baltimore, recorded by the employment service, to over 55 percent. Part of that disadvantaged population, interestingly enough, turned out to be a significant group of displaced older workers from the Glenn L. Martin plant on the east side of Baltimore. By disadvantaged I mean people who not only meet the "poor" definition of the poverty program, but who also have one or more other characteristics, such as being over 45 years of age, or severely physically handicapped, or a member of an ethnic minority, or a school dropout with limited potential.

It is interesting that as a result of the installation of the job bank approximately half of the professional staff of the employment service in Baltimore is now working in neighborhood locations rather than in the central placement office, including one location on the east side of Baltimore where most of the displaced Martin workers live. As a result of this movement out, and opening up, of the system in a kind of 1-to-1 confrontation at the local level with the people who need help the most, a very remarkable change in the distribution of placements and in the level of employer acceptance of disadvantaged people has occurred.

Job banks are now operational in 10 additional major cities and will be operational in 55 of the largest cities in the Nation at the end of this fiscal year; that is, by July 1, 1970. With access to all known job openings in the hands of all professional personnel and the personnel of other agencies, the possibilities of opening up jobs for any "special" group like older workers are in my judgment greatly enhanced provided that the older worker specialists know their clients and are doing their job in drawing upon the bank.

In the State of Utah we have on line a computer-assisted man-job matching system, in which all job orders are stored in a central computer and all applications for workers are stored in a computerized applicant bank. On a daily basis, in fact on almost a second-by-second basis, worker qualifications are being matched by the computer with job openings. It is too early yet to tell precisely what the impact of the Utah job matching system will be. Our look at it, as an online operating system, indicates that it has great potential in several specific respects.

It not only quickly matches people, but if the matches are not pursued by the interviewers or counselors who have the ultimate decisions to make, and if, for example, the individual is matched five times or referred three times and not placed, the computer is programmed to want to know why, to ask why. Somebody then has to account for what is going on. Older workers selected by computer cannot be so easily rejected by interviewers or counselors who, in the past, did not have this kind of supervision.

If the individual is not matched in 15 days, the computer prints out all the people who have not been matched and asks the local offices where they were registered, "What are you going to do about these people? They are obviously not qualified for the jobs you have available." This kind of data accumulation suggests a big reservoir of manpower training or work training possibilities that will be necessary in order to make these people employable. The computer in effect asks, "What specifically are you prepared to do about it?"

At the end of each week the computer prints out all the job orders in the State that have not been filled and that list of openings is circulated to all agencies in the community saying in effect, "If you have qualified people on your rolls, let us know and we will see to it that they are referred to these jobs."

I suggest that this kind of computer-assisted operation, both in its simple form in the job bank, and in its more sophisticated form in the matching system, opens up a whole new purview of opportunity for restructuring and redirecting the total effort of the manpower system of this country.

The system now can relate to the needs and problems of those who traditionally "get lost in the file" and never surface again, either because they lose interest or become disillusioned, or because the manpower service would just as soon forget about them.

#### MODEL FOR MANPOWER SERVICES

I might add that we are in the process right now of installing a new conceptual model for manpower services in 10 cities. The new model attempts to differentiate between the "job ready," the "job ready with special problems," and the "disadvantaged" who need intensive employability development services. This conceptual model draws heavily on computer assistance and tracking as a basis for ensuring that job seekers do not get lost in the files and forgotten.

Going back to the theme "Industrial Gerontology in the Department of Labor," I suggest that this opens up a vast new potential reservoir for cooperative enterprise in the field of research, demonstration and experimentation between the manpower service, the universities, employers, unions, and the public and voluntary agencies. Working together they can do something of a substantive nature about developing jobs and training opportunities for middle-aged and older people. Working separately and diversely they end up letting too many who really need help fall between the cracks and gaps in the system.

I apologize if I have talked too long. I simply wanted to give you a kind of overview of where I think we are, where I think we're going, and what hopes and expectations I have for us getting there.

After working for the past 11 months with Dr. Arnold Weber and Secretary Shultz, I am reassured about the fact that we are moving forward in my areas, and your areas, of special concern to do more, and to do it more effectively, for middle-aged and older Americans.

Thank you very much.

Senator HANSEN. Mr. Odell, how much of the activities by older worker specialists is concerned with people past 60 or 65?

Mr. ODELL. Well, I don't have the data with me. I can tell you that the general design of the program is to deal with people on the basis of age as a barrier to employment and that anybody over 45 who registers for work and who uses the system is entitled to that kind of treatment. So I would say that people 60 and over are getting their share of these services. The big question always is, what are their comparative competitive chances of getting and holding a job in view of the age barrier?

Senator HANSEN. What has the Labor Department done in part-time employment opportunities for retirees?

Mr. ODELL. We have had some special programs and some of them have been quite successful. I think the last time I testified before this committee I described a program that we funded in Louisville, Ky., and in Sacramento, Calif., where we actually staffed most of the operations with part-time people over 50 and actually with an investment of less than about the cost of one full-time professional and one clerical person.

In Louisville we reached about 1,500 people over 60 and placed about 550 of them in jobs in the course of a 1 year demonstration program.

The Sacramento experience had about the same level of effectiveness and we have been trying to encourage the States to adopt that model and not only to open up part-time opportunities for older people in the job market but also to use older people as part-time professional and clerical staff in order to man that kind of operation.

#### SENIOR CORPS PROJECTS

We have also encouraged a number of so-called community senior service corps projects that we are running and funding under Operation Mainstream on a contract basis with the National Council of Senior Citizens, the National Council on Aging, the Farmers Union, and the National Retired Teachers Association to employ part-time people over 55 and in some instances to use these people as I have described them being used in Louisville and Sacramento to augment placement services to older people in their own community. This has proved to be quite successful. We could do a lot more.

Senator HANSEN. You imply if a really sincere, dedicated effort is made that the placements can be made for these people—is that what you are implying?

Mr. ODELL. I think that is clearly true. I think we demonstrated as long ago as 1950 and again in a whole series of research and demonstration projects in 1955 that if you put the effort in terms of staff into the enterprise, you can double the effectiveness of the enterprise as it relates to opening up job placement opportunities for older people. There is no question about it.

Senator HANSEN. You were speaking in your testimony about the experience that the Department and related interested agencies had had in Baltimore. I have gathered from testimony I have heard before different committees of the Congress that transportation can be a very real barrier to the fitting of a person unemployed into a job if there is very much of a daily problem of getting from one place to another. How significant is this, and what do you think can be done over and above what is being done?

Mr. ODELL. Transportation is a very serious problem, particularly for people living in the heart of the city, the inner city areas, who are trying to obtain access jobs that are available in the suburbs and on these new beltway transportation systems which kind of skirt the city but which offer good industrial development potential.

I think on Route 128 around Boston and Route 70S, for example, going out of Washington here, there are lots of jobs and many people from the inner city really can't stay on those jobs because they lack adequate day-to-day transportation.

One of the interesting things that has happened with the job bank in Baltimore is that we have been able, really for the first time to pinpoint by tracking what happens to people after they are referred. We have been able to pinpoint this kind of problem and we have been negotiating locally with the public transit authority to change the routing of buses to link up more effectively with other systems. We have got funded a very modest kind of mini-bus arrangement to move around to pick people up in the inner city and get them to main lines of transportation.

I think clearly this is a very complex and difficult problem. In a word, we are all really engaged in what I think is a monumental game of institutional change. I can tell you that transit authorities are almost harder to change than any other institution I know of. They have very fixed views about franchises and opening up new routes and new lines and modifying their basic system.

Another thing we can do—of course now I am going back to my trade union experience—is to push very hard for reduced fares for older people. I think the program we engineered in Detroit with the public transportation system there which provided half fares for people over 65 if they would demonstrate that they were retired or were on social security has been a kind of a model around the country and a very successful model. The transit authority argued that they would lose a lot of money on it and it turns out they are not losing money. They are actually making money because a lot of older people are coming downtown to shop and moving around the city, who otherwise wouldn't move at all.

Senator HANSEN. Is any effort being made to coordinate your efforts in this area with the Department of Transportation?

#### MODEL TRANSPORTATION SYSTEM

Mr. ODELL. We have been tied into their efforts to plan and fund model systems to do something about inner city containment. For example, we worked together through the California Department of Employment on the funding of a model transportation system which they heavily subsidized in order to get people out of Watts and over

into the aircraft plants and electronics plants on public transit that ordinarily cost those people \$1.75 one way and about 2½ hours in time each day. By a kind of cooperative effort, the time and the cost to the individual of moving from his place of residence to the job has been very significantly reduced.

Senator HANSEN. With the availability of information that is afforded us through computerization, is any effort being made by your agency to make available to people in the rather closely tied together area the fact that others are going from one area of the city to another and to give them an opportunity to consider the advantage maybe of car pools and this sort of thing?

As I drive to work I observe lots of times the number of cars with only one person riding. I am wondering if you make any effort to—

Mr. ODELL. In Detroit, for example, the automobile companies who have unmet labor needs in the suburbs have an organized program of car pooling. They also have worked to fund what might be called mini-corporate structures among people in the inner city to provide this kind of transportation opportunity. I just think the problem is very complex and I think everybody recognizes the problem. The real issue is again one of moving a system which thinks of itself, and I guess rightfully so, as losing money to take on new responsibilities, new routes and restructured systems of transportation in the face of a deficit in their budget.

Senator HANSEN. The chairman of the Subcommittee on Employment and Retirement Incomes, Senator Randolph, regrets very much that he cannot be here but he has handed me some questions that I would like to ask you.

First let me observe that in Senator Randolph's letter to Secretary Shultz he expressed a direct concern about your plans for conducting as required in the Age Discrimination in Employment Act of 1967 a study of institutional and other arrangements giving rise to involuntary retirement.

I would like you to discuss the way in which you are approaching this assignment. What institutional arrangements are you considering? Just how deeply will you go into this subject?

Mr. ODELL. Well, I have not been directly involved in this study and I have tried my best to pull together information about its status. As best I can describe the position of the people who have the responsibility, it has been that they felt that they really could not undertake the study until they were funded to do so. However, I do know that the Research Division within the Office of Planning Evaluation and Research in the Manpower Administration has undertaken to sit down with a group of experts in the field of institutional barriers to employment resulting from retirement policy and practice in order to come up with a basic study design.

I understand that that effort kind of leveled off at the point where it was determined that there were no funds available in this fiscal year to conduct the study. However, my view of it, and the view I intend to convey to the Department officially, after looking into what has not been going on, is that there is no reason why, on the research agenda of the Manpower Administration for the next fiscal year, we cannot undertake at least the beginnings of some of the basic kinds of investigation that are required to fulfill this mandate

from the Congress. I am hopeful that among others we can get Harold Sheppard back into a discussion of this general business of a design of the study with the research people in the Department in order to pull something together which can be funded as soon as the appropriation is straightened out.

Senator HANSEN. Senator Randolph has a second series of questions on the matter of involuntary retirement.

Will practices by Federal agencies come under study? Is the Federal Government a model in this area or does it intensify whatever problems may now exist?

Mr. ODELL. Well, as an employee of an international trade union for 10 years, we sort of looked at Federal retirement policy as a model. I can recall endless discussions about how nice it would be if we could get the auto companies to abandon a mandatory age for retirement and offer people who were able and willing to work an opportunity to continue working if they so desired.

I have detected a trend recently in the Federal service, particularly from the Civil Service Commission, to try to do something about opening up opportunities for older Federal employees to retire earlier and I assumed that that trend really was centered on the fact that you needed flexibility below age 60 or 65 or 70 in the interests of people who really were not performing effectively on the job and who deserved an opportunity to move out with a respectable level of pension benefit if that seemed to be the best solution to their problem.

Now that is essentially what I think the dilemma in this field is.

#### MANDATORY RETIREMENT

I have consistently opposed mandatory retirement. I don't think that you can legislate it out of existence because it is so deeply imbedded in actuarial planning and pension programs that, in my judgment, it would create all kinds of problems to try to legislate against a fixed age of retirement in private pension plans. On the other hand, I think we ought to continue to press, and certainly this committee is a focal point for pressing, the notion that we need upward and downward flexibility in the use of arbitrarily age as a criterion for anything.

We should begin to recognize that there are many people who have talents and capabilities that are sustained in reasonably good health throughout the duration of their lives and that those people should be afforded an opportunity for an active and meaningful role in the society, and particularly an opportunity to work, because, unless they are very lucky, their retirement income is going to be a half or less of what they were taking home in their paychecks.

So I would hope that the Federal Government would continue to be a model and would not move in the direction of accommodating itself to private industry practice by lowering the mandatory age and/or other steps to force people out of their jobs simply because they have reached a certain birthday.

Senator HANSEN. I am interested in your statement on this; and the observations I now make do not necessarily reflect the views of Senator Randolph. I am not certain at all what his feelings may be.

I just would like to observe, though, that in this area I share your concern which is certainly shared by a great many other people, and reflects the dilemma that our Government has faced and, I suspect, a dilemma that is faced by industry. The system is not the best, and we wish it could be improved upon. I might compare it with the seniority system in the Congress. Being a very junior Member of the Congress, I think I can say this despite my age. I have heard the freshmen Senators say the system is no good, but the longer you are around I guess the more merit you find in it.

I share in the concern of those who are active, alert, and able to make a further contribution who are faced with retirement. Yet I think we have got to try to find some alternatives that will occupy their time and permit those persons whose contribution in an area that has engaged them throughout most of their active life face when they have to go into something else.

Maybe there are ways that we could get around the problem. I don't know just what they are and I wish there was some way that we could find some alternatives without assuming that everyone should retire at a fixed age.

Now I had a little experience on the board of trustees with a major university and I know that for young people it is easy to say, "When the time comes for me to retire it won't be any problem," but we have a way of changing our ideas about things when that time does come.

Mr. ODELL. I think Senator, that we know a good bit more than we practice in this general field. I hope that Dr. Koyl will have an opportunity to present to the committee his vision of how you can use other criteria than age and still safeguard managements's interests and productivity among middle-aged and older workers because that is essentially what he is doing as a consultant and advisor as an industrial physician with the De Haviland Aircraft Company in Toronto.

In fact, NCOA over the years has produced a good bit of documentary material which indicates very clearly that there are alternatives and there are criteria which can be used other than age. The difficulty is that we kind of started out with age as an actuarial consideration and I would guess people are still blaming Bismarck for the fact that we have a 65-year retirement age in this country. It is often facetiously said that he advocated 65 because he figured nobody would ever get there, and therefore very few people would claim the Federal pension in Germany. But, of course, in the meantime the life span has extended very rapidly and dramatically and a lot of people are really hurt by this arbitrary kind of cutoff.

Senator HANSEN. While it is true the life span has expanded very greatly, from what little exposure I have had to studies in that area, I am inclined to believe that the increased age of the individual in this country and perhaps in most countries reflects the great progress that has been made in reducing infant mortality and childhood diseases rather than extending it on the other end. Is that not correct?

Mr. ODELL. That is essentially the reason that a larger number of cohorts have reached 60 or 65 in this country. But there is a significant extension of the life span and I think it is pretty clear.

I have been reading recently reasonable medical projections which indicate that, as we make succeeding breakthroughs in the early diagnosis and treatment of the chronic diseases of middle and old age, there is every reason to expect further dramatic increases in the life span and that the people who survive will be relatively healthy and able-bodied.

Senator HANSEN. I find your words personally very encouraging. One further question that has been raised by Senator Randolph.

#### WORSENING DEPENDENCY RATIO

Our working paper suggests a great deal about a worsening dependency ratio between the employed and retired on unemployment; in other words, earning power is shared by relatively fewer and fewer persons. What do you, as one who once worked for a major labor organization, think of this argument?

And what, may I add, do you think about the trend to earlier and earlier retirement?

After all, the United Auto Workers have pioneered in this area.

As I read these questions I think you have responded at least in part already, but if you have further observation we would be happy to have it.

Mr. ODELL. I have been concerned for a long time about the dependency ratio, primarily because I think we are reaching a point where we are loading on to the people in the so-called prime working years of life a tremendous burden in tax support for both the extended education of the young on the one hand, and the extended and protracted retirement of the old.

My judgment is that the society really needs to reexamine its priorities in this regard because we clearly need the productivity, and even the tax income producing resource, that is represented by employees as contrasted to subsidized middle-aged and older people.

I think that there is the kind of euphoric notion that we can go on forever because we are a rich and powerful Nation affording a higher and higher level of subsidy at either end of the age scale but in reality this squeezes down on the middle segment of the population and forces them to foot the bill for both groups.

Mr. MILLER. Mr. Odell, with regard to this increasing pressure on a middle group, do you have any comments as to the possibility that that pressure may be reaching or approaching a point at which it may create problems for these people, through stress or what have you in later life, that may aggravate our aging problem? Do you have any comment or observations on this?

Mr. ODELL. I don't have the mechanism for tracing that but my judgment is that there is much merit to the notion that, the strains and stresses of psychologically and economically carrying water on both shoulders in three-generation families undoubtedly has an erosive effect on the mental and physical health of the people who are carrying the water on both shoulders.

Senator HANSEN. With us again this morning are Dr. Sheppard and Mr. Sprague. I would invite either of you gentlemen to ask our witness questions.

Dr. SHEPPARD. Thank you, Senator.

I just wanted to take the opportunity to point out for the record that Mr. Odell I think is one of the key persons in the country responsible for creating the focus on what we call importance of gerontology while he was in Government and before I am happy to see that he is the one who is our witness today.

The only question I have to ask Mr. Odell is at what level of government, State or Federal, is it determined that an employment security office will have older worker specialists?

That has not been clear to me. What is happening to that type of activity now in different States?

MR. ODELL. Well, essentially the decision is a funding decision, at least that is the way the Federal-State employment security system works since it is 100 percent federally funded.

There was a time when, through the efforts of the House Appropriations Subcommittee for Labor and HEW, we had an identifiable kind of earmarked budget for older worker specialists which we in turn interpreted to the States and mandated in terms of their responsibility for setting up and training this kind of personnel. That earmarking concept has been dropped for a variety of reasons, not the least of which is that we are in the process of trying to integrate and consolidate three or four different streams of funding in the entire program.

It was felt that this categorical kind of funding for youth on the one hand, and older workers on the other, was inconsistent with the flexible use of the funds.

Now we will have a sizable corps of older worker specialists in the States and we are trying in the redesign of services, that I described rather generally this morning, to put those people to work where we feel their expertise is most badly needed, and that is in the process of providing support to older job seekers in the business of making the right kind of judgments and decisions about what kind of work they should be looking for and where and how they should look.

I don't want to divert you, but I for one read very carefully a study done by Dr. Harold Sheppard and his colleague Belitzky for the Manpower Administration called "The Job Hunt," which suggests that one of our major responsibilities in the public sector is to encourage workers, and particularly middle-aged and older workers, to get out and look for work and to take a positive view of the fact that there are jobs there if you know how to go about that.

#### JOB INFORMATION CENTERS

In this restructuring that we are doing one of the heavy inputs will be the development of a job market information resource center within the system so that those people whose principal problem is not qualification for work but "where to look, how to look," will get that kind of attention at the earliest possible point in their contact with the system.

We now, for example, are developing in the unemployment insurance end of the business, which is the first contact that many older workers have with the system, an immediate attempt to encourage the claimant to look for a job and to furnish him with information

and leads as to where and how to look rather than going through a kind of a mechanical process of a detailed application for work and a holding action which says, "Don't call us, we'll call you."

Thus, we are really saying to these people, "The jobs are out there; here is where they are; you ought to go out and make an effort on your own instead of waiting for us to call you in for placement purposes."

Now I think that is such an obvious idea that I don't know why it took Sheppard and Belitzky to reinforce it for us, but it is essentially a very new dimension in our program which we hope will give us more time to work with the people who really need intensive services. At the other end of the spectrum we find people who have no experience, no training, a very low level of educational achievement and a lot of problems with motivation and morale and they need very high support over an extended period of time to achieve competitive employability.

So instead of trying to treat everybody the same and doing very little for most, we are trying to differentiate service in terms of this concept that the people who have skills really need help in getting out to look for a job and the people who don't have skills really need help in acquiring skills.

I think the older worker will benefit from that. I think the older worker specialists will be more creatively used than they have been in kind of little self-contained competitive bureaucracies where they are out fighting the system to get jobs for older workers on an age basis.

Dr. SHEPPARD. I just hope, Mr. Odell, that the knowledge about the problems of older workers and skills needed for working with them will be diffused against these generalists. I guess that is my main point.

Mr. ODELL. This is one reason why we want to continue those regional seminars conducted for us by NCOA, which are not directed only at the specialists, they are directed at administrators and managers and supervisors as well. Our assumption is that what we need to do is to bring that information into pervasive consciousness within the system and at the same time to maintain a cadre of people who are knowledgeable and definite about what to do about the problem with particular individuals.

Good morning, Senator.

Senator RANDOLPH (presiding). Good morning, Mr. Odell.

I want to express appreciation for your testimony. You are knowledgeable in this field and we are attempting to work together to find at least partially some of the answers to the important challenge of proper productive employment of those whom I classify as still active and alert and who can make a contribution to the labor force in America.

I am grateful to Senator Hansen who in my absence has chaired the hearing.

Off the record.

(Discussion off the record.)

Senator RANDOLPH. On the record.

I think that questions have been asked by the Senator Hansen for

me. I believe that Mr. Patton perhaps has a question of Mr. Odell before he leaves.

Mr. PATTON. I just have one question, Mr. Odell. Further to your latest statement concerning in effect the matter of priorities suggesting I think that with respect to the problems of the disabled and the minority workers confronting your department, there is a difficulty in spreading yourself too thin.

I think that would be a fair summary of what you said. Yesterday we heard from a panel of three witnesses some very interesting testimony vividly portraying what can happen to very able-bodied, skilled, and semiskilled workers in the instance where their factory is shut down. Through no fault of their own, they are out on the streets. We learned yesterday that this was a significant problem in this country. Plant shutdowns occur something like an average of two a week with so many mergers and acquisitions and business movements in the country today.

We have the problem, we learned yesterday, of the very able-bodied, healthy, physically sound worker out of work and we learned yesterday very vividly how difficult it can be for these men who are perhaps in their late 40's, early 50's to find employment.

These men suggested as one solution legislation which would require companies to in effect guarantee some form of continuing employment for these men after they are laid off or at least guarantee substantial severance pay or something which would ease their problem.

My question is really to what extent the Department has considered this problem, specifically the problem of plant shutdowns and specifically whether any consideration has been given to the suggestion we heard yesterday of some kind of remedial legislation.

Mr. ODELL. Well, we are fortunate in the Department in having a Secretary and an Assistant Secretary for Manpower who spent I guess the better part of their extra curricular activities while at the University of Chicago working on plant shutdowns in the meatpacking industry. I think they are probably better informed and more "empathetic," if that is a good word, to the problems involved in the dislocation particularly for the middle-aged and older worker than perhaps any two public officials in America.

#### EARLY WARNING ON SHUTDOWN

We have established and maintained a kind of early warning system on plant shutdowns. I know of very few, of any significant, size in which we have not gotten people from the Federal office or one of our regional offices on the scene well in advance of the occurrence of the shutdown to discuss not only with the company, the union, and with the community what could be done to ameliorate or eliminate any significant dislocation from the point of view of the workers involved in terms of long spells of unemployment.

We have earmarked funds for training of an institutional nature designed to deal with problems of skill refurbishment or skill acquisition in order to compete for a new job.

The interesting thing to me about that phase of the operation is that frequently those training funds are not fully utilized. I have

tried to analyze why that is so and it goes to the basic issue that I mentioned earlier, of the individual having to choose between an extended period of training in which he gets the equivalent of his unemployment insurance allowance payment during that period of training while he has continuing responsibilities as a breadwinner and a family head. So frequently the choice is made to take a poorer paying job in order to have employment—that is, full pay, rather than to go into training, where a significant financial sacrifice has to be made.

So one thing I think that ought to be seriously considered is some way of buttressing the training allowance system as it relates to people in this situation.

I have no specific recommendation to make, but possibly legislation which combined employer concern and community concern into a payment that permitted the individual to really refurbish his skills rather than to take a marginal kind of job would be very helpful and a very constructive approach to dealing with this problem. I think it is kind of out of the question, except for very large corporations, to ask marginal employers or marginal units of an employing organization to assume a kind of an open responsibility for wage payments for people who are being laid off in a shutdown. I do think we could do a lot better if we hooked up that kind of concern for either a severance pay or an extended unemployment insurance benefit with training allowances in order to make it easier for the middle-aged and older displaced worker to make the best choice about refurbishing his skill.

Senator RANDOLPH. Thank you, Mr. Odell, and your associates in the Department. We would not attempt to tell you that your commitment is very great. The work must be done and done now without any timid approach but a frontal attack on these problems. Is that correct?

Mr. ODELL. Thank you very much.

Senator RANDOLPH. We had planned on having Capt. G. D. Goss of Denver, Colo., chairman of the ALPA Committee on Discrimination in Pilot Employment, to lead in a sense his captains in testimony today. We are gratified that we have Capt. R. L. Tully of Vienna, Va., from Eastern Air Lines. He is the first vice president of ALPA and he is here today accompanied by Captain Hopkins of Tiburon, Calif. and Captain Rogers of Miami, Fla.

I believe you already said, Mr. Oriol, that Representative Pepper was unable to adjust his schedule to accompany these pilots.

Dr. Proper, in a sense, joins these men, or shares with them testimony at this time.

So will the four gentlemen that I have named come to the witness chairs, please.

I have glanced rather quickly at the statement filed for my colleague, Representative Pepper. Before we begin with the testimony of Dr. Proper, to be followed by the pilots, I might say to the pilots' president that Representative Pepper and the chairman of this subcommittee introduced the original legislation creating National Aviation Day in an attempt to focus on the achievements in aviation since the first flight of the Wright brothers through space exploration and the tomorrows in aviation.

That date, as you know, is in August rather than in December when the first flight was made because we felt we could have many more people present at celebrations throughout America in August than we could in December, and that has worked out.

One of the largest of the observances that we have each year, especially in recent years, has been at Dulles International Airport where we have had as many as, say, 100,000 individuals—fathers, mothers, sons and daughters—who come there for the exhibits and for the special formations of flight. I mention this to indicate once again my interest with Representative Pepper in that cosponsored legislation.

In reading his statement, Representative Pepper in next to the closing paragraph, spoke of the fact that Noah Webster wrote his monumental dictionary at the age of 70, that Goethe completed his masterpiece Faust at the age of 42, and Franklin was 84 when he wrote his autobiography.

Two days ago I received from Coral Gables, Fla., another booklet of many poems that have been written by my friend Charles H. Wicks. The most recent volume is entitled "Rhymes for the Tired, and Retired." Reverend Wicks is now past 84 years of age. So of the three examples given, he would be the oldest of the group.

The closing poem was written in this booklet on September 24, when he was 84 years of age. He calls it Birthday 84.

#### YES, THIS IS BIRTHDAY 84

There's scarcely a time for a dozen more  
 But we must take them as they come  
 Somewhat seriously but with lots of fun.  
 Here's a word for all us guys and gals who like to win the senior prize,  
 Look up, not down,  
 Look forward, not backward,  
 Look out, not in, and lend a hand.  
 The first is faith, the second hope, the third is love.  
 Then love in action.  
 Remarkable words are these that come from the verse that I have just written.

Off the record.

(Discussion off the record.)

Senator RANDOLPH. Without objection the prepared statement of Congressman Claude Pepper will be entered in the record as though read.

#### STATEMENT OF CONGRESSMAN CLAUDE PEPPER OF FLORIDA

Arbitrary retirement which is forced upon many citizens who still have the drive, the fortitude, and the talent to work has severe handicapping effects. It drains the spirit from the individual and hinders the economic status of this Nation. Elderly citizens suddenly have to live on fixed incomes—incomes much lower than they had while working and incomes that are often inadequate to live a decent life. In addition, the loss of their highly developed skills is costly to our country.

I do not know why involuntary retirement should exist in a country where men are physically healthy and mentally alert long after the age of 60. And I cannot understand why it should exist when

people are still employable and are begging to be trained or re-trained for jobs in which they know they will succeed. How long must this outdated trend continue?

I am looking forward to the day when America's interests broaden and deepen to the extent that the reality of the situation is recognized. The citizens of this country, whether we are in the public or private sector must not hide behind a background shielded from the facts causing individuals to struggle. We must change our ideas and our policies to combat present problems and to meet changing trends.

I am sad to say that in America we have, thus far, been conditioned to accept arbitrary retirement as a way of life, as something inevitable and desirable. Now it is time to stop accepting this concept in any shape or form.

The Age Discrimination in Employment Act of 1967 is a beginning in meeting the problems of the older workers. The provisions of this act are instrumental in finding ways to keep the aged employed by promoting the employment of the worked based on ability and prohibiting arbitrary discrimination based on age. Now those between the age of 40 and 65 are protected against employers, employment agencies and labor organizations who before this act might not have hired on the sole basis of age.

Despite efforts undertaken by the Congress to minimize any possible burdens to discrimination in employment, legislation alone is not the final answer. Employers must be educated to enforce the law. A law on the books does no good unless it is implemented. Until private industry as well as the government recognizes the problems resulting from arbitrary retirement and until each are inspired to seek its alleviation, stresses emerging from retirement will prevail.

#### UNPREPARED FOR RETIREMENT

People now in middle age or people nearing retirement are often not prepared for the financial pressures and mental idleness resulting from retirement. They think they are entering a world of luxury and relaxation. They are oblivious to the harsh fact that fixed incomes will have a purchasing power too small to buy daily necessities and that in reality the dream of retirement could actually be a horrifying nightmare.

Today more and more Americans are facing early retirement because they cannot get hired or be retrained in a new employable skill. In 1968 about one-half of all the men starting to receive their social security benefits were under 65 years of age. Many of the recipients were forced to retire. And many have a history of low earnings and no covered earnings in the years immediately before they became eligible for social security benefits.

As long as there is any discrimination in employment, whether it is at age 40, 60, 80; or 100 the economic problems of the aged will not be remedied. It is quite evident that social security, private pensions, and other forms of retirement income are not high enough to counteract the pressures caused by rising costs. The burden of paying for essentials such as medical care, food, and adequate housing is more than most elderly can manage.

Retirement systems, the way they now exist, take people off the labor force and place many on the poverty rolls. This is a complete contrast to the goal of our war against poverty and contrary to the great American value of indulgence in hard work.

I am disturbed because I know many people personally who would still work if given the chance. On the other hand, it gives me great pleasure to witness or read about retired senior citizens volunteering their time to less fortunate people in their communities. Life is an oasis of hope and each new day is a new adventure for the elderly who can utilize their spare time.

Unfortunately there are not enough opportunities for the retired to supplement their income in part-time work or to volunteer their services. This is why I introduced a bill in this Congress to provide for a National Community Senior Service Corps as an amendment to the Older Americans Act. I am happy that just last September the Congress passed the amendment to the Older Americans Act which provides for a retired senior volunteer program. Now many programs will be initiated throughout the country so the elderly and those nearing retirement can avail themselves of projects for volunteer service or part time employment in their community.

Senior citizens have already demonstrated a compassionate eagerness to serve in their community. Right in my own district members of the Miami Congress of Senior Citizens have begun a volunteer probation and parole program. Volunteers are now helping prisoners become released from the overcrowded, understaffed Dade County jail under the release on recognizance program. The program has enabled the released prisoners to support their families which in turn freed them from the welfare rolls and it has also lessened prisoner maintenance costs. In retrospect the program has saved the taxpayer a great deal of money.

#### VOLUNTEER WORK IN COUNTY JAIL

Even more important, however, is the fact that senior volunteers have helped to rehabilitate prisoners who otherwise might face a lifetime of crime or be subject to injustice while waiting for arraignment. And in return, an inner joy resulting from self-fulfillment is felt by the people who offer their services.

Thus members of an ever-increasing aging population have been beckoned to serve and have served well. As chairman of the House Select Committee on Crime and as a person cognizant of trials and tribulations faced by prisoners, I am well aware of the imperative service the elderly render.

The story of the Dade County jail is only one example of what the older generation can do. Our world would be much poorer if it were not for the creative efforts of those who did some of their finest work when long past what many consider their prime. We only have to cite the fact that Noah Webster wrote his monumental dictionary at the age of 70, that Goethe completed his masterpiece, "Faust," at 82 and Benjamin Franklin was 84 when he wrote his masterful appeal to Congress for the abolition of slavery.

We must give people who still want to work every opportunity to do so. We must not let automatic retirement ages and employers now reluctant to hire persons over a certain age cheat this country of valuable resources.

Senator RANDOLPH. Now, Captain Tully, as I have indicated, substitutes in a sense for Captain Goss.

Dr. PROPER, you will give your name and the title that you hold and you will proceed as the first of the witnesses, is that correct?

Dr. PROPER. Yes, sir.

**STATEMENTS OF ROBERT PROPER, M.D., HEAD, DEPARTMENT OF DIAGNOSTICS AND CLINICAL BIOMETRICS, LOVELACE FOUNDATION FOR MEDICAL EDUCATION AND RESEARCH; AND REPRESENTING AIR LINE PILOTS ASSOCIATION INTERNATIONAL: CAPTAIN ROBERT L. TULLY (VIENNA, VA.) FIRST VICE PRESIDENT; CAPTAIN STEWART W. HOPKINS (TIBURON, CALIF.), AND CAPTAIN CHARLES ROGERS (MIAMI, FLA.)**

Senator RANDOLPH. Thank you.

Dr. PROPER. Thank you, Senator.

I am Robert Proper. I am an internist at the Lovelace Clinic and the head of the Department of Diagnostics and Clinical Biometrics, Lovelace Foundation for Medical Education and Research, Albuquerque, N. Mex.

I can happily combine a clinical practice with physiological research and consider myself in a most fortunate position. I have been studying physiology of aging. We have been studying professional aviators as an unusually disease-free group, and this is apparently how I find myself in the company of these distinguished gentlemen from the Air Line Pilots Association.

I am not a pilot, I am not a member of the Air Line Pilots Association. I am a physician.

Senator RANDOLPH. You mean you have never soloed?

Dr. PROPER. No, sir.

Senator RANDOLPH. You have missed a great thrill.

Dr. PROPER. I think perhaps the Senator is more courageous than I am.

Senator RANDOLPH. The first time you come down after going up and no one is in the plane with you and you come down, in, as I did, on that first solo flight in a Taylorcraft that rather floats in, it seems it never sets down. It is an interesting experience.

Dr. PROPER. I think I could get up and not get down.

Senator RANDOLPH. I was good on takeoffs, poor on landings.

Dr. PROPER. I would like to thank you for this opportunity to pursue the thesis presented yesterday by Dr. Sheppard which essentially is that date of birth is a rather archaic means of determining when people should stop working, should stop producing, should be retired.

I would like to demonstrate the fact that there are more modern methods that are feasible of further determination of retirement other than date of birth. I would also like to take this opportunity to show what happens when an arbitrary system is used and when highly productive achieving people are forced to retire and find that they are a drag on the labor market. These are not people who are poorly trained or manual workers, they are highly skilled people who have been highly skilled for a number of years. The problem of retraining which was mentioned yesterday they have faced with a

great deal of success. All of these gentlemen learned to fly in propeller driven aircraft, and sometime around the age of 50 they retrained so that they could fly jet aircraft. This, as I understand it, was a major conversion, a lot of relearning had to be done, a lot of unlearning had to be done and yet they were able to do it with a great deal of success in their late 40's and early 50's. In spite of this demonstrated success of learning in a sense a new trade, they still at the age of 60 have been forced to retire and to give up these skills.

I might add that so far as industry is concerned, it costs an airline approximately \$200,000 to replace each one of these gentlemen from the left-hand seat as captain of an airline. They will present their own cases, and after they discuss and present what it is like to retire at the early age of 60 when you are physically vigorous and active, I would hope to be able to make my formal presentation if this is agreeable to you, sir.

Senator RANDOLPH. Yes, that would be, I think, a helpful way to proceed. You will come back to us after we hear the individual experiences.

Dr. PROPER. Yes.

Senator RANDOLPH. Is Captain Tully to be first or have you gentlemen decided the order?

Dr. PROPER. I think it would be Captain Hopkins, followed by Captain Rogers, and then Captain Tully as first vice president of ALPA to summarize their position.

Senator RANDOLPH. Captain Hopkins, would you proceed, then.

#### STATEMENT OF CAPTAIN HOPKINS

Captain HOPKINS. My name is Steward Hopkins. I reside in Tiburon, Calif. Until August of this year, when I turned 60 years of age and was forced to retire from my profession, I served as an airline captain for Delta Air Lines.

I welcome this opportunity to appear before you today as you review the limitations on employment opportunities for older Americans. Based upon my own experience, I can assure you that older Americans who are put out to pasture prematurely, whose opportunities to be productive are abruptly terminated because of a date on a calendar, can feel as great an economic and psychological impact as older Americans to whom new employment opportunities are denied.

With your indulgence, I should like to offer a brief summary of my background.

I was born on August 30, 1909. Following my education at the University of Southern California, I joined the United States Navy, and served in 1932 and 1933 as a fighter pilot aboard aircraft carriers. I resumed active duty with the Navy during World War II, and I am currently an active participant in the U.S. Naval Reserve, in which I hold the rank of Rear Admiral.

My career as a professional airline pilot began in 1933, when I joined Pacific Seaboard Airlines, which later became Chicago & Southern Airlines, and which, in turn, ultimately merged into Delta Airlines.

During my 36 years as an airline pilot, I logged more than 30,000 hours of flight time as pilot in command. I was captain of the first scheduled flight of the Douglas DC-8 upon its introduction into

service, and, during the last 10 years of my career, I flew Delta's large jet aircraft exclusively. At my retirement I was functioning as captain of DC-8 and Super DC-8 aircraft. At no time during my career was I ever involved in any incident or accident resulting in injury to my passengers or damage to my aircraft. I am a holder of the Daedalian Civilian Safety Flight Award.

In addition to my service with Delta Air Lines and my Naval Reserve participation, I worked actively with the Air Line Pilots Association, International until my career ended, and held a number of elected and appointed offices in that organization, including first vice president and regional vice president.

My career ended in August of this year when, although my regular, periodic medical examinations showed that my health was excellent, and although my regular, periodic proficiency checks showed that my qualifications as an airline pilot were unchanged, I celebrated my 60th birthday, and was, as a result, terminated under section 121.383(c) of the Federal Aviation Regulations.

#### INCOME REDUCED ONE-THIRD

At the moment of retirement, my income was abruptly reduced one-third of its former amount, even though I have participated to the greatest possible extent in available retirement programs. My domestic financial responsibilities have, however, remained roughly unchanged, and a number of drastic adjustments have therefore had to be made. While our retirement program includes substantial emphasis upon a variable annuity, intended to cushion retired pilots against increases in cost of living, the present combination of soaring inflation and a falling stock market has impaired the value of that cushion considerably.

In addition, though I have contributed to social security since the date it was made effective by the Congress, there is, of course, a 5-year gap between the date of my forced retirement brought about by one branch of our Government, and the date when I will become eligible for normal social security retirement benefits from another branch of the same Government.

Though I have made a number of inquiries, there has been no opportunity to continue in the practice of my profession with another employer. And the obstacles to starting a brand new career at age 60 are substantial, so that my termination as an airline pilot was apparently the signal by the FAA that my value as a productive member of our society had come to an end.

Personally, I cannot accept that conclusion. I know that my chronological age is no measure of my strength, my energy, my alertness and my continued ability to apply the experience of 36 years as a professional airline pilot. It is most frustrating and, in my opinion, deeply unfair to see the door slam shut on the practice of my profession, solely because of an arbitrary cutoff date, and at a time when I am quite as productive and effective in that profession as I have ever been.

An arbitrary age cutoff can't possibly be in anyone's best interests; it can't possibly be the answer to any problem. In this enlightened society of ours, the use of an arbitrary rule is simply an admission

that there is no rational basis available for producing the intended result; if a rational one were available, an arbitrary rule would be unnecessary. And to cancel my career because of an arbitrary rule seems to me to be directly opposed to fundamental rights which, I had always believe, are guaranteed to every American.

I am of course most grateful to you for this opportunity to be heard. It is no small comfort to know that there are those in our Government who are working to eliminate the economic waste and individual frustration which must always result from arbitrary rules for compulsory retirement.

Thank you, Senator.

Senator RANDOLPH. Thank you, Captain Hopkins.

You, of course, knew the former and late president of Delta, Mr. Woolman.

Captain HOPKINS. Yes, very well. Very close friend of mine.

Senator RANDOLPH. He was working past the age of 60.

Captain HOPKINS. He was very active.

I might also add the management of Delta Air Lines was one of those that opposed the introduction of this rule that was passed by the FAA. He felt quite strongly about this, as does the present president of our company.

Senator RANDOLPH. I know the regulation to which you make reference.

Would you clarify what the status age-wise for mandatory retirement is in reference to those pilots that are in air taxi operations rather than scheduled carrier operation?

Captain HOPKINS. At the present time, it does not cover pilots of air taxi operators. It applies just to the scheduled airlines. The air taxi operators that are operating the lighter weight equipment are not presently under this rule.

There is a tendency, of course, as years go by for the FAA to broaden the application of this rule. They did this recently in the case of the Flying Clubs, which you may be familiar with. Some of the retired pilots were actively participating in them. The FAA extended the scope of this regulation to include these people.

I would not be surprised if they eventually extended it to cover the air taxi operators.

Senator RANDOLPH. I have had some indication, Captain Hopkins, that that is under consideration.

Captain HOPKINS. I would believe this to be true, yes.

Senator RANDOLPH. Increasingly, of course, the air taxi pilot is flying, let us say, a heavier, faster aircraft than he might have been a few years ago. Is that correct in many instances?

Captain HOPKINS. The tendency, yes, is for the sophistication of the airplane to increase the speed, the weight.

As you know, their actual record has not been too good. It seems to me this is just the backward way of going about it. We have retired skilled people who know how to do this but they are excluded. Management is forced to draw on a less experienced group to do this work, which has seemed a little odd. This is the way it goes.

Senator RANDOLPH. I wanted to get that point expressed, because in general I am in agreement with what you are saying.

I think, Mr. Oriol, we may want to have for the record the number of pilots who are actively flying in air taxi services, and commuter airlines as well, although in a sense they are scheduled, but there is not the continuity that we have in the scheduled carrier operations.

I think these figures would be helpful to us in these categories.

Captain Hopkins, do you feel that today, whatever your age is—if you care to give it for the record I would be glad to have it, or would you rather just forget?

Captain HOPKINS. I was 60 on September 1 of this year, so I have been retired now 3 or 4 months.

Senator RANDOLPH. Would you tell the members of the subcommittee that you feel that you can do today what you did 2 years ago? You use that as a time bracket in the flying of scheduled aircraft?

Captain HOPKINS. Well, of course, I don't feel that the relevancy of cutoff dates has really been determined. There is no difference in your ability to fly. In fact, I have seen it happen on our own airline where the pilot was qualified to take a flight out and had to dead-head back because he had his 60th birthday while away from his base, apparently overnight it happens. Sort of a rule.

The problem, we experience in the association is the inability to open up any sort of dialogue with the FAA. I am sure if we could sit down and talk about this, a number of things could be worked out, but if there is no dialogue, it is impossible.

Senator RANDOLPH. Off the record.

(Discussion off the record.)

Senator RANDOLPH. On the record.

We will, Captain Hopkins, pursue the matter of contact with air carriers that operate, and perhaps they may be able to give us written testimony that will help to expand on what you have said here today.

Captain Rogers.

#### STATEMENT OF CAPTAIN ROGERS

Captain ROGERS. Thank you, Senator.

My name is Charles O. Rogers. I reside in Miami, Fla. Since September, 1939, I have served as an airline pilot for Eastern Air Lines. The opportunity to appear before you today is a particularly timely one for me, since I will be celebrating my 60th birthday tomorrow, December 20, and will therefore be terminated under the FAA compulsory retirement regulation.

By way of my personal background, I was born on December 20, 1909, in San Francisco. Following several years as a merchant seaman and longshoreman, I entered college in 1929, and ultimately graduated from Stanford University.

I served as a pilot in the U.S. Navy from 1935 to 1939, flying everything from fighter planes to large flying boats, and representing the Navy at events such as the opening of the 1937 International Air Meet in Lima, Peru, the 1939 World's Fair in New York, the Cleveland Air Races in that same year, and the dedication of the Golden Gate Bridge.

During my career with Eastern, I amassed more than 27,000 hours of flying, on aircraft ranging from the old Douglas DC-2 up to the current Super DC-8. I have, in the last several days, completed my final trip as an Eastern captain, from McGuire Air Force Base to Frankfurt, Germany, for the Military Airlift Command, in a Super DC-8(63) type aircraft.

My family consists of my wife, a son age 26, another son age 24, currently in active service in the U.S. Navy, a daughter age 22, studying abroad, and my youngest son, age 14, now in the 9th grade.

Since flying was my principal interest and sole career, I have no business interests to fall back on now, and no specific employment prospects immediately in sight.

It will be essential that I find some work as promptly as possible, to meet my current financial responsibilities. My retirement benefits will amount to approximately one-fifth of my former income, and the sudden loss of 80 percent of my earnings as a pilot will have a very substantial impact upon the well-being of my family and our standard of living.

We may, as a result, be required to uproot ourselves from Miami, after all these years, and move elsewhere so I can locate some employment.

I would not try to pretend that I can accept forced retirement calmly or with equanimity. For over 30 years I took great pride in maintaining my proficiency and physical condition at the highest possible standards. Today, I feel just as capable, both physically and mentally, as I did when I began my career. I can pass my semi-annual physical and proficiency examinations just as easily today as I ever could before.

Far from feeling that I have arrived at the end of my career, I am very much of the opinion that it has been interrupted at a peak in my productive abilities, for no reason other than a generalization about age which had little validity 10 years ago, and even less validity today.

As a consequence, I leave my career and enter retirement with a feeling of great bitterness and disappointment. I am convinced that compulsory retirement under these circumstances is contrary not only to the principles for which this committee stands, but also that it is completely inconsistent with my rights as a citizen to equal protection of the law.

I am hopeful that an effective remedy for this situation will be forthcoming as soon as possible. Meanwhile, I thank you for this opportunity to be heard.

Thank you.

Senator RANDOLPH. Thank you very much, Captain Rogers.

You say tomorrow you will be 60?

Captain ROGERS. Yes, sir.

Senator RANDOLPH. You are not flying today, are you?

Captain Rogers. No.

Senator RANDOLPH. Because you are here trying to help others who may in your situation be unable to fly in their tomorrows after the age of 60.

Did you know Sid Shannon of Eastern?

Captain ROGERS. Yes, sir, very well.

Senator RANDOLPH. Did he work after he was 60?

Captain ROGERS. I imagine he is just a little over 60.

Senator RANDOLPH. Yes. How old is he now?

Captain ROGERS. I imagine he is just a little over 60.

Senator RANDOLPH. I think he is older than that.

Captain HOPKINS. I think he probably got tired waiting for Eddie Rickenbacker to retire.

Captain ROGERS. You look not unlike Mr. Shannon.

Senator RANDOLPH. Of course, Sid gains his strength in the West Virginia hills.

You don't know about this?

Captain ROGERS. Real fine man.

Senator RANDOLPH. Off the record.

(Discussion off the record.)

Senator RANDOLPH. Captain Tully, will you give testimony at this time, as the third of the trio of pilots?

#### STATEMENT OF CAPTAIN TULLY

Captain TULLY. Thank you, Senator.

My name is Robert L. Tully. I reside at Vienna, Va. I am employed as a captain by Eastern Air Lines, and I am the first vice president of the Air Line Pilots Association.

Captain Goss, ALPA's vice president who chairs our committee and division, had planned to appear before you today on behalf of the Association. Suddenly an unexpected illness in his family required immediate return to Denver yesterday.

However, I shall make our presentation in his stead.

On behalf of our association, I wish to express our appreciation for this opportunity to appear before you today as you consider the effects of limitation on employment opportunities for older Americans.

Our association functions as the representative and spokesman for more than 30,000 airline pilots and other crewmembers, employed by nearly all the airlines of the United States.

Since 1959, when FAA established its compulsory retirement regulation for airline pilots, some 700 airline pilots have been forced into retirement at their 60th birthday, even though their current, FAA-required physical and proficiency examinations have shown them to be competent, qualified, and in faultless physical condition.

Currently, age limitations are also being urged as a means to limit the progression of senior airline pilots to new aircraft types, primarily because the age 60 limitation reduces the period in which a carrier may amortize its training costs. As a consequence, one arbitrary age limitation tends to give birth to another.

The most striking feature of the compulsory retirement rule for airline pilots is that it is imposed by an agency of the Federal Government, and at a time when our Nation's policy is unequivocally opposed to forced retirement in any form.

We airline pilots have the rather dubious distinction of being the only group of employees in private industry, so far as I am aware, on whom the Federal Government has imposed a mandatory retire-

ment age. And with the enactment of the Age Discrimination in Employment Act of 1967, our employers, the airlines, were legally forbidden to terminate careers solely because of age, though this is precisely what FAA is doing today, as it has been ever since 1960.

We deny the fairness and wisdom of permitting a Federal agency to engage in conduct which would be illegal if practiced by our employers.

There is good reason to doubt the validity of career limitations for pilots based solely on age. A number of airlines have privately expressed doubt concerning the need for the regulation. Available medical studies strongly suggest that the age 60 cutoff is unsupported by scientific or medical evidence.

A 1969 thesis issued by the Aviation Medicine Research Laboratory of Ohio State University concluded that the possibility of sudden incapacitation among airline pilots at age 55 and above was substantially less than the possibility of such an occurrence between ages 40 and 55.

In addition, Dr. Proper's studies of airline pilots at Lovelace Foundation show that his cross section of pilot subjects has aged less rapidly than the general population, and that, when compared to notions of chronological age usually associated with the general population, these airline pilots are physiologically much younger than their years.

#### NO EVIDENCE OFFERED BY FAA

The FAA has never offered any medical or scientific data supporting compulsory retirement at age 60 for airline pilots. A federally funded study of this subject matter conducted at Georgetown University under FAA auspices some years ago ended without any published findings, after an expenditure of several million dollars.

Following compulsory retirement, former airline pilots are immediately confronted with drastically changed circumstances. Although they remain robust, energetic, and highly motivated, they suddenly find that their sharpened skills and experience are no longer usable.

There is no gradual transition for them, and the senior captain who commanded a Boeing 707 on his final flight must, on the day after his 60th birthday, somehow adjust to an unproductive life.

The airline pilot's relative youthfulness, resulting largely from the rigid physical qualifications of his profession, combined with his forced early retirement, cause the allocation of a relatively greater proportion of his life to retirement, though this is repugnant to him, physically, emotionally, psychologically, and economically.

An airline pilot's earnings tend to increase as he approaches age 60, and will normally be at their peak when retirement occurs. As a consequence, the trauma of his sudden loss of productivity is underlined by the equally sudden and substantial loss of income.

The value of pilots' negotiated retirement benefits varies from airline to airline, and these benefits may often be insufficient to permit a reasonable standard of living. Because normal social security benefits are not available until 5 years after retirement, a pilot's financial maintenance during his retirement years may well be a subject of serious concern.

Because we are in essence a productive, competent, youthful, and healthy group of people, we do not suggest that the answer to our compulsory retirement problem lies in retraining programs, financial subsidies from Government during retirement, and the like.

On the contrary, all we ask is the right to continue making our contribution. Slavish adherence to the ritual of a cutoff at the 60th birthday is unjustified, wasteful, and unnecessary.

We recognize our public responsibilities for maturity and conservatism in matters affecting our national air transportation system. At the same time, we believe that it is consistent with all affected interests to suggest that, at long last, a public hearing of all the evidence for or against the rule of compulsory retirement at age 60 for airline pilots to be held by FAA.

Despite our repeated requests for a hearing to look into the validity of this rule, none has ever been held. We believe that the age-60 rule should stand or fall on the basis of hard evidence, and that the only approach to this problem consistent with candor and fair play is to air out all the evidence under circumstances of procedural fairness, and then let the chips fall where they may.

We are hopeful that such an opportunity may at long last result from our appearance here today.

In conclusion, we believe that your efforts to protect the opportunities of older workers are deserving of the highest commendation. We are in full agreement that the opportunity for a lifetime of usefulness is at the essence of individual freedom.

May I respectfully request that the committee accept into the record a factual historical summary of the development of the airline pilots' compulsory retirement program?

Senator RANDOLPH. We will accept that as a part of the record at this point, or place it in the record where it would be appropriate.

(See appendix B, item 4, p. 1365.)

Captain TULLY. Thank you, Senator.

This has been prepared by the association as a supplement to our presentation to you. It is a document which has been distributed to you, and is entitled "Chronological History of the Development of Compulsory Retirement Age for Airline Pilots."

In addition, with your permission, we ask for an opportunity to provide a supplementary submission for the record, summarizing the highlights of the 1969 Ohio State study\* to which I referred. Its publication has been so recent that we were unable to prepare it in time for this hearing.

Senator RANDOLPH. Captain Tully, that material will also be included in the record.

As you know, these hearings will be printed as public documents for distribution, and the material which you have bearing on the matters to which you are testifying can come to us in, say, a reasonable period of time.

How soon would it be available—a month, two months?

Captain TULLY. I would say almost immediately. This is a document—as you can see, it is quite lengthy.

Senator RANDOLPH. We are not sure that we will print all the doc-

\* Retained in committee files.

ument, but we will make reference to it, and it will be a part of the hearing record, even though we might take these salient points, or you might even help the staff in selecting those that you feel should be stressed.

Captain TULLY. Yes, Thank you.

Senator RANDOLPH. Dr. Koyl, I think you might sit here, if you don't mind, the two doctors sitting together, because I think your testimony—if I am correctly advised—is somewhat, let us say, supplementary. It is certainly complementary of what Dr. Proper said. Is that correct? Does it lend itself to discussion at this point, before we come back to Dr. Proper?

Dr. KOYL. I don't think so, sir.

Senator RANDOLPH. All right. You sit there, if you will.

Now, before we come back, Doctor, as per your request for further testimony, as I have listened to the pilots, there is a thread of stress which is unraveled that an early retirement is not only removing from the operation of the aircraft competent pilots, but secondly and of intense interest to this Subcommittee on Employment and Retirement Incomes, while you speak of these damaging economic consequences, of course, some people think pilots are very highly capable, they are of course well compensated.

Captain Rogers, you read that, please.

Captain ROGERS. (reading:)

My retirement benefits will amount to approximately one-fifth of my former income, and the sudden loss of 80 percent of my earnings as a pilot will have a very substantial impact.

Senator RANDOLPH. So there are categories of employment, then, having resulting problems that come from unemployment as we go through, say, levels of different types of activity.

So if your retirement is earlier than other people generally, let us say 5 years, people perhaps think you can get along very well. Is that note true? They rather think that, if they study this problem, is that right, Doctor?

Dr. PROPER. Yes, sir.

Senator RANDOLPH. Now, you are here to state your case, not in refutation, but the positive approach to your problems which you have indicated by your statements.

When we think of the so-called average head of the household, we think of the difficulties that person has to place aside a savings for retirement. Well, if you are, let us say, not in the average of salary schedules, but somewhat even substantially above the persons of the same age as heads of the household, earning \$12,000, \$15,000, you being above that figure, yet these impacts are very real to you, as they are to those of us who know the facts.

Now, you have spoken, Captain Tully, of what the airline pilots have been attempting to do. Have you had the help of the U.S. Department of Labor in presenting your case to the Federal Aviation Agency?

Captain TULLY. No. As a matter of fact, the Department of Labor has taken the position that this compulsory retirement for airline pilots is not prohibited by the age discrimination in employment act. It allows it.

Senator RANDOLPH. Captain Tully, as you know, the Age Discrimination Act applies to those up to the age of 65.

Captain TULLY. Yes, sir.

Senator RANDOLPH. What does it say about those that retire at age 60?

Captain TULLY. I think rather than to trust my memory, may I read from this letter?

Senator RANDOLPH. Yes, indeed.

Captain TULLY. This is signed by Willard Wirtz, Secretary of Labor.

Senator RANDOLPH. We will place the letter perhaps in the record, but you read the pertinent point.

Captain TULLY. Yes, sir. [Reads:]

The Department of Labor has taken the position that Federal regulatory requirements which provide for compulsory retirement without reference to an individual's actual physical condition will be recognized as constituting a bona fide occupational qualification when such conditions or qualifications are clearly imposed for the safety and convenience of the public, and therefore not a violation of the spirit or letter of the ADEA.

Mr. ORIOL. Senator Randolph has asked me to continue.

Have you received any word since that letter?

Captain TULLY. Not to my knowledge, but if you will allow me to confer, because I have not been on this project per se.

Mr. ORIOL. Yes, sir.

Captain TULLY. There is no further word.

Mr. ORIOL. Have you made inquiry since that letter was received?

Captain TULLY. Negative.

Mr. ORIOL. The FAA then says that the reaching of age 60 constitutes a bona fide limitation or a bona fide reason for being unable to operate an airplane on a commercial airlines. Is that a correct statement?

Captain TULLY. That is correct.

Mr. ORIOL. What evidence do they cite to you when you inquire that this is bona fide evidence?

Captain TULLY. We have made repeated efforts, and we have a chronological presentation here on paper that I think has been submitted to you to get some type of evidence from these people, and to my knowledge as of this date, except by referring to the Georgetown University study which I referred to in my presentation, for which the findings were not made public, this is their only evidence.

Mr. ORIOL. What is this?

Captain TULLY. Just a reference to a study.

Mr. ORIOL. Oh, a reference to a study?

Captain TULLY. Yes.

Mr. ORIOL. When was this study done?

Captain TULLY. I don't recall the exact date.

Dr. PROPER. No, I don't believe that is true. I think this is an arbitrary decision that was made in 1959, and it has not been backed by any subsequent information.

Mr. ORIOL. For the record, Senator Randolph has instructed me to write to the FAA for an official expression of policy on this matter, so we will be in touch with them.

Whatever information you have on the subject would be very helpful.

Captain HOPKINS. If I may interject, I was on the executive committee at the time this ruling first came out, and we have correspondence somewhere in our files at this time, asking for their justification or their documentation for the reasons.

They came back with a letter which was just a bibliography of a bunch of textbooks on medicine. This was essentially what they came back with, and it is my knowledge in the last 10 years that they never came up with any concrete studies.

At the time the Administrator changed—this was when Mr. Halaby came in—the decision was made that they would make a long-term study, and it would be a scientific study. This was funded, and was funded down here at the Georgetown University and it went on until the next Administrator came in, and the files were pulled out to Oklahoma, and no one has ever seen them, to this day.

I don't know how many hundreds of thousands of dollars that study cost, and the results, so far as I know, have never been made public.

Mr. ORIOL. May I just ask for a description of what your annual physical checkup is like? How intensive is it, Captain?

Captain ROGERS. We take two physicals a year from the FAA. One includes EKG. Each examination costs \$15, and the EKG is \$15, so that is \$45.

Mr. ORIOL. Who pays?

Captain ROGERS. We pay for it ourselves.

We also have to take an annual company physical examination, and you have got to pass all the physicals.

Then, on top of that, you must pass your proficiency checks. We have two proficiency checks a year, formal ones, but we are under checks continuously, We don't know who is on board the airplane, or anything else. We can lose our license.

So the requirements of the job take care of part 121.383(a) and (b) from the day you go to work until you reach the day of 60, but the paragraph (c) was inserted by the first Administrator, and that is what takes our job away from us.

Mr. ORIOL. Now, on these FAA examinations, approximately how long does it take, and what constitutes the examination?

Captain ROGERS. I would say it takes an hour, plus or minus, from eyes to ears to teeth to asking you your history from you last examination to now, your EKG. You have to cough, and bend over, and take a few punches on the knees to see what your reflexes are, on your elbows. You have to inhale and exhale, and be able to blow the can up high enough, and—

Mr. ORIOL. Are you satisfied that this does measure your physical ability to pilot a plane?

Captain ROGERS. Your medical ability?

Mr. ORIOL. Yes.

Captain ROGERS. It certainly does, because if you don't pass the eye examination, and you cannot bring your eyes up to the requirements with glasses, you are axed on that part.

Mr. ORIOL. So that the FAA insisting on a 60 age is refuting its own physical examination?

Captain ROGERS. All that paragraph (c) does is take my cherished job away from me.

Dr. SHEPPARD. May I interject?

They examine your teeth to see if they are good enough to eat the meals they serve on the plane. (Laughter)

Captain ROGERS. I think some use a straw.

Mr. MILLER. Who conducts the physical examination?

Captain ROGERS. Doctors appointed by the FAA, and I don't know how many of them there must be. They have to meet high standards laid down by the FAA.

Mr. ORIOL. Are any of those doctors over 60?

Captain ROGERS. Oh, I am sure they are. Furthermore—you ask about doctors over 60. The FAA pilots, their inspectors are over 60. They can go to 70.

Mr. ORIOL. What does an inspector do?

Captain ROGERS. Well, he checks your flying technique, and he can say it is up or down, and if you don't pass—

Mr. ORIOL. How does he evaluate? Does he go up in the plane with you? Does the inspector go up in the plane?

Captain ROGERS. Yes, sir, he is on the plane. But there is also a company check pilot on the 6 months formal checks. Actually, the cutting of the engines and all is done by the company check pilot under the emphasis of the FAA inspector, so the company check pilot has his license on the table at the same time that the line pilot has his license.

For instance, to bring in a case that just happened two mornings ago, we almost had a bad one in Miami. One of our pilots who retired about 4 months ago is now with a foreign airline and checking their crews and this man is in his 60s, and thank goodness he probably has more experience than anyone Eastern Air Lines has ever had, he has flown every type of equipment. Anyhow, the man he was checking got full rudder wrong way, and they went down 36th Street, down over a residential section, before this man who was just retired from our airline was able to get control of that airplane.

I doubt that many people would have been able to get hold of it, but this man over 60 did not have a heart attack, he did not fail at the job, or anything like that, but the FAA has taken his job away from him on Eastern Air Lines, and he has to go look for employment other places.

Captain HOPKINS. Mr. Oriol, may I respond to an earlier question?

Captain Tully got the information.

You asked what the basis of the decision was, and we have it here in our notes, on July 14, 1959.

(The witness read from a document.)

Captain HOPKINS. To respond further to your question on the depth of the physical examination being given by the FAA, some time ago the association made an attempt to have on an individual waiver basis an exemption made on a pilot, hoping to test this and try it on an individual basis, at which time we proposed that physical examinations in any depth would be given with any frequency they care to make.

I am sure that when Dr. Proper speaks here, he can fill you in on some of the work that has been done in that area.

Senator RANDOLPH. Go ahead, Dr. Proper.

Dr. PROPER. General Quesada realized the arbitrary decision, because shortly after he made it he funded a feasibility study for the Federal Aviation Agency to determine whether there was another standard that could be evolved, a physiologic standard, and this was in 1960, so apparently he had some doubts about the reasonableness of establishing this arbitrary age 60 rule, and he backed his doubts up with funding the study to see whether it was feasible to determine physiological standards.

Senator RANDOLPH. Referring to your testimony or colloquy now with Mr. Oriol, you said, Captain Rogers, that an older pilot had been able to do a good job over heavy traffic on 36th Street, I believe in Miami.

Captain ROGERS. That is right.

Senator RANDOLPH. I was just walking in when you made that statement.

Of course, that is a heavy traffic area, is it not?

Captain ROGERS. Yes, sir.

Senator RANDOLPH. Now, when you think of so-called split-second decisions, that is a cliché, but it may be true that the pilot makes the co-pilot captain of the aircraft. Do you feel that the man at age 60 is any less capable of making a split-second decision, especially in the situations that might occur over the metropolitan areas, just because he is 1 month past 60, or 6 months past 60, then he would be at 55, 57, 59?

Tell us now what you really feel.

Captain ROGERS. Well, I believe that any man who can pass regulations (a) and (b) of the FAA Regulation 121.383, with his experience, is a better man at 60 and above than he was before, because he still has more experience, and paragraphs (a) and (b) are what he works on from the day he went to work as an airline pilot until he hits 60, and paragraph (c) was put in there to do nothing but take a man's job away from him.

While we are here, I think we ought to go back into the history of this thing and just find out how paragraph (c) came about.

I don't know if the senatorial board knows about how it came about or not.

Senator RANDOLPH. We would be interested in hearing it.

Present with us now, and we are grateful for his having come to the hearing, is Senator Williams of New Jersey, who is the Chairman of our Special Committee on Aging.

You understand this is our subcommittee on employment opportunities for the older people.

Senator Williams, we have had most interesting testimony, and from the group that may be able to highlight some of these problems because really they have a certain drama in their profession which may help people in other professions that are not perhaps, let us say, so available to help us to bring out the points that we need to bring out.

You men have been a part of a mobile America, is this not true? The movement of people and products, that is what this country is—men of action.

So you come to talk with us about the discrimination when you are removed from the labor force at jobs that you think you can

perform at an arbitrary cutoff date. So I say personally and officially that you are very helpful to us.

Now we are interested in hearing, Captain Rogers, what you have to say with reference to so-called background that may help us.

Captain ROGERS. Thank you, sir.

Before I get on that, I would like to say that 2 nights ago I had a call from one of our company check pilots, who is not 60 as yet, but I would say he was the senior check pilot we have in the company.

He said that he appeared before the FAA 2 years ago last October with two other pilots and a Florida State senator, and they discussed the problem with the deputy flight surgeon of the FAA, and at that time this deputy flight surgeon stated, "No medical justification for the regulation existed then, or now," and they had him repeat it three times.

Now to get back to how the paragraph (c) came in.

Ten or 11 years ago, we were coming into the Jet Age, and American Airlines had three men who they did not wish to check out in jet equipment because they would not be with the airline too many more years.

They were unable to get the men to retire or resign, and Mr. Quezada, the first administrator, came into the act, and paragraph (c) evolved, and paragraph (c) did the job that the company could not do.

Today the first administrator is on the board of directors of American Airlines.

That is the history of how paragraph (c) came into the picture.

Senator RANDOLPH. Thank you, Mr. Rogers, for giving us your version, and that is what it is, is it not?

Captain ROGERS. Yes, sir.

Senator RANDOLPH. Yes.

There might be a difference of opinion, but it certainly is information and can properly come before our subcommittee.

Dr. PROPER, I believe you said it costs \$200,000 to train a pilot, or did you say that?

Dr. PROPER. Yes, sir, I did.

Senator RANDOLPH. Now, if that is what it takes to train a jet pilot for a scheduled air carrier, what would be the cost to retrain a pilot for, let us say, well, even a bigger ship, if that would be in the offing, as it now is?

Dr. PROPER. I don't know what the cost of that would be for a 747.—I would imagine a very, very considerable amount of money, and for the supersonic transport, even more money.

I don't think these figures really are available as yet. The carriers will find out how much it will cost, which would be very considerable.

That figure of \$200,000 is in a sense a domino figure. It means that when the senior captain is retired from the left-hand seat, that everybody moving over costs the airline approximately \$200,000.

In this context, medical directors of the airlines, where at one time they might have been concerned about grounding people, are now very much concerned about keeping them flying. That is in fact one of their major concerns, of the airline medical director, because

it really costs the company every time they ground someone, and they don't want to.

Senator RANDOLPH. Doctor, you are saying that to remove the captain from the left-hand seat, that that is an investment as well as an expenditure, that the company has made?

Dr. PROPER. Time and money and equipment.

Senator RANDOLPH. And you would say that you think it is perhaps good business thinking?

You thought this matter through very carefully, and you may be saying that the airlines should, with the pilots, be doing something about this, or at least discussing this subject. Are you saying that?

Dr. PROPER. I get into rather a hazardous position, and really I should stick to my last.

From a logical point of view—

Senator RANDOLPH. Captain Tully, what would you say?

Captain TULLY. Well, this is a valid observation, Senator, and it has been discussed at least on some carriers, the cost to the carrier itself for arbitrarily retiring these senior captains.

Senator RANDOLPH. Well, the scheduled airlines are losing money today, losing large sums of money.

Captain TULLY. Yes, sir.

Senator RANDOLPH. I don't have to sit at the witness table to tell you that. I know it.

So you think they should be interested in some of these matters that may be happening with sufficient interest to them? At least in a period of a certain number of years, when you picture economically it has been better, what would be your comment?

Captain TULLY. I am sorry, I did not catch your question.

Senator RANDOLPH. They are now losing money.

Captain TULLY. Yes, sir.

Senator RANDOLPH. Let us say a year and a half ago or 2 years ago, they were making money. Do you think when they are losing money they would sit down, where they would not have sat down a year and a half ago? Is that right?

You know, the pocketbook has a tremendous drawing power.

Captain TULLY. Yes, sir, that is correct. The air carriers as far as their dealings with the Air Line Pilots Association is always a negotiating process, so that at the bargaining table the carrier is usually always losing money.

Senator RANDOLPH. He is losing money now, not at the bargaining table, but he is losing money in the actual report of the treasurer of the company, which is built upon fact.

I think you come to a point here where perhaps you may be able to talk to airline management, where you could not a couple of years ago. That is what I am trying to spell out for you.

Captain TULLY. Well, you are correct, Senator, and it has been discussed, as I say, at least on some carriers.

I am not familiar with all carriers, but we do have evidence of some of our major carriers, as I think Captain Hopkins referred to Delta, for instance, that do not support this arbitrary retirement program.

It is the FAA that is our problem, and not the carriers, in my opinion.

Senator RANDOLPH. Chairman Williams, although we have correspondence with management of scheduled airlines, I can well see where this subcommittee perhaps will want testimony from the management officers, as it were, of the scheduled air carriers. What would you be thinking in that regard? Would you agree?

Senator WILLIAMS. I of course came in late on this discussion, but from what I heard, it would indicate to me that it would be very helpful.

If I could just get one thing clear in my mind, in this paragraph (c) in the regulations.

Captain, when did paragraph (c) get added to the Federal Aviation Regulations?

Captain ROGERS. I understand 10, 11 years ago, when the first Administrator—

Somebody said 1959. December 1, 1959.

Senator WILLIAMS. You did mention the administrator of the agency at that time. That was General Quesada?

Captain ROGERS. That is right.

Senator WILLIAMS. Do you know whether there was any formal background consideration that led to that regulation?

Captain ROGERS. There was none, other than what was referred to as old textbooks 10 years old prior to that.

Senator WILLIAMS. Yes. I missed some of your testimony. Perhaps this will be mentioned.

Dr. PROPER. If I may just correct this impression—I am not a partisan here, of course, but General Quesada made this decision, as I understand it, under two different types of pressure.

One was pressure from the military, which at that time felt that pilots of high-performance aircraft, jet aircraft, should be retired at age 40, and there was a considerable pressure to retire jet aircraft pilots at an earlier age, in fact, I believe the British feeling was to retire then certainly at 55.

The airline pilots felt that they certainly had the competence to fly a considerably longer time.

General Quesada did draw together an advisory committee, and this advisory committee was composed of a variety of experts in the field. They included Dr. William Randolph Lovelace II, General Schwichtenberg, and I think Dr. Lederer, I am not sure, of American Airlines was on it, but a number of authorities.

These authorities could not agree, either, as to what the date should be.

After consulting with them, as I understand it, General Quesada then arbitrarily said, "Well, we will choose age 60."

The committee and General Quesada agreed that this was arbitrary, and that some effort should be started for a more logical approach to this, and at this time they did commission a feasibility study on determining physiologic age as a criteria.

This led to the establishment of the FAA facility at Georgetown, which was originally set up for this particular endeavor. It was pushed by Dr. Hilliard Estes, who was acting civil air surgeon in 1966.

This facility was closed down because of lack of funds.

This is my understanding.

Senator WILLIAMS. What year was that?

Dr. PROPER. In 1966, sir.

I think that an effort was made by General Quesada—I don't know this gentleman, and this is what I have heard from obviously a different source.

Senator RANDOLPH. He is a remarkable man.

Dr. PROPER. He was in a very difficult position.

Senator RANDOLPH. Yes, sir.

I want to talk with him about these matters, and I think Chairman Williams, who was a naval pilot, will want to talk with him.

Senator WILLIAMS. I would appreciate it.

Senator RANDOLPH. I think it would be good.

Senator WILLIAMS. I don't brag on my flying. My mother told me to fly low and slow.

Senator RANDOLPH. I know what you mean.

I think we are opening a subject matter that really I am now saying I did not know we would be able to go into, but I think we will find this exploratory effort with you gentlemen helping us in other areas. You will help us to focus attention that we need very much on these matters.

Senator WILLIAMS. Just one more question, if I may, Mr. Chairman.

Senator RANDOLPH. Yes.

Senator WILLIAMS. What is the normal age for getting a private flying license? When do you lose your privilege to fly privately?

Dr. PROPER. There is none, sir, and I believe the air taxi people don't.

Senator WILLIAMS. 36th Street in Miami. I have had a little flying. A little hairy down that way.

Dr. PROPER. I don't believe the air taxi people are covered by this.

Senator RANDOLPH. No, sir, they are not.

Dr. PROPER. Who are flying passengers.

Senator WILLIAMS. Yet these people are under the umbrella of regulation.

Dr. PROPER. They use the same air space.

Senator WILLIAMS. Total umbrella of air regulation over flying.

Dr. PROPER. Yes.

Senator WILLIAMS. Just one further question.

Senator RANDOLPH. Off the record.

(Discussion off the record.)

Senator RANDOLPH. On the record.

I am very glad that the chairman of our special committee finds that he can continue the hearing.

I want you to know, gentlemen, that when we schedule these hearings, we have every reason to believe we will have several members of the subcommittee present. I need not apologize for these gentlemen. They are under the pressures of conferences with the House and the legislative matters and commitments that keep them from being here.

Senator Hansen, we were glad for his presence, and Senator Williams.

I want you to realize that you are making a record, here. This is important, not that there be a full panel of Senators here. The whole of what you say is on the record, and it is going to be helpful to us as we determine some of our further programs of helping you, and through you perhaps helping many others.

So, Senator Williams, I am going to ask you to chair the subcommittee hearing from this point. I am not sure of your schedule, but I know that you will stay as long as you can, and then Mr. Oriol, our staff director, will continue.

You can decide, of course, about whether to recess and come back later in the afternoon, or whether to run through so that you might be finished with the witnesses.

Senator WILLIAMS. (presiding). Where do we stand now? Everybody has testified?

We are with Dr. Proper, now.

#### STATEMENT OF DR. ROBERT PROPER—Continued

Dr. PROPER. This formal presentation you have a copy of, and it is concerned primarily with the application of clinical research in gerontology to the needs of the industrial community.

You will have to pardon me if this sounds as though we are on the brink of doing this, because obviously Dr. Koyl has stolen several marches on the rest of us, and has shown that such an approach is applicable to the industrial community.

The rationale and utility of such an application will be explored, the present status of this type of research will be reviewed, and finally there will be a presentation of proposed roles that may be assumed by various Federal departments, commissions, and agencies to meet the extensive national needs in this area.

#### THE RATIONALE

The rationale for this presentation is believed to lie in the fact that our complex society, with its accent on the acquisition of highly developed special skills, has a need to receive a maximum return and benefit from the time, training, and money invested in these skills.

In this context, the basic thrust of gerontologic research should be toward the keeping of skilled people efficiently productive for the longest possible period. This is particularly true for people capable of high levels of performance, and for those who competently shoulder large amounts of responsibility. We have had an excellent demonstration of such people this morning.

There is considerable evidence at hand to suggest that many of these competent, responsible achievers are retired prematurely.

The classic criterion for retirement has been simple chronological age. Modern gerontologic research points to the fact that more meaningful and less arbitrary standards are possible.

Since physiological and psychological effectiveness are qualities of premium value to our society, the measurement of such effectiveness as physiologic age is particularly relevant. Thus, the determination of physiologic age is fundamental and invaluable if we are to main-

tain the benefits accruing from the productive achievers of this society.

Clinical research directed toward the establishment of physiologic age has always been in the province of gerontology. At the present time, some 3 million people aged 65 and over are in disease-free good health.

Many have been retired arbitrarily on the basis of chronologic age. Functional evaluations in terms of physiologic age would have permitted many of these people to continue as active contributors to the well-being of our society.

### WHAT IS AGING?

In this presentation, aging is defined as the steady loss of function that begins with maturity and progresses over some 60 or more years to the time of death. This particular loss of function, as defined, is independent of disease processes, trauma, and other apocalyptic events that may bear upon the length of a life. It is generally looked upon as a negative quality, measured in the laboratory as diminishing function of the cardiovascular, pulmonary, and central nervous systems.

There is a strong implication, in this case based upon much fact, that aging during the productive period between the third and seventh decades is primarily a loss of reserve function, a loss of athletic it is not necessary to survive by maintaining the physical capability, a diminution of competence in mental gymnastics.

Under the physical exigencies of our highly developed technology, tence of a 22-year-old, as it was, let us say, in Periclean Athens.

That a 60-year-old takes one-twentieth of a second longer than a 20-year-old to present his decision-response to a stimulus does little to jeopardize survival of the older person. In consequences, in our society, "aging" becomes apparent only when reserve function has diminished to the point where the performance of special skills is impaired. At that point, the individual joins the "aged."

It is appropriate at this juncture to stress the distinction between (1) the beneficial accumulation of finesse in the handling of special skills—the bonus of aging, versus (2) the psychosocial and medical problems in the delivery of health care that currently draw so much attention to geriatric populations.

The latter is a serious problem in social welfare. However, the acquisition and utilization of special skills form a mighty resource that makes a positive contribution to the economic and cultural welfare of this country. The conservation of this human resource is fundamental to the continuing success of this Nation.

Although the negative aspects of aging are measured in the laboratory, positive aspects can be demonstrated by the subject in his working environment. They may also present themselves in the form of lower insurance premiums for middle-aged automobile drivers.

We usually recognize an age-related increasing advantage in intellectual function that we nebulously label "judgment," "sagacity," "experience," or "know-how"—a function that the middle-aged and older generations frequently identify as deficient in their younger adult contemporaries.

Whatever the actual facts, these descriptors testify to the fact that many older persons are able to survive in their environments in a highly successful manner, and, in some instances, more successfully than do their younger peers.

When the primary measurement of a successful life pattern is simple longevity, judgment and wisdom contribute to that success by increasing our chances for survival.

### THE CLINICAL STUDY OF AGING

In the past, a pitfall in the path of clinical research in gerontology has lain in the tendency to note and to stop at the recognition of differences in function between 20-year-olds and octogenarians. Aging has been studied by examining the clinkers of burnt-out lifetimes. The implication has been that these ashes are representative of all retired people. This simply is not true.

We have already noted the 15 percent of the 20 million people over the age of 65 in the United States who are disease-free.

Our own research experience at the Lovelace Foundation with a group of professional aviators taken from this and younger disease-free populations suggests that age differences between the third and seventh decade are minimal with respect to cardiovascular, pulmonary, and central nervous system function.

In this group we are not dealing with clinkers, but with active, experienced professionals who have been able to survive 15 to 25 thousand hours of flying time in high-performance aircraft.

This is undoubtedly a highly selected population providing data that sometimes confound the information acquired from more heterogeneous groups of subjects. However, our conviction—yet to be proved—is that these pilots are representative of about 15 to 20 million adults in this country genetically and environmentally ordained to survive for extended periods of disease-free productivity.

How does this disease-free population age? Age differences in fat distribution show that our older pilots have accumulated relatively more fat, and that it is deposited in the abdomen, chest, and upper arms. The blood vessels of our older subjects are somewhat less elastic, although resting blood pressures are the same for all ages.

There is essentially no change in the size of the hearts of our older subjects. In fact, there is a suggestion that their hearts may actually be smaller than those of our younger pilots. The amount of blood ejected with each beat and the velocity of this ejection also appear to be the same for both our younger and older subjects.

The amount of air left in the lungs at the end of expiration gradually increases at the expense of the reserve pulmonary function. There is also a diminution in the rate of perfusion of oxygen from the lungs into the blood vessels.

With respect to psychological function, it takes our older subjects a fraction of a second longer to handle the same amount of information as is processed by the younger pilots.

There is also a mild decrement in the sensory area which is manifested by a need for reading glasses, by slight diminution in the ability to adapt to darkness, and by a minimal decrement in hearing.

Despite these statistically significant laboratory findings, these

subjects are not obese, and exhibit excellent cardiovascular, pulmonary, and central nervous system function. Their vigor and psychological function are indeed impressive!

Let me add now that there are two other equivalent, multidisciplinary studies in this country that are making significant and important contributions in this area. They are the NIH study designed and implemented by Dr. Nathan Shock at the Baltimore City Hospitals, and the Veterans' Administration Normative Study, directed by Dr. Benjamin Bell at the VA Outpatient Service in Boston.

Although all of these studies have observed age differences between subjects of different decades, it is believed that more important information can be culled from the observation of the age changes of individuals within the same decade.

To observe these changes, or the actual rate of aging, individuals must be retested after an appropriate interval of several years. This sequential testing is fundamental to the concept of the longitudinal study of aging for different skilled segments of our population.

The value of this type of observation in industrial medicine has been ably set forward by Dr. Koyl\* as follows:

The rate of change is most important in estimating the probability of retention of fitness in the future, i.e., the future usefulness of the employee to the organization.

#### POTENTIAL CONTRIBUTIONS OF GERONTOLOGICAL RESEARCH

Much mapping and charting remain to be done. We have noted that current clinical research in gerontology is providing useful benchmarks of cross-sectional data to determine generational differences in function.

Age changes—the rate of aging—is still to be defined for different decades, for different occupations, for women as well as for men.

Many crucial questions remain unanswered. Does the 20-year-old law student age at the same rate as the Federal Judge? Does the coalminer age at the same rate as the uranium miner? Why does the airline captain appear to age more slowly than the city busdriver? Both have sedentary professions. Both are subjected to considerable stress as a part of their working environment. Both are male. Yet the incidence of coronary heart disease is reportedly half as frequent in airline captains as in bus drivers.

How much aging can we attribute to hereditary or genetic factors? How much is secondary to environmental stresses? Hereditary factors appear to be operational in the so-called degenerative diseases. Can we reveal accelerated aging in individuals with early, subclinical, heart, lung, and vascular disease? The anticipation of these morbid states would be a powerful weapon in their prevention or amelioration.

Environmental factors that may accelerate aging are obviously radiation and coal dust. We know that "black lung" markedly diminished pulmonary function in relatively young miners. Other undetermined environmental stresses come from noise and vibration, air

\*L. F. Koyl, M.D., and P. M. Hanson: Age, Physical Ability, and Work Potential, New York, The National Council on Aging, February 1969, p. 7.

pollution, insecticides, herbicides, and food additives, microwave emanations that are going into new ovens.

The effect of these stresses upon human populations may well be revealed by unnatural rates of aging. In fact, the accelerated aging of a particular organ system may be the first clue of exposure to a physically harmful stress. These morbid environmental hazards, once revealed, may be corrected by appropriate legislative action and executive enforcement.

To determine normal rates of aging, multiple profiles of physiologic function are needed for a variety of our professional populations. Data on rates of aging for airline captains, VA outpatients, and Baltimore residents must be supplemented and compared to equivalent studies of chemists, miners, technicians, physicians, lawyers, industrial workers, railroad engineers, and a variety of other populations.

To be relevant, these studies must have some sort of central coordination, so that comparisons can be made between populations as well as within populations.

Within a relatively short period of time, these investigations should provide tools to reduce significantly the very considerable wastage of highly developed and needed skills, of talented levels of executive performance, and of mature, professional lifetimes.

Predictive techniques can be developed that will highlight those members of our society who are destined for long years of productive contribution. A high probability of success may be expected in the selection of young professionals who will have the experienced longevity to be effective older leaders in their fields of endeavor.

The business, military, academic, professional, and other skilled communities would all benefit from these selective processes. Mature leadership in these communities is fundamental to the success of our way of life. A handsome dividend will be paid for a relatively small investment in clinical research in gerontology.

#### IMPLEMENTATION OF RESEARCH EFFORTS

How is all of this to be accomplished? We have noted the need for a national effort centrally coordinated to define the normal rates of aging for a variety of occupations. The present downgrading of gerontologic research by the Department of Health, Education, and Welfare militates against establishing this sort of national effort under that aegis.

HEW leadership appears to be intent upon maintaining a passive policy of careful neglect of the National Institutes of Health, upon withholding funds for the maintenance of more than a skeleton cadre for intramural efforts, or upon preventing the establishment of substantial new extramural research projects.

This penny wisdom assigns only 3 percent of the total national expenditure in health care to Federal funds for medical research. The much maligned private pharmaceutical industry has had the foresight to remain viable by channeling twice this percentage of its expenditures into research efforts.

In times of greater foresight, such as existed in June, 1955, when the Congress munificently doubled the proposed budget for the

NIH, medical research was recognized as a potentially profitable venture.

In a more halcyon era, during the Eisenhower administration, an Institute of Gerontology was a serious consideration. It is unfortunate that subsequent events perverted this idea to the point where gerontologic research has become almost an after-thought to "human development."

In a climate where research and graduate education are no longer recognized as the basic national resource—which they most certainly are—there must be more comfort than merely keeping alive until the thaw.

It would thus seem appropriate to find other avenues down which these efforts may be directed. Research efforts that relate to industry might be furthered by more enlightened Federal departments which relate to these industries.

That such efforts may have biological or graduate ramifications should in no way embarrass HEW. The fact that the continued employment of several million people over the age of 65 would result in the saving of Social Security payments totaling more than twice the annual Federal expenditure on medical research in all fields, however, might cause some thoughts about pound foolishness.

The Department of Transportation, with interests covering a broad professional spectrum and an established orientation already directed toward the evaluation of professional function, might well prove a more sanguine agent for the direction and encouragement of this type of effort. This Department also certainly has a fundamental interest in the effect of the hydrocarbon and sulfur residual of fossil fuels upon the national health.

Does smog accelerate the aging of lungs and heart? What is the influence of noise, vibration, and sonic boom? Numerous urban and professional populations will rise or fall upon the answers to these questions.

Equally good cases can be made for both the Atomic Energy Commission and for the National Aeronautics and Space Administration.

The AEC has demonstrated a fundamental interest in the effects of radiation, thermal and blast waves upon the human organism. Do these environmental factors accelerate aging, as they appear to have increased the incidence of lymphomas and thyroid cancer in certain Japanese populations? Is it a fact that lung cancer is increasing at a disproportionate rate among uranium miners?

Profiles of aging for the general population of the United States, as well as for the selected populations, are undoubtedly needed to answer these questions.

The methodical, fundamental, and imaginative research carried out by the AEC over the past 25 years easily testifies to its competence in these areas. This efficient organization could easily direct this competence toward the definition of a variety of aging profiles in a relatively short period of time.

The National Aeronautics and Space Administration has amply demonstrated in less than a decade how a concerted marshaling of many industrial and scientific disciplines may permit a giant step from Earth to Moon. The organizational skill of NASA could

be directed easily toward mounting a similarly concerted effort, with considerably less expense, toward profiling the more earth-bound industrial and professional populations of this Nation.

This effort would be entirely consistent with the capable research already done by this organization in the field of environmental medicine. It would also fulfill the primary charge by the Congress that NASA maintain a research effort in medicine and physiology as they relate to the aviation industry. This charge could easily be expanded to include other industries.

Finally, although this polemic has concentrated upon the imperative need to create profiles for the definition of states of industrial health, it must be conceded that present responsibility in this area does lie with the Department of Health, Education, and Welfare.

If this Department is finally to assume this congressionally assigned responsibility, it must do so in the near future with the establishment of a "Commission," an "Administration," or an "Institute," whose primary and single purpose is the encouragement and coordination of research in gerontology.

This mission would not be vitiated by competitive efforts in pediatrics, mental defects, population control, et al, that now confuse the ever-changing identities of the National Institutes of Child Health and Human Development.

Gerontology is a broad field of endeavor. It includes physiology, psychology, sociology, molecular biology, geriatrics and industrial medicine. It deserves its own Institute. The idea for one is a decade old.

Gentlemen, it only remains to be acted upon.

Thank you.

Mr. ORIOL. Thank you, Dr. Proper.

Senator Williams will be back in a moment.

On this matter of retirement, a defense given for automatic or arbitrary retirement is that the selection process would be so difficult to determine who stays and who goes, but a method of objective examination or measurement of capacity could help to give a balance, or an objective basis for making this decision.

Do you agree with that?

Dr. PROPER. Yes, sir, I agree with that.

Mr. ORIOL. You note in your statement that:

Continued employment of several million people over the age of 65 would result in the saving of Social Security payments totaling more than twice the annual Federal expenditure on medical research in all fields.

So what you seem to be saying, in effect, is if we had an objective way of determining who had the physical ability to continue at certain jobs, you point out that not only would we save on Social Security benefits, but we would also gain from continued payment of income tax, would we not, by that particular group?

Dr. PROPER. Yes, it would be a most profitable venture.

Mr. ORIOL. Another question I would like to raise, what interest has the Department of Transportation shown in this particular question of the age limitation on pilots, and if not, what greater rate of interest would it show?

Dr. PROPER. The Federal Air Surgeon has essentially sent a

committee of his representatives down to see what work we have been doing at Lovelace Foundation on this.

I know this has a particular manifestation of his interest. I don't know of any other effort that has been made.

I have not received the committee's critique, but my understanding from one of its members was that their primary finding was that we had no evidence available to change the age-60 rule.

I think that their primary criticism of our study was the fact that we were dealing with pilot volunteers. They questioned whether this was representative of the overall pilot population.

Our particular impression is as valid as theirs, which is that it is representative, and actually, the Department of Transportation could solve this problem very easily by the setting up of a research effort in which we could compare our population to, say, a random selection of pilots, and determine whether there were in fact any differences.

We doubt that there would be, but we would be happy to do that.

Mr. ORIOL. How long do you think that study would take?

Dr. PROPER. We could do 150 pilots a year. It would take 150 to 200 pilots.

Senator WILLIAMS. Captain, did you have a comment?

Captain ROGERS. To answer your question, sir, I wrote to the President in July, and he sent my letter to the Department of Transportation, and then to the Federal Aviation Administration, and I would like to offer this reply, this one paragraph, from the Federal Aviation Administration for the record.

The letter was answered by a Mr. Edward C. Hodson, Acting Director of Flight Standards Service:

No new medical evidence has been developed since the adoption of the regulation in 1959 to contradict or change the medical basis for the rule. The FAA has always been willing to receive and consider any new medical evidence in this matter. The basis for the age 60 regulation is medical and its motivation is safety in air transportation.

(The letter referred to follows:)

DEPARTMENT OF TRANSPORTATION,  
FEDERAL AVIATION ADMINISTRATION,  
Washington, D.C., Aug. 22, 1969.

MR. CHARLES O. ROGERS,  
Miami, Fla.

DEAR MR. ROGERS: President Nixon has asked me to reply to your letter of 8 August 1969, concerning section 121.383 of the Federal Aviation Regulations.

The rule which prohibits an air carrier from using a pilot who has reached his 60th birthday in operations under Part 121 of the FARs was adopted in 1959 after careful, extensive study by the FAA. Since that time many requests for exemption have been received by the FAA, and the matter is under constant review. These petitions have been consistently denied.

No new medical evidence has been developed since the adoption of the regulation in 1959 to contradict or change the medical basis for the rule. The FAA has always been willing to receive and consider any new medical evidence in this matter. The basis for the age 60 regulation is medical and its motivation is safety in air transportation.

The rule does not prohibit the use of pilots over age 60 by an air carrier in operations that are not conducted under Part 121 such as check pilot, flight instruction, and ferry flying.

We hope that the above information will give you a better understanding of the problem, and the reasons for the age 60 retirement rule.

Sincerely,

EDWARD C. HODSON,  
Acting Director, Flight Standards Service.

Captain ROGERS. As I said before, the requirements of the job under paragraphs (a) and (b) take care of the regulation which brings about safety. This paragraph (c) has nothing to do with safety.

Getting back to Senator Randolph's poems, he ended up talking of faith, hope, and love. I think all of us reaching 60 have a faith and hope, and if this committee would kick out paragraph (c), we will sure as the dickens have love.

Captain HOPKINS. Mr. Oriol, I think, in response to your last question, that to get a meaningful result, it would take an opening of a dialogue. We cannot talk to the FAA. They will not talk to us and so we cannot work anything out.

If you are really interested in a test group that would get together anything reasonable worked out on the basis of test, I feel that they made a mistake in not making some individual acceptance over a period of years to have a control group, which they usually use in scientific studies, to see what the results were of these people—their flying skills, how they held up, and how their physical skills held up, and some sort of a test of a small group.

A pilot study could be run, if we could ever get to the stage of talking to each other.

Mr. ORIOL. Did you have any comment?

Dr. PROPER. I question the medical basis of the age-60 rule. To my knowledge, there is no medical basis for it. It was an arbitrary decision. It was an administrative decision. It was not a medical decision.

Mr. ORIOL. Senator Williams is still away, and my inclination would be to continue with our next witness.

I would also like to check with our other witness, Mr. Fred Thompson and Mr. Strople. Are they in the room?

Will it be convenient for you to come back, or would it be more convenient for you to run on right through?

Mr. Strople?

Mr. STROPLE. I would much rather testify now, if I could.

Mr. THOMPSON. It would be more convenient for me right now.

Mr. ORIOL. Why don't we take a 5-minute break?

(Brief recess.)

Mr. ORIOL. Captain Outland has a very brief statement that he would like to make for the record.

Captain, we would like to enter into the record your latest birthday, and what it means to you.

#### STATEMENT OF CAPT. TRUMAN R. OUTLAND, MIAMI, BEACH, FLA.

Captain OUTLAND. All right. Thank you, Mr. Oriol.

First, my name is Truman R. Outland. I was a pilot for Delta up to midnight last night.

The day before yesterday, I flew from Miami to Atlanta, New York, left at 8 o'clock in the morning and got back at 7:34 in the evening, did the same thing yesterday, and carried a total of 759 passengers, and arrived in Miami last night at 7:43, because my birthday is today, at midnight last night I was out a job, and this is what this means to me.

Mr. ORIOL. Would you be willing, Captain, as the other captains have, to indicate what percentage of reduction in your income this causes?

Captain OUTLAND. I am trying to get an accurate figure, but I don't have it yet. But what they told you is very close to it. I estimate two-thirds less. If I could work another year, I estimate my income would increase 20 percent more due to the type of equipment, etc.

It depends somewhat how we contribute, how long each individual has been in the program. Each one may vary somewhat. That is why there is some variation in it.

April 1, 1941 I joined Chicago & Southern Airlines as a pilot. In 1953, C. & S. and Delta Airlines merged and I continued as a pilot until my 60th birthday, which was December 19, 1969 and then forced to retire only because the FAA made a rule that scheduled airline pilots could not serve in that capacity after age 60. This was in spite of taking a physical examination on December 16, 1969 and was told I was in better physical condition than I had been in the past.

There can be no true sense of values without a true evaluation of good sense. This, gentlemen, is the only unacknowledged and unrecorded platitude that I will express. All other verbiage will be a collection of positive conditions, statements, and rules that I deem necessary to place before you for your judgment.

This form, I raise here, is an actual application for Airman Medical Certificate, known as FAA Form 8500-8. It is a must for an airline pilot to have favorably completed by a competent physician in order that he may continue on in his position as the captain of a scheduled commercial passenger flight. There are 88 questions regarding physical conditions (some of which are composed of several sections) contained in this qualifying report. Yet with all these physical findings rated 100 percent perfect by any medical man (no matter how knowledgeable or accomplished he be) it would count for naught in the decision of Audie W. Davis, M.D. of the Civil Aero-medical Institute (FAA-governed) Oklahoma City, Okla., if this space on top showed the date of birth to 60 years old. This was made possible by General E. R. Quesada when he was granted approval of his suggestion and I quote "it is essential that one agency of Government and, one agency alone, be responsible for issuing safety regulations if we are to have timely and effective guidelines for safety in aviation". This approval was made a statute by the 1958 Congress. We, at ALPA, feel that contemporaneous with the passage of this legislation, an absolute rule over our destinies was created in the personage of the FAA Administrator. Shortly thereafter, Mr. Quesada took over the directorship of the FAA. This brought about his dictatorial mandate regarding the age issue and, here I hasten to assure all listeners, it is no less than an autocratic command that all pilots on their 60th birthday are no longer to be considered fit to command a passenger flight on any scheduled air line \* \* \* all on account of a calendar date. This in spite of medical men, better equipped than any member of the FAA, to pass judgment on any man's physical capabilities. There are thousands of reputable members of the medical profession who feel that the Quesada ruling is opened for discussion. ALPA has tried very hard and very often to induce

FAA to enter into such a discussion. These efforts have been totally rejected. Of great import to the safety of American citizenry is the fact that there are approximately 30,000 ALPA members who are licensed to perform in this occupation, but all must be under 60. Pit this against the actuality that there are millions of automobile drivers of both sexes who are much older than 60 who hold licenses to operate vehicles that cause many more fatalities every year than airplanes. Their licenses are renewed annually regardless of age and without any medical examination. The greatness of Winston Churchill's statesmanship, oratory, battle planning, and great mind, were never more in evidence than when he was well past his 60th birthday. The abilities and sagacity of men like Albert Einstein, Clarence Darrow, William Howard Taft, Thomas Alva Edison, Oliver Wendell Holmes, Benjamin Disraeli, never were fully evinced till they were in their sixties. I do not mean to imply that we have men of this ilk flying commercial airplanes. I only cite them as a minute percentage to show that many men past 60 are very capable of the responsibility of a commercial passenger airplane command. The brush of irony used in this instance is more clearly exposed by the fact that FAA insists that we stick to a flight plan okayed to us prior to takeoff. The Traffic Control, one of FAA's functional bodies, require this. The plan must be strictly adhered to. Permission to change this flight guidance in the slightest degree can only be granted by radio contact with the tower or Air Traffic Control Center. For the record \* \* \* the pilot's request and the tower's decision are logged. Also the large jets are manned by three qualified pilots. It is also very important to point out that ALPA members undergo periodical physical examinations and technical briefings more numerous than any other profession require. I further submit this fact \* \* \* President Johnson signed into law, legislation that outlaws job discrimination against qualified persons over 60 \* \* \* "We are all equal before God. We are all equal in the eyes of the law, and if I have anything to do about it, we are all going to be equal in seeking a job". This is the only legal aspect I will refer to. My purpose is to bring the moral deficiency of this FAA mandate into the light. This arbitrary command is tantamount to an accusation of inefficiency on the part of the vast majority of America's medical profession. I claim, with no braggartism \* \* \* that I was a competent and capable pilot and pronounced physically fit by an acknowledged and licensed medical doctor 20 years ago. Here and now, I can honestly aver that today I am a better pilot than I was then. And this, gentlemen, is a physical report issued by a licensed and FAA-accepted medical doctor December 16, 1969, qualifying me physically to perform as captain and pilot of commercial passenger airplanes. Doctor said I was better physically now than previous examinations indicated. At this juncture I would like to have some sage or brilliant remark to wrap this up. Unfortunately, I do not \* \* \* so permit me to ask this question—Should our knowledge acquired by flying millions of miles \* \* \* should our experience gained by thousands of hours in the air \* \* \* should our ability to make the flying public comfortable, plus the millions of dollars invested in our training, all be discarded because of one man's decision to rule on any human fitness because of a calendar date?

I think this committee should look into, find out why this age-60

rule was put into effect in the first place and what records or what basis the FAA used at that time to support the ruling. Comparing those records with what we have today in Dr. Proper's records, what connection was there between American Airlines' first laying-off their first three pilots to reach age 60, later having to put them back to work paying their back salary. (One of these pilots was Capt. Robert Rentz, 411 Shadow Lane, Vista, Calif., 92083; another, J. H. Burns, 203 Linwood Court, Smyrna, Ga., 30030); General Quesada later becoming Administrator of the FAA; then the making of the age-60 rule; General Quesada becoming a member of the board of directors of American Airlines, and as I am told he still is today, after leaving the post of Administrator of the FAA. I feel this is more than just a coincidence and if the committee can find out the facts it would be most revealing.

Why does the FAA continuously refuse to give pilots a hearing, on the one hand, at the same time saying no new medical evidence has been presented? Is it because they refuse to accept new evidence, as Dr. Proper has presented before this committee? I know that the FAA knows of Dr. Proper's research. Is this not depriving us as American citizens our rights under the 14th amendment of the Constitution of the United States of America?

Consider this a request of mine to have an attorney for some of us pilots to cross-examine General Quesada before you members of this committee on this whole subject. Our attorney is F. Lee Bailey of Boston, Mass.

When our Government forces us to retire and then refuses to pay full social security at that time—is an ill that should be corrected.

In summary:

1. We are discriminated against.
2. Airlines have to throw away their investment in us (about \$200,000 per man).
3. A loss in social security.
4. A waste of man power.

I want to thank this committee for the chance to be heard, and the interest you are taking in the older citizens of this Nation. Both in employment and social security which is felt by millions of our citizens. Your foresight is certainly being recognized.

I know your fair answer will be a unanimous rejection to this Quesada ruling.

Mr. ORIOL. Thank you very much, Captain.

I have just spoken to Dr. Koyl, and he believes that he can summarize his statement in perhaps about 20 minutes.

If each of the other two witnesses would do the same, we could recess in approximately an hour.

I am sorry that we cannot hear everything each witness would like to have said, but I am sure you understand the pressure of the time.

Dr. Koyl.

**STATEMENT OF DR. LEON KOYL, DEHAVILLAND AIRCRAFT OF CANADA LTD., ONTARIO, CANADA**

Dr. KOYL. I am Dr. Leon Koyl. I spend most of my time practicing internal medicine, and a day and a half a week I spend working with either an aircraft company in Canada as their medical

consultant or with the Department of Veterans Affairs as the advisor to the Senior Treatment Medical Officer and running a board, which decides on the requirement for early pensions for people who have been in the armed services in war and require a War Veteran's Allowance because they are unable to hold a job at any age, but medical examination is required before age 60, so my experience is rather broad.

I have given Mr. Oriol some copies of an example of the flight service group in the aircraft industry, with their profiles, showing what is the minimum profile which would permit them to continue to work in those jobs.

Sometimes we have a bumping problem, where a man in a senior job must retain certain physical and mental capacity. He may end up with too much brains and not enough physical fitness, or vice versa. This is where we need specially reformed techniques in examination.

A final area where accurate techniques are needed is the area which was also mentioned this morning. A fair proportion of the population become unfit before the usual retirement age of 65, and have to be retired early.

We want to know why they are being retired early, and if their retirement is a rational procedure, and ensure that they are given adequate disability insurance coverage to protect them until their normal retirement age.

Mr. ORIOL. Dr. Koysl, on that point, now, we have heard from airline pilots here today who say that they are very well able to continue flying after retirement age.

On the other hand, we have air controllers who we hear the complaint about that they cannot continue to function in their very demanding job past a certain age.

Do you have any information on stresses on air controllers, or an observation on that point?

Dr. KOYL. No, I have no accurate information on that, so that I cannot be any help to you on that point.

I would agree with the premise that there is no need to retire airline pilots or similar personnel, such as our test pilots, at age 60 when they are quite competent to carry out their duties.

Our former president is still flying his aircraft at age 74.

Mr. ORIOL. May I ask, is there a similar rule in Canada for airline pilots?

Dr. KOYL. Yes.

Mr. ORIOL. Age 60.

Dr. KOYL. Yes, and no limit for private pilots.

One of the points one should make about these profiles is that they are the minimum profile that is required for the job, for example, if a pilot requires color vision and two eyes and can wear glasses, he can have a level in our profile of E-2. In other words, if his vision is E-3 he cannot be a pilot by definition so you have to be at or above the level that is shown in the profile.

Mr. ORIOL. Dr. Koysl, can your scale be used in determining eligibility for unemployment, disability compensation?

Dr. KOYL. It depends upon the definition on the various act of disability whether it is total disability, partial or temporary.

Yes, it can be used for any of those situations and we use it rou-

tinely in the Department of Veterans Affairs to do that—not to determine it but to get a numerical abstract of our decision which then can be transferred to other people and read easily. The main point of an abstraction is not whether the decision is one thing or another but whether it can be used by other people without knowledge of all professional jargon.

Mr. ORIOL. Now the miner who develops silicosis and does not go underground any more, have any mining companies developed substitute working roles for miners in that condition?

Dr. KOYL. I am sure they have. They have employed them above-ground as much as possible. Similarly, in our company we have pilots who can no longer fly, we can easily employ most of them. Provided they are emotionally and physically capable we can employ them as service salesman of our aircraft, for example. An easy conversion is possible for a test pilot who can no longer fly and so on.

The personnel officers have available to them an abstract of the profile which I have with me here if anybody is interested. This includes the usual jumps, carriers, climbs, and so on which can be handled by a trained personnel officer to do job analysis.

The second thing is that the introduction of the method requires you to form a committee to change all the jobs in the company. The reason I brought some of this material along with me was because we are just going over all our jobs at the present time because we want to have the minimum acceptable level for retention in all the jobs so that we won't inadvertently or carelessly push a man out of a job because he is 64 and is starting to slip while he still has the ability to do the job for which he was hired. We want to know that we have a minimum profile available to keep him in his job as long as possible or any related job in his flowchart.

Our company classified as a very socially conscious company which tries to protect its employees. The one exception is we will not "make work". We want the person to be able to do a job as described in our contractual agreements but we will find the proper job for the person.

The next phase of course is to assess every job in the company which is the phase that I was talking about.

We have not achieved the stage where we use our profiles including our other profiles to help control the accuracy of promotion of people in new jobs, particularly supervisory jobs where I think we should be using our work. We hope to start that very shortly because the average supervisor's unsupported opinion of the competence of a man for promotion is usually very inadequate. I feel about 50-50 percent.

Several years ago the vice president of Consolidated Edison, the utility company in New York, stated that he thought that his supervisors in committee could be 85 percent accurate. We know that by adding our work to the committee technique we can pull this accuracy up to about 98 percent. This is pretty high for the social sciences and it can be done by using the committee approach to decisionmaking.

It is hoped that the following brief review of our method of assessment shows that it supplies one of the tools which will help to permit unrestricted employment of the fit older worker.

(Dr. Koyl's prepared statement follows:)

PREPARED STATEMENT OF DR. LEON KOYL, DEHAVILLAND AIRCRAFT OF  
CANADA, LTD., ONTARIO, CANADA

## A Discussion of a Method of Assessing the Fitness of Older Workers for Employment

### Introduction

In 1953 the Government of Canada changed the terms of employment of federal civil servants. Fixed retirement at age 65 was to be abandoned. Extensions were to be granted on the basis of efficiency after a recommendation from the employing department and following a medical examination. It is irrelevant to our discussion that five years later there was a change of government and a change of regulations which meant that only V.I.P.'s could have extensions of employment.

The philosophy underlying the initial plan is still valid in our two countries. An older person should have freedom of choice and action. If he wants to work, or has to work and is fit to work, he should be able to work. If he does not want to work, does not have to work, or is unfit for work, he should not have to work.

It is unwise to categorize older people because they run the same gamut of ideas, emotions, desires, wants and skills as younger people. There are some positive and negative percentage differences in their capabilities due to their having been alive longer.

However people at age 65 can be divided roughly into three groups. First there is a group who have become unfit to work or who have been straining their residual capacity in the last few years of their work life and are glad to retire to a restricted environment with less physical or emotional pressure. Some of these become unfit before normal retirement age and our assessment techniques must be capable of measuring this change.

Second there is a group who have been interested in their work chiefly because of its dollar value and have been relatively passive participants in the work scene, no matter how successful. This is the group for whom Fort Lauderdale keeps its park benches painted green. Mr. Walter Reuther of the U.A.W. once said that anyone who spent 25 years - 8 hours a day tightening the same four bolts on the chassis of a car and did not want to retire as soon as possible, was an idiot. Many of these people have developed avocations which may be productive economically but at the very least keep many of our secondary industries going.

The third group are those who arrive at age 65 physically competent and interested in their job. Their job is their hobby and their hobby their job. They fall to pieces rapidly if they are forcibly retired for socio-economic reasons. In general these are highly skilled persons but many are not. The night cleaner at our hospital belongs to this group. He takes pride in his work and helps to make a night call to the hospital pleasant.

In our inquiry, therefore, we are interested in approximately two-thirds of the older population: those who have become or are becoming unfit as they approach retirement and those who are fit, willing and competent to work beyond "normal" retirement ages. We have now reached the same dilemma that confronted the Canadian Civil Service in 1953. There was much inter-departmental soul-searching in Ottawa which led Lt. Gen. E. L. M. Burns, Deputy Minister of the Department of Veterans' Affairs, to ask our group at Sunnybrook Veterans' Affairs Hospital in Toronto to undertake a research project.

The Assessment of Fitness to Work

Obviously the missing element was an accurate, objective method of assessing fitness to work. Fitness must be distinguished from skill. There are innumerable well standardized tests of skill and this subject is not discussed in this paper. In most cases for a government or industrial department, the skill of the long-term employee is well known. Therefore it is not a problem except for certification that such skill persists on a lateral transfer within the company or when a lateral transfer to a new company occurs. Occasionally when an elder employee returns from illness there is some question about the retention of his previous skills. His supervisors can readily make a rational judgment about his residual level of competence.

More often, however, the problem is whether the employee has enough residual physical ability to use the skills he has nurtured over the years. Similar questions are: whether the employee has the physical and mental resources to keep working for another year, to be promoted in his flow chart, to bump another employee due to his seniority and take the junior employee's job or to accept a lateral transfer from one flow chart to another because of changing manufacturing requirements. When there is any doubt about any of these situations, particularly if the choice for the employee includes a change in income or job interest, it is important to have an objective method of appraisal.

In 1943 the Canadian Army introduced a method of recording the physical examination of soldiers called a functional profile. This profile worked well during World War II and for 20 years thereafter. At Sunnybrook Hospital when we were faced

with the problem of recording and abstracting examinations of our study group, we also chose a functional profile. With hindsight we were able to eliminate many of the errors which had crept into the original functional profile in use by the Services and were able to change it to be applicable to the much broader field of fitness for civilian work.

The first point to remember is that competent, thorough examinations by well-trained members of the various professions is essential. The second is, that these examiners should use well-recognized, well-standardized tests of fitness, competence or whatever they are measuring. The third is that these results should be recorded in full in the medical file of the examinee. The fourth is that these results should be abstracted for use by laymen outside the medical and paramedical professions and for statistical and follow-up work.

The data processing staff at de Havilland Aircraft of Canada Limited quoted a familiar saw of their work: "G I G O" which means "Garbage In - Garbage Out". Similarly in the health services we have to be careful that our input is meaningful. There is no sense doing an abbreviated insurance-type medical (where the blood pressure is taken with the jacket on) and hoping to get meaningful results. The examination must be as thorough as possible. A ritualistic examination, following a form with blanks to tick off yes or no, is almost as bad. Everyone is different. A competent medical examination is one that surveys the field for clues, chases down the clues and pinpoints the problem. The use of routine batteries of laboratory procedures should be decried. When the examiner has decided what procedures

are relevant to the particular person's problem, he should order them. They may again be scanning procedures, hunting for an area that requires detailed study.

One has to be most careful about the use of standardized tests in the psychological studies of the employee. Most psychological tests are empirical in that they rely for their accuracy on statistical probability and not on a functional dissection of the problem. All too many of the tests available for industrial use are grossly inaccurate. Many of those used by competent psychologists working in the personnel selection field are merely coat racks on which an experienced interviewer hangs his subjective opinions based on a broad experience.

We received a peculiarly inept opinion expressed by our senior psychologist on the basis of a long interview with a patient. She stated that instead of doing a Roschach as we had requested, she spent the time interviewing the patient because "the Rorschach is so fuzzy". The Rorschach seemed a lot less fuzzy than her unsupported opinion.

We chose therefore in our studies to use tests which were well standardized in hospital use, where there was a wide experience of abnormal as well as normal results. We extrapolated the standards back to the healthy population. We used, for example, the Wechsler Bellevue Scale for intelligence. This has been superseded by the Wechsler Adult Intelligence Scale (WAIS). For psychodynamics we used the Rorschach or Ink Blot test plus others as they became relevant by this preliminary survey. For our purposes, armed as we usually were with documentary evidence of the employee's behavior, we found that the wellsprings or basic causes of behavior were more revealing and infinitely

more useful than tests which did not get beneath the veneer of the examinee's behavior. We soon developed a body of knowledge about the psychological status of our normal or non-sick population and found that their psychodynamics differed in degree but seldom in kind from those of the hospital population.

Most of the interest of this Committee probably lies in the next phase of our work. This was the abstraction of the often long essay-type medical, psychological, sociological and economic reports into a useful abstract which could be used by lay persons for their work.

There are many reasons for abstracting this material:

- (1) It should be easily understood by all who use it. What would a foreman do with a diagnosis of lupus erythematosus disseminatus? The abstract should be confined to a language which is universal among all disciplines.
- (2) Confidentiality. In spite of the growth of public insurance schemes which force disclosure of diagnoses and in spite of the tendency now for medical news to become public news in all media, it is still true that the average decent citizen of both our countries considers his bodily functions are his private affair. Fortunately it is still illegal to post on the office bulletin board: Miss Jones - gonorrhoea - not allowed to use public lavatories.
- (3) Computer use: Any method which can easily be put on a computer without loading it with unnecessary detail is useful.
- (4) It also helps if the method used is accurate, reliable and reproducible.

Our functional profile developed from the Armed Forces idea but it was not the same profile. It was describing the same parts of the body but not for the same purpose and not in the same way. The following part of this paper describes the profile as developed at Sunnybrook Hospital. We studied over 350 people for 4 years in a hospital which contained a prosthetic appliance factory. We therefore had district management, office, hospital, restaurant and factory. In addition we had a 1500 bed teaching hospital with its facilities to investigate what we found. It can be seen that after assessing the employee we had to assess each job and produce a minimum acceptable profile for such job. This will be discussed later. Both these facets were expanded in The de Havilland Aircraft of Canada Limited, where we have been using our methods for 10 years, at first incompletely and recently very accurately. Our research experience has fortunately proven to be accurate and reliable. Errors of omission and commission in our original study have been found to be trivial.

A functional profile is a profile of function. As a profile is must be suitable for graphing or machine coding or computerizing. There must be a linear arithmetical relationship between each adjacent number in the code. As a profile of function it must demonstrate abilities rather than disabilities. Physicians and psychologists use disabilities to arrive at residual abilities. The profile under discussion is designed to outline what the employee has left. "He can lift 20 lbs. 10 times a shift" rather than: "He cannot lift 20 lbs. 15 times a shift".

The profile is equally useful to describe the minimum level of fitness required for each job. The parts of the profile are:

- G General physique
- U Upper extremities
- L Lower extremities
- H Hearing
- E Eyesight
- M Mentality (intelligence)
- P Personality

Each is graded from 1 to 7. One is the superman or paratrooper level of fitness. Two and three are the average level of fitness depending on the part of the body being graded. Seven is the invalid unable to help himself.

Everything is "General physique", so the other parts of the profile are subtractions from total physique of one part of the body which needs special study in the industrial environment. For example "U" is a subtraction of the function of the upper extremity to and including the shoulder girdle from the total physique. Therefore all reference to upper extremity is left out of consideration in arriving at a "G" grading. One could in a special situation further separate off "F" for fingers from "U" and grade it separately. Then all the functions of fingering would be omitted from the "U" grading.

The grading given an employee looks like this:

| John Jones | Y.O.B. | G U L H E M P | Clock No. | Class of Employee |
|------------|--------|---------------|-----------|-------------------|
| 20 Sept.68 | 1926   | 2 2 1 1 2 3 3 | 01360     | 112               |

We show remediable disabilities (where treatment is under way or where treatment is feasible and the employee is willing) by using an "R" beside the affected grading. For example if John Jones broke his leg and was in a walking cast he would be:

| John Jones | Y.O.B. | G U L H E M P  | Clock No. | Empl. Class |
|------------|--------|----------------|-----------|-------------|
| 1 Oct. 68  | 26     | 2 2 4R 1 2 3 3 | 01360     | 112         |

For computer use of course this has to be expanded. Expansions are fine as long as they do not push the total capacity of the computer. For example our computer can hold 10,000 million numerical items per magnetized disk. We have 6,000 employees. You will notice there are 21 classes of data in this profile so that this material can be coded with approximately 120,000 items. If we wished to record the result of three examinations during the employment of the individual, we would use only 360,000 spaces.

When we introduce a variable into the profile, such as the "R" above (which can be shown as number 8 since the profile goes only to 7) and can be moved to any part in the seven parts of GULHEMP, the profile for computer use changes to:

| DOE    | Y.O.B. | G U L H E M P        | Clock No. | Class |
|--------|--------|----------------------|-----------|-------|
| 1/9/68 | 26     | 20 20 48 10 20 30 30 | 01360     | 112   |

You will note there are now 28 classes in this code, so for 6,000 employees there are now about 180,000 classes. If

we wish to keep three records of each employee, we require 540,000 or half a million. It can be seen that it is possible but unlikely to crowd the computer.

When an employee has developed an intolerance to a certain common environmental situation (e.g. allergy to plastics) we put a suffix after the grading to show that the profile is valid only if the employee stays away from the environmental stress (no plastics).

| John Jones | Y.O.B. | G U L H E M P |   |   |   |   |   |   | Clock No. | Class |     |
|------------|--------|---------------|---|---|---|---|---|---|-----------|-------|-----|
| 10 Oct. 68 | 26     | 2             | 2 | 1 | 1 | 2 | 3 | 3 | NP        | 01360 | 112 |

There are only 7 numbers in the profile and 8 has been used for remediable disabilities. We still have 9 in reserve. For example, to use for terminal illness with expected death. The NP grading is in a new class so we can begin the sequence over again. If we expect more than 9 common environmental restrictions we can grade them as 01, 02, etc. otherwise as 1, 2, 3 etc. The clock number should go one digit beyond the expected maximum surviving employees. Ours go back to 1928, with most of them still alive. The class of employee is arbitrary. Here we have shown Local 112 of the Aircraft division of the U.A.W. We also have local 693 and code the balance of the staff Confidential, Monthly and Executive as 004, 005, 006.

The gradings shown so far show the fitness on the day of examination of the employee. If we want to show his

probable fitness in, say, 10 years we complete a prognostic grading showing expected changes only. For computer work it is better to fill in all the spaces to show that a "member of each class" has been considered.

| John Jones | Y.O.B. | G | U | L  | H  | E | M  | P  |    | Clock No. | Class |
|------------|--------|---|---|----|----|---|----|----|----|-----------|-------|
| 10 Oct. 68 | 26     | 2 | 2 | 1  | 1  | 2 | 3  | 3  | NP | 01360     | 112   |
| Oct. 78    |        | 3 | 3 | (1 | 1) | 3 | (3 | 3) | NP |           |       |

There are probably 40 - 80 basic jobs in our company. Consideration was given to computerizing the minimum profile for these jobs. The Data Processing staff pointed out that we would have to set up an entirely new system. If we wanted to describe the requirements of, for example, an electrician on Final Assembly - group IV, we would have to set limits.

| G | U | L | H | E | M | P |
|---|---|---|---|---|---|---|
| 1 | 1 | 1 | 1 | 1 | 3 | 1 |
| 3 | 1 | 3 | 3 | 2 | 4 | 4 |

We would then have to decide which are the important factors in these limits. In this case "U" and "E". We could then decide that U 1 E 1 was Class "A" and U 1 E 2 was Class "B". The computer could be set to pull the cards of everyone with Class A and B ability. It can be seen that this is ridiculous. A computer can only do what a clerk can do - only faster. If there are only 40 trades, it is much easier to look at the list

of trades suitable for an employee with a given profile and decide which he can fill. Since the employee is on a flow chart, it is even easier (since there are probably only 5 - 6 profiles) for the whole flow chart of the employee.

Our research project developed several other scales for abstracting our data in the course of our investigations. It is not known whether any of these have been used out of the research context.

All persons with senior leadership potential come within the M 1 - M 2 P 1 - P 2 bracket.

We developed a scale to show supervisory potential not skill. This was an expression of P 1 and P 2 on the GULHEMP scale. It happened that DIAL "M" for MURDER was very popular at the time. With a little twisting, we managed to make it fit:

|   |                             |
|---|-----------------------------|
| D | Drive (Level of Aspiration) |
| I | Interpersonal relationships |
| A | Adaptability (flexibility)  |
| L | Leadership                  |
| M | Mood swings                 |

We found that a profile was useful in which the median personality had the highest group value and was the most likely supervisor. The extremes were the least likely candidates. This curve showed the best correlation with leadership potential. We found that the closer the usual situation in the employee's work area resembled a permanent emergency, the more often deviant personalities (that is deviant from our median) succeeded. The

more controlled the situation, the more likely was the median personality to be the best leader.

We also developed work attitude scales for restricted use in problem cases, particularly where the employee's potential as disclosed by the medical and psychological tests was at variance with the work record as disclosed by the supervisor's opinion.

Individual Attitudes:

- (1) Motivation
- (2) Persistence
- (3) Reliability

Group Attitudes:

- (4) Attitude to Fellow Workers
- (5) Attitude towards Employing Organization

Each of these is graded from 1 - 5. Data for both of these tests is obtained by the psychologist and the personnel officer interviewing the employee. Most of the material is obtained in the usual test procedures used by both. In a contentious case or a difficult case, and for research purposes - leading questions about these factors were interspersed among questions about other subjects.

We also abstracted the economic situation of each person into a numerical grading. This included his situation at the time of examination and his projected economic situation after retirement, both before and after advice had been given him by those members of the team trained in such work. Finally we abstracted the social situation: limiting ourselves to the

home situation, family situation, community relationships, feasibility of retirement plans and avocational interests.

After the final work-up of all this material, it was evident that our volunteers required considerable counselling. We specifically and consciously avoided this on our first interviews but permitted unlimited counselling on second interviews. It was inevitable that the implied logic of the situation caused many of our project volunteers to change their planning for later years. On our second round of examinations there were fewer outstanding economic, social and psychologic problems.

How do you introduce any selective placement method into a company? Most people are not so fortunate but it helps if:

"You thank old Yale and you thank the Lord

And you also thank your father who is chairman of the Board".

The first phase is to gain the cooperation of the personnel department. The trouble-saving facets of the technique should be explained to them and the method outlined. The medical department should start passing numerical abstracts of physical fitness to the personnel officers and employment interviewers. Temporarily these should be accompanied by explanatory footnotes which emphasize the temporary character of the footnote. e.g. "This man is graded G 3. Note - G 3 is unfit for rapidly changing shifts. Can work fixed shifts." "This man is graded E 3. Note - He is fit for all work except the very close work required in the electrical department or for pilot or navigator, where color vision and binocular vision are required." "This woman has been graded M 4." Note - She is fit for routine semiskilled clerical duties, such as general duty clerk. She is unfit for promotion to a

higher classification.

The personnel officers have available to them an abstract of the profile and a physical demands equivalent of the GULHE - parts of the profile.

As soon as personnel officers understand the meaning of a grading, the notes are omitted and personnel and the medical department can use the method among themselves with ease.

During the second phase of introduction of such a method it is necessary to form a changing committee to survey all the jobs in the company. For each job the committee has to decide: (1) A minimum acceptable profile for promotion into a job. (2) A minimum acceptable profile for retention. (3) A hiring profile. This sounds complicated and for a few weeks it may seem so. However it all boils down to the fact that most companies have heavy insurance commitments and hire only people without progressive disabilities. There are therefore only two or three minimum hiring profiles for the whole company: one for general employment, one for management (higher in MP) and occasionally one for a special job such as test pilot.

If the company is very socially conscious and protects its older employees by every possible device, it may have special profiles lower than the promotion-into-a-job profile for older employees or employees who have returned from prolonged illness. These are based on the fact that it takes less ability to do something that has been done for years than it takes to learn a new task. This applies to physical stamina as well as M plus P. The typical example is the cardiac patient or the stroke victim who has returned to work with less physical or mental capacity than before his illness. It may be found, however, that he has

retained sufficient residual ability to permit him to carry out the work which he was hired to do with his residual ability and skill.

Other companies may prefer to retire such men when they have ceased producing at their original optimum and may have insurance to permit such early retirement.

The technique of achieving all such profiles involves the formation of a committee with the medical officer, personnel officer doing job analysis and, if possible, a psychologist as permanent members. The supervisors of each department become temporary members as the jobs in this department are being discussed.

The Tennessee Valley Authority had good results including a union member in such committees. At de Havilland we started this way but unfortunately ran into serious difficulty.

The second phase of introduction of the method which we have been discussing requires policy decision from management. i. e. about an area of responsibility outside the "Industrial Relations - Personnel Department". The Medical department is a part of the Personnel department. Many of these decisions have presumably been made and are established company policy:

(1) Does Management agree to the principle of selective placement of employees?

(2) Will they agree to the involvement of production staff in the standardization of minimum acceptable profiles for each job in the company? If they will not, then one is temporarily stuck at phase I of the introduction - with the personnel and medical departments using the method as an intra-departmental convenience.

If Management agrees, then each job in the company can be taped. Each supervisor can have a short list of the minimum acceptable profiles in his department tacked up on the wall in front of his desk. He will know the exact implication for him of any medical memorandum about an employee he receives through Personnel.

(3) Do they want these profiles to become part of job descriptions or would they prefer that they remain as a Management prerogative and technique not involving contractual negotiations?

(4) At what level do they envisage employment of new personnel? At a level to exclude rapidly progressing disabilities? At a level to exclude all progressive disabilities?

(5) Do they wish any exceptions made for people with special skills in short supply? Their friends? At the present time the job market is such that we have to do both. We would prefer to hire no people with progressive disabilities but in certain trades or professions we will hire anyone who can get into the plant without a wheelchair.

(6) How do they want exceptions handled? By accepting and absorbing the increased liability and therefore increased costs within the company's insurance scheme or by hiring such special cases without the insurance benefits normally associated with employment in the company. We have done both during my years with the company. At the present we grant them insurance and accept the increased liability as the penalty we have to pay to get the man we need.

(7) What is their policy with regard to older employees?

Does the company (a) Make work for senior deteriorated employees in their last years before pension? (b) Use any senior employee as long as work exists for him and he can produce at a normal level?

(8) (a) If no suitable work exists, should he then be retired medically, thus increasing the cost of the company insurance policies.

(b) Should the employee be retired with, of course, his vested pension rights?

(9) Hiring policy - Some companies can afford to have rigid hiring standards with everyone suitable for promotion two or more rungs up the ladder. Others will accept anyone who has the fitness and skill to do the job for which he is hired without worrying about the upper levels in the new employee's flow chart. This depends in part upon the labor market. At the present time, as during World War II, anyone who can do a job is hired. In periods of relative recession when companies have cut back on their hiring, those persons whom they do hire may be those with a potential for promotion when the rate of production increases again.

(10) Promotion policy - Does the company wish to include (a) medical standards of fitness, including intelligence and personality, into studies of the suitability of an employee for promotion? The other factors are (b) leadership potential and ability (in both of which the medical department can assist in assessment) and (c) skill in which the medical department has no technical competence.

(11) Would the company form an inter-departmental

final review board which would consist of skillful senior supervisors plus representatives of Personnel department and the medical department as technical experts? This committee would bring before it supervisors of departments in which promotions are imminent. It would survey all the possibilities and hear the departmental supervisors' briefs on preferences for promotion.

This committee would use the frames of reference developed by our group and would avoid formless thinking about promotion by using these as guide lines. This committee might also consider potential retirees or fire-ees on the same basis.

(12) Would the company consider hiring a psychologist - either a consultant psychologist or a full-time psychologist, depending on the size of the company? The speaker personally is biased in favour of a psychiatrist. However 20 years of experience have taught him that a two-hour interview by a psychologist produces gold - a two-hour interview by a psychiatrist produces nothing. On the other hand 12 hours with a psychologist produces 2 hours' worth of gold while 12 hours with a psychiatrist usually produces an accurate diagnosis and a potential solution. In industry we can afford only the 2 hours empirical work of the psychologist.

At Sunnybrook Hospital and de Havilland Aircraft we have been collecting experience which we hope will be useful to other people. Management approves of it. Our Personnel staff make use of it. Our foremen relax with it. We have 10 years' experience with these methods and have found them excellent instruments for describing suitability for employment,

promotion, retention, retirement and for describing jobs.

We have found this method accurate, reliable, reproducible and moreover - useful.

We have had some of the usual problems of introducing an administrative improvement into a production-oriented organization. These are not insuperable but at times require infinite patience.

It is hoped that this brief review of our method of assessment has shown that it supplies one of the tools which will help to permit unrestricted employment of the fit older worker.

Mr. ORIOL. Thank you, Dr. Koyl.

Dr. KOYL, because of the time, I won't ask for an answer to this question now, but perhaps you can tell me whether it is a valid question and whether you want to answer it.

It would seem that your scale could also be used to help in the design of jobs, that if we know what the work capacities are of people that we can design jobs to fit those capacities rather than the other way around.

If you agree with that, could you give us a supplementary statement on that?

Dr. KOYL. Yes. I could make a one-sentence statement about it right now. It has been interesting in doing the committee work for setting minimum profiles for jobs that our supervisors are going back and redesigning some of the jobs on the basis of their conversations with us in committee.

Mr. ORIOL. Are they making differences to account for age as they design those jobs?

Dr. KOYL. No, we don't consider age as a problem at all. What you have is less muscle mass or less speed or less something or more of something else such as more accumulated data that you can use, so that you react more rapidly and more accurately in a specific situation even though your "reaction time" is slower.

Mr. ORIOL. So aging is good.

Dr. KOYL. Aging does not matter.

Dr. SHEPPARD. Neither do freckles, do they?

Dr. KOYL. No.

Mr. ORIOL. I believe you said unions are more conservative than management. You have given us a copy of the agreement between UAW and de Havilland, and also in your statement you have described the very careful steps necessary to make your approach palatable to management, personnel directors and staff.

For our record here it would seem to me that the average worker upon hearing of this approach, his first reaction would be, "Oh my goodness, this is just another way to get me out when they want me out."

Now, how do you overcome that initial reaction?

Dr. KOYL. That was our local union's initial reaction. As they got used to it, they came to realize that it was an attempt to keep them working, not out.

Also, except for some political infighting between our local and management at the time our union was actually on our committee establishing these profiles so that they got off the committee because of their political quarrel, but it was nothing to do with the idea, they really wanted to help and chip in, so that they actually worked very well with us.

Mr. ORIOL. If it is agreeable to the minority and to our advisory committee, could we hold further questions for mail to you because I am sure there are some? This is pioneering work, and we would like our record to have the fullest possible expression of it.

Is that agreeable with everyone?

Thank you very much for coming down from Canada to be with us.

The next witness is Mr. Fred Thompson, Personnel Services Manager for Woodward and Lothrop.

We thank you for coming away from the Christmas rush.  
 Mr. THOMPSON. Thank you. There are five shopping days left.  
 Mr. ORIOL. Would you proceed, Mr. Thompson?

**STATEMENT OF FRED M. THOMPSON, PERSONNEL SERVICES  
 MANAGER, WOODWARD & LOTHROP, WASHINGTON, D.C.**

Mr. THOMPSON. My name is Fred M. Thompson, Personnel Services Manager for Woodward & Lothrop, a retail organization in the Metropolitan Washington area which has 12 stores and employs six thousand persons on its regular payroll and 8,500 for seasonal peaks. I appear here to discuss the experience of Woodward & Lothrop in the employment of older people.

I do not want to make any special claims for Woodward & Lothrop regarding our employment of older people. Our store has need for this labor market. The retailing industry presents special avenues for these people. Many times throughout the year we need additional people to staff our stores and because of this we have searched every possible way of recruiting talent.

Many of our own retired store employees come in and ask if work is available on a parttime, midday basis. We welcome these people back, for with their merchandising background and business experience, they can contribute a great deal to our company. Working with our own retirees led us to an interest in employing the members of the Institute of Lifetime Learning. We arranged to recruit institute members for our store.

We did not ask the members of the Institute of Lifetime Learning to come into our personnel office. Instead, we went to them.

We interviewed and employed right in their surroundings. By doing this, the applicant was at ease, willing to discuss any problems, and we were better able to evaluate their capabilities and interests in selecting suitable work areas.

Mr. ORIOL. Mr. Thompson, what led you to make that decision to interview them in their own surroundings? Do you mean their own homes?

Mr. THOMPSON. No, the Institute of Lifetime Learning has offices on Connecticut Avenue, and they meet up there regularly, and it was to our advantage to go there.

Quite frankly, if we put a poster up there to visit us, I don't know if we would have too many come down and visit us.

We made it clear in every interview and with each applicant they were important to us by saying, "We need you." Mrs. Doris Fitch, former dean of the Institute of Lifetime Learning, has since told me that unknowingly, this became one of my major selling points in employment. It has been a long time since most of these older citizens had heard this phrase, and they told us this.

We asked the applicant the hours he was available to work. As much as possible, we arranged a work schedule best suited for the individual. Most of the applicants were interested in working mid-day 10 to 3, 11:30 to 3:30, or 11 to 4. There were advantages to working these hours.

First, they were not caught in the rush-hour traffic; second, they

were home before dark; and third, they did not tire from long work hours. This schedule proved popular to this group, but I can assure you that our need for this schedule was a real one. This schedule provided lunch-hour relief for our full-time workers and also covered a heavy period of sales activity.

Each applicant was told during the interview that he would have 3 days of training. Training was conducted in our classrooms. At the beginning we scheduled the applicants from the Institute of Lifetime Learning into our regular classes. This was a mistake to have mixed age groups. The older employees felt insecure with the younger people who were recently out of school and more adept in classrooms.

We decided to schedule classes just for the older persons. In this way they could discuss their own problems and advance at their own pace. I know they were more comfortable in this training arrangement. Our instructors were better able to gear the training sessions directly to them. There is no question in my mind, this was the right training procedure.

We have continued and broadened the program for employment of older persons for the last 3 years. Our program is successful but we are constantly working to improve it. We have found these employees to be dependable, interested in their work and to take a sincere interest in our customers. Many have returned from season to season to work for us and many have remained on rolls as mid-day reserve-force employees.

Mr. ORIOL. You have already touched upon one point I wanted to ask you about. Your employment of old people for part-time work is not limited to rush seasons?

Mr. THOMPSON. Definitely not. It is only during the rush season that we would need more and that has prompted us going to the Institute of Lifetime Learning. Since we found this source of employment, I had one lady leave me the other day that had been with us 3 years which she thought would have been on a seasonal basis.

Mr. ORIOL. Do you any clue as to the average income of participants in this program other than what they earn at your store?

Mr. THOMPSON. Their other source of income? To my knowledge, most of them are living mostly on social security.

Mr. ORIOL. Fairly modest?

Mr. THOMPSON. Yes, and they are interested in employment particularly to help them along, but also to build up some social security.

Mr. ORIOL. Also building up social security?

Mr. THOMPSON. Some of them, yes.

Mr. ORIOL. What is the age range of people in this group?

Mr. THOMPSON. In this group? This group can range anywhere from 55 to 75.

Mr. ORIOL. Your oldest is 75?

Mr. THOMPSON. I would say that would be a good average.

Mr. ORIOL. Now, does the social security retirement test cause any of the participants to reduce the number of hours they work for you?

Mr. THOMPSON. They are limited in working under social security and they make it very clear to me at the beginning that they do not want employment that is going to endanger any loss of social security

paid. So what we try to do, we try to work out a schedule for them that would be of benefit to them and also to the company.

Many times we are able to do this, but there are times that they say, "No, I cannot work it because I am afraid I am going to be losing my social security."

Mr. ORIOL. What is the rate of pay for part-time?

Mr. THOMPSON. That we pay?

Mr. ORIOL. Yes.

Mr. THOMPSON. The District minimum wage is \$1.80, but depending on their experience we go higher.

Mr. ORIOL. So there is a chance for promotion?

Mr. THOMPSON. There are times the applicant has been asked to be paid minimum amounts because of this.

Mr. ORIOL. Your experience is similar to that of the Garden State Parkway in which they found that employing older persons for a certain number of hours a day fitted in beautifully with their needs and with the older persons' needs.

Now, as a result of your experience with your program, do you see other possibilities in other businesses for employment of older persons on that flexible basis?

Mr. THOMPSON. Yes. I am quite sure belonging to the Washington Personnel Association, in talking to the other members in the city of Washington, I can see a need for this and I think quite a few of them are trying.

Mr. ORIOL. Do you have any suggestions for change in Federal policy or legislation that would help develop more of this kind of activity?

Mr. THOMPSON. I do not at this time. However, if you would want, I could look into that and advise you later on.

Mr. ORIOL. Yes.

Mr. THOMPSON. We received notice about a week ago. I would rather comment later.

Mr. ORIOL. Yes.

Mr. Miller.

Mr. MILLER. Two questions. What percentage of these people that you have employed in this program are women?

Mr. THOMPSON. Well, first of all, in retailing, 70 percent of our employees are female. I would say probably out of this group 90 to 95 percent.

Mr. MILLER. Do you have information as to the percentage that have never previously been in the work force?

Mr. THOMPSON. A very small percentage.

Mr. MILLER. Most of them have been in the work force?

Mr. THOMPSON. Yes. Most of them are retired people, a very small percent that had never worked. Quite frankly, they find it interesting and challenging and kind of fun to get back into the work force.

Mr. MILLER. My question is prompted by the fact that particularly in this generation there are many women who have never been in the

work force. I was curious as to how much of an involvement there was for them and, secondly, how well they may have adapted to your program.

Mr. THOMPSON. The percentage of the women that have not been in the work field would be very small that we have had.

Mr. ORIOL. Dr. Sheppard.

Dr. SHEPPARD. I may have missed this in your testimony.

How do you recruit these people? Do you advertise generally? Do you go to the different groups?

Mr. THOMPSON. No, sir. We went directly to the Institute of Lifetime Learning.

Dr. SHEPPARD. And that is your one source for recruiting?

Mr. THOMPSON. That is not our only source, there are other sources. There is a group out in the Bethesda area as well.

Dr. SHEPPARD. So you do it for participating groups?

Mr. THOMPSON. Yes.

Dr. SHEPPARD. I see.

Mr. THOMPSON. This proves very valuable to us. First of all, we have the need, and this is a source of helping us.

Dr. SHEPPARD. I thought that was one of the best points you made in your statement, Mr. Thompson, if you let me say so, that you say to them, "We need you," as opposed, incidentally, to our testimony yesterday. In fact, the point of view for several months now in Washington about hiring these people as a last resort, not in terms of the employer needing them, but rather that they need a job. I think in order for people to feel as adequate employees they have to feel needed, and I was impressed by the way you go about recruiting these older workers.

Mr. THOMPSON. It was my experience talking to the older people there that it had been a long time, and I did not realize it at the time, but through the years doing this, we were told by the older people that the jobs that were available to them, many of them would be babysitting and other types of jobs and it had been a long time since they heard that they were really needed. We did need them, and we let it be known to them.

Dr. SHEPPARD. Thank you.

Mr. ORIOL. Mr. Thompson, how many people participate in this program now?

Mr. THOMPSON. In this particular Institute of Lifetime Learning we probably run 150.

Mr. ORIOL. One hundred and fifty.

Mr. THOMPSON. Out of this one group. Then many of our own retired members come back and help us. We have approximately 1,000 retired store members of our own that come in.

Mr. ORIOL. Primarily around Christmas or throughout the year?

Mr. THOMPSON. Quite a few times of the year. I want to make it clear, it is not limited just to the Christmas season.

Mr. ORIOL. No other questions, but we may get in touch with you just to broaden the record.

Mr. THOMPSON. Very good.

Mr. ORIOL. Thank you, and have a merry Christmas season.

Mr. THOMPSON. Thank you.

Mr. ORIOL. Our last witness is Mr. H. P. Strople, executive director

of the Center for Research and Economic Development for Older Americans.

Mr. Strople, is it good to see you in daylight. I said that because—

**STATEMENT OF H. P. STROPLE, EXECUTIVE DIRECTOR, CENTER FOR RESEARCH AND ECONOMIC DEVELOPMENT FOR OLDER AMERICANS**

Mr. STROPLE. Thank you, Mr. Oriol.

I don't think I will ever live down the fact that the last time I attended a hearing here I inadvertently told Senator Williams that I had never seen a Senator in the daytime, and of course that is my own fault.

Mr. ORIOL. Now you have seen two.

Mr. STROPLE. That is my own fault because daily the Senators are getting to look more like ordinary people so I would not recognize a Senator if I saw one in the daytime.

However, I am here today in response to your invitation to make some comment on the employment aspects of the economics of aging, the social security retirement tests, and the trend toward earlier and earlier retirement.

I read the task force report and I have been fascinated with it because all of my lifetime I have been involved in report writing, and I have in my work in the government been compelled to read reports.

I feel much like the old Indian that was sending up smoke signals, and all of a sudden he looked up and he saw this great big cloud from an atomic bomb explosion. He shook his head, and said, "I wish I had said that." (Laughter.)

When I talk to the authors of this report, I feel somewhat like the little girl that was working in an office where they were preparing for the next White House Conference on Aging, and in comes an Indian chief, headgear and everything else, and he says, "I am an OA."

She said, "What does that mean?"

He said, "I am an Original American."

She said, "This is the place for the Older Americans."

He said, "All right, but still I want to register," and he did. At least he gave her all of the descriptions that she needed to fill out the form, and now comes the time for the signature.

So she says, "Would you mind signing your name, Chief Big Cloud?" And he did. He put down two X's.

She says, "What is that?"

"Well, the first X is my name. Chief Big Cloud."

She said, "What is the second X?"

He said, "Ph. D."

(Laughter.)

Now, one thing that was raised in the task force report was the fact that the committee intended to use it as a means of stimulating a national debate and dialogue so that American employees, trade unions and legislators will recognize the challenge and begin to create solution.

I am certain you heard a lot of solutions today. First you were up in the air, and then you were down in the ground, then you were in the department stores, you were up in Canada. Later, I want to give you a solution that I think is particularly applicable to persons like myself. I am in the upper class of older Americans—I am 65 years of age or over. I am always interested in promotion of employment opportunities or any way I can utilize my talents and resources or any way that I can find to defeat the inflation in spite of the social security limitation on the amount of my earnings while I do it.

Before I describe what I think would be possible for people like myself, I would like to place in the record, with your consent, and distribute copies of two articles written by Bert Garnett, former managing editor of the Washington Times-Herald, retired, and John W. Eagleman, who assisted in the preparation of it. He is the retired president of the National Council of Senior Citizens.

These two gentlemen were founders of an organization best described as the "Old Pros." Now, when you think of "Old Pros," normally you think of something like whiskey.

We investigate the possibility that someone had used that name before, because it is a term of great affection when used to describe some of the elderly. We found that nobody had, so we got the word around and Mr. Garnett began to write articles.\* I began to make appearances at different places and was introduced as an "Old Pro." So all of a sudden instead of being a Center for Research, we became a clearing house for all of the problems of the older American in the United States that had not been solved by the regular established agencies.

One theme runs through Mr. Garnett's articles, and it is just this: The aging must have a role in the planning and an active part in the delivery of social services to the aged; in short, they must play a role in determining what happens to them.

You can read thousands of reports on aging and you always find the same weakness in the accumulation of knowledge concerning retirement, and that is that studies have always been done by and large on unusual groups of people who are either financially insolvent, ill, or poorly adjusted. It is easy to do because these people are somewhat helpless and they make good specimens.

#### "COSTS" OF RETIREMENT

No one that I can ever recall has ever made a study of the loss to the community when an experienced man retires. There are 481 domestic assistance programs on the books at this very moment, and with the exception of the social security and certain of the welfare reforms, there is no program devoted to persons over 64 years of age who really wants to work. There is also, no doubt about the fact that many of the agencies who are responsible for our well-being and are supposed to be rendering social services have contributed to the disenfranchisement of the aged and re-enforced their feeling of rejection.

Many agencies which are funded to effectively deliver service to the retired have been transformed to a great extent into agencies to learn more about the aged instead of what they can do for the aged.

\*See appendix B, item 5, p. 1370.

In short, you go in as a client, stay as a patient, or come out as a subject of investigation.

There are volunteer programs to be sure but today's retired person tends to feel that unless an activity is performed for pay, it is only busy work, not truly valued by society. No volunteer or half-paid programs are accepted as a substitute for others that should be designed to utilize the special capabilities of the retiree.

I think I am the only speaker I have heard so far who is even willing to discuss "The Retirement Test Under Social Security." I do it with a certain amount of trepidation.

When I was in the Government, my highest salary at Grade 13 was \$9,000 a year. When I left the Government, I worked for a number of companies that had high security classifications up to Secret.

Therefore, I had to be on the payrolls instead of being just a consultant. I made a good salary. I made an excellent income, but the greatest amount of money that they had to pay Social Security tax on was \$4,800 a year.

Today, I am paying income on my Civil Service retirement. My income is about one-third of what it was before I retired.

My needs, however, at least to maintain my standard of living is about 50 percent more.

However, the Social Security says if I make over \$1,800 a year, I will have to have a reduction in my benefits. I am not going to tell the committee or anybody else why that is never going to happen to me, but I will say that this booby trap has kept more people from accepting their benefits and more people from being gainfully employed than can be imagined but I can tell you it runs into the millions.

I have brought with me today and I will submit a statement on it, the statistics of income, individual income tax returns, Internal Revenue Service, 1967.

There has been a lot of conversation here today as to how many people were gainfully employed after they reached the age of 65.

There appears to be a great inconsistency in the figures used by the Treasury Department and HEW or Social Security does not talk to Internal Revenue and vice versa. There may be a good reason for this but I don't know it, Internal Revenue shows that nearly 7 million persons, 65 or over, claiming almost 20 million dependents filed Federal income tax returns in 1967. Nearly 4 million showed income from salaries, wages, and businesses in excess of \$4,000.

The report on the retirement tests sent to me said briefly that 1.9 million is the total number of people subject to the retirement test. So there are either 2.1 million people working who are not subject to the retirement test or have not applied for Social Security.

We had testimony today about early retirement. It frightens me when I read in a splendid report, and I think Senator Williams commented on this, that one-half of the people who now retire and accept Social Security are only 62 years of age. It scares me to recall that there are reports that say that 90 percent of the 62-year

old retirees have not worked in the past 5 years or earned any money by their efforts.

I imagine with a 15 percent Social Security benefits increase that is promised that the Social Security offices will be swamped by the permanent unemployment.

The solution to this would be to require, unless disabled, that all applicants of this age on Social Security should have worked some time in each of the 5 years preceding this requirement.

I am not going to delve into the other phases of early retirement since I am only interested in employment opportunities for my own group. The center which was originally created to develop the means of utilizing the talents and resources of the older Americans has now found itself in the position of acting as the clearing house for problems submitted from the "Old Pro" advisory committee all over the country.

Since they are scattered throughout the country we get some weird requests but fundamentally the problem is the same.

The average retirement person is either a professional or skilled in any of the 550 occupations that require a license.

If you are a lawyer, you have to pass a bar exam. If you are a barber, you have to pass an examination but it may be impossible to transfer either of your certifications to any State in the United States.

If I were an attorney and wanted to go down to Florida to practice law, I would have to establish residence for 2 years. So what does it amount to?

We have no mobility. We are captive in two ways. We are captive to our own communities because of licensing requirements elsewhere and we are captive as an economic hostage to the Social Security System.

Now, about the employment opportunities for Older Americans which I think is the subject you people are most interested in, and I certainly am. It has been estimated by one agency that if they implemented a program that 1 million persons will come out of retirement and as a retired senior volunteer program work the human services programs. That is in the hospitals, in the nursing homes—I don't believe it.

I don't believe that anybody who is skilled, that is clever, that is talented and has been well-educated and bears a degree even likes volunteer work nor can he afford to do so because of the current price inflation. The Old Pros have the means to carry on quick surveys because many of older people have shortwave radios. When we have a question, we get to talking shortwave all over the United States and we ask them to find out answers. This is the question we asked and the general reply.

#### OPPORTUNITIES FOR SERVICE

Where are you going to put the older people to work who are now retired? In the courthouses there are opportunities for 50,000 people serving subpoenas, keeping records in the courthouses.

In the city halls there are 200,000 opportunities scattered throughout the United States and we can give you tangible evidence that that is being performed.

The greatest employment opportunities are in the field where

help is most needed and the Government has not come up to it yet. This is in the inspection services. People who are better qualified than older people to determine whether a nursing home is adequate to the needs of the elderly and meets the standards of Medicare.

In other activities, in the field of consumer products, the Government needs an inspection service of people like myself or probably other people to go around and determine what it says on the package is actually so.

We need inspectors to tell what is going on in the hospitals and, more importantly, if the President's reform program on welfare goes through since he has already indicated that they are going to have day-care centers so that women working in industry can bring their children to these day-care centers we will need the older people who can take care of them.

In training and preretirement programs, 50,000. The need is endless, and not one of these single jobs would interfere with the work force now in existence.

I am about through and I am probably just as hungry as you are, but let me conclude.

In my opinion, every one, the poor, the rich, the working class, are all on equal terms in times of an emergency or war. When we mobilize for war is the only time that the aged are on equal terms with the rest of the human race.

Under wartime conditions we operate under the same set of controls, and the economy is usually managed by one agency of the Federal Government.

I have been through three wars and a couple of more undeclared wars and a depression, and I know how it is.

Today we are at war. The people in America are at war. We have the war on poverty and we have the war on inflation.

Now, if we had a real shooting war, the Government already has established on a standby basis in the Department of Commerce the BDSA, the Business and Defense Service Administration which is the mobilization agency of the Government organized to channel national resources or production facilities and materials in support of essential national programs in time of war.

Why then can we not have an older American Reserve Corps ready to fight their own battles for survival patterned exactly like the BDSA and activated in their own communities where they were formerly practicing or licensed?

In no time at all we would have an organization that would be unparalleled in American History.

How would one assemble such a task force? Draft them! Certainly while most everybody will resist volunteer work, a call from the President to duty would receive immediate response. Think about it.

I would like to close this session on about the one thing left that we older people have—just a little bit of humor. You talk about retirement programs, preretirement programs and you keep on hearing the names of newer and newer and newer organizations to prepare people to retire.

If you can imagine that they have a program called, "Way Back," if you can imagine yourself in a little kindergarten room and the

kids have all been informed that they have to tell what they are going to do when they retire.

I suppose they call that pre-pre-retirement planning. Anyhow, there are three little kids left. One gets up and says, "My name is Sam. When I grow up to be a man and retire, I am going to go to Japan if I can, and I think I can."

A little girl gets up and says, "My name is Sadie. When I grow up to be a lady I am going to be on welfare and have a baby if I can, and I think I can."

A third little kid gets up and says, "My name is not Sam. My name is Dan. When I grow up to be a man, I am just going to hang around and help Sadie with her plan, if I can, and I think I can."

I am sorry I have taken up so much of your time but I want to wish you all a Merry Christmas and a Happy New Year.

Mr. ORIOL. May we take a little more of your time?

What agency were you with?

Mr. STROPLE. I retired from the Navy Department. I was a contract negotiator.

Mr. ORIOL. One question I want to ask, did you say the elderly want to fight inflation by finding employment or didn't I hear you right?

Mr. STROPLE. Did I say that? I said that we would defeat inflation this way. I think I said that. We would defeat inflation by finding more employment for people like myself because I would have more money to spend on products but I would not be buying any television sets.

I would be buying food for my table. I happen to live in Virginia where they have a big argument right now about relieving them of the food tax.

I say this: You put money in the hands of people and a great deal of it will return to the local, State and Federal government in the form of a food tax or any type of tax whatsoever. No one, even on welfare, can avoid it. It goes and it is recirculated in the economy.

Sales taxes and income taxes are the only type of taxes people pay without too much resistance.

Mr. ORIOL. You can see why I have to ask you about this.

I would like to get your opinion on an editorial that appeared in the New York Times this morning. Very briefly, it raises question about a 15-percent Social Security increase for the elderly and it says even though a 15-percent increase could be paid for or funded through the existing Social Security Trust Fund, they have doubts about it because of the future inflationary possibilities.

They also say this, "It must be borne in mind that not all of the aged are poor. Less than 30 percent of those aged 65 and older are in poverty." They say less than and we say as much as. "The aged poor possess financial and real assets five times as great as do poor people under 36."

I would just like to get your off-the-cuff reaction to your view of things.

Mr. STROPLE. I am not a prophet but I think that is a very interesting summation. I would say, though I don't agree editorially with the New York Times that they probably are correct, and I

will tell you why. There are not so many more poor people above the age of 65 as has been dramatized and fewer in poverty.

Many people like myself are poor or rich—I own my own home and I would not dare leave. A 15 percent increase in Social Security benefits will not stop inflation but ameliorate it. It would be sheer stupidity to think otherwise and I will tell you why. I mentioned previously that the people 62 years of age would have never worked in their life and, remember it only takes four quarters to secure social security—they could have come out of high school and earned social security for 4 years and sit home for the rest of the time.

If you put that much money into the hands of the people, it is just like the veterans' bonus, if anybody is old enough to realize that. The veterans fought and fought and fought for that at the end of World War I. Each one of them all of a sudden got \$150. That was dissipated in about 6 months throughout the population.

I think that would be a very dangerous thing to the economy.

Another thing, it was not in the report, at least. I didn't think it was, but if they paid this 15 percent they are going to make it retroactive to January 1 and pay it all in the June paycheck.

So, that would mean that I draw down from Social Security about \$110 a month. If everybody is like me, I would draw down my \$110 check plus about another \$110.

Now, just imagine an extra check for 100 in the hands of 11 million people. That would make the worst kind of inflation. It is too much money at one time.

Mr. ORIOL. You are talking about what people would get in March for the 3 months?

Mr. STROPLE. Yes.

Mr. ORIOL. It would come to roughly about \$50 more.

Mr. STROPLE. You may be right. I was talking in terms of 6 months. I thought June. You may be right.

I would say it is like one of these Christmas trees they talk about. One thing that you can point out from the income tax return is in this group, allegedly, of people who are supposed to be on social security, you have 122 millionaires.

I think you are right. We are not all poor and social security is not the answer to the problem.

The answer to the problem is find something for those who are still active and willing to work.

I take a great delight in spending money that I earned myself and somehow or other I feel like a ward of the Government when I get my social security check.

I don't feel so bad about my annuity because I earned that and made my contributions to it, but social security, while I appreciate the fact that it is well organized, I don't think that is the answer to the problems of the aged.

Dr. SHEPPARD. As in the case of unemployment compensation yesterday our Government agencies who have done a horrible job in educating Americans about what our unemployment compensation is and what social security is.

It is a right when you reach a certain point and a certain condition in this struggle. Old age assistance is charity and I would feel if I were in your shoes ashamed to take it under certain conditions,

but social security, you are right, and I am really shocked and surprised to hear you say you are ashamed to take something which is based on the theory of insurance and not charity, based on the payment while you are working into a fund that theoretically is built up.

Mr. STROPLE. The point is well taken.

Dr. SHEPPARD. I hope we don't have to prolong this discussion but I don't think we should have that kind of attack on social security.

Mr. STROPLE. I am an American citizen and I resent any imposition upon utilizing my best efforts and the social security restricts me to a certain amount of earnings.

Dr. SHEPPARD. A certain aspect of the social security system.

Mr. STROPLE. Yes. I don't have anything against the social security system.

Mr. ORIOL. I think Mr. Strople has expressed one of the entire fundamentals of the entire study of the economics of aging.

There is not one single answer and we have to find many ways to reach the goal.

Miss McCamman, our consultant, has a question.

Miss McCAMMAN. I think there may be some confusion about the way the social security system actually works when you said somebody after just 4 years of employment could stop working and draw benefits.

It does not work that way. There is a minimum of six quarters of coverage, at least there was originally but that was for workers who were already close to retirement age at the time the program went into effect.

May I ask you, though, in relation to your comment on the large number of people who drew reduced social security benefits before age 65 and who had not worked in the preceding 5 years or whatever it was, did I understand you to suggest that there ought to be a requirement under social security that people earn in each of these years before being eligible for benefits?

Mr. STROPLE. I made the suggestion but I don't know if it is possible. The point I was trying to make is that you could establish at the age of 21 the necessary quarters and never work again.

Miss McCAMMAN. You can't, though. Also, I think in writing the report, this illustration was used to show that people cannot get employment in the late 50's and early 60's.

I think it would be a terrible penalty if they were made ineligible for social security benefits after 20 or 30 years of work simply because they could not get work during these years just prior to retirement.

Mr. STROPLE. Let us just take it one step further. I agree with Dr. Sheppard that we should not get in a debate because I am not an economist. All I do is read the task force report and try to analyze it the way I did.

I said in my remarks I picked out some statement made by somebody in the Social Security Administration that the people recently retired had not worked for the last 5 years. That is the statement.

Dr. SHEPPARD. The point is they had employment problems. People

were not willing to hire them because they may have gotten laid off at 49 or 50 and had these problems getting a job. That was the more accurate interpretation.

I don't want to get off that point either. I do agree with you there is a need for employment for older workers and there is discrimination against them.

Let us get back on the right track. I am sorry for my outburst.

Mr. ORIOL. Since I am challenging you, Dr. Sheppard, would you not regard old-age assistance as a right to those persons who because—

Dr. SHEPPARD. I wanted to bite my tongue as I said that, yes. I think we have a right in our country to deprive people of their right to starve and that is what old-age assistance is and a lot of these programs.

A person who through unfortunate circumstances needs income and has not worked to contribute to social security deserves old-age assistance. You are absolutely right.

Mr. STROPLE. Could I leave it on this basis. I always like to quit when I am ahead and I think I am at the present moment.

Dr. Sheppard is an excellent example of what he writes about. Let me read again what he says :

We are not offering a solution to this challenge. We are, instead, briefly raising the issue as a means of stimulating a national debate and dialogue.

That is what is happening here. I think I have done my best and I know you must all be as hungry as I am and if you don't mind I will leave.

Mr. ORIOL. You are way ahead. Thank you very much for coming.

Mr. SPRAGUE, I believe you are going to submit a report for the record.

Mr. SPRAGUE. I think that would be the best for the record. I will submit a very brief report of these hearings to the OECD.

Mr. ORIOL. Dr. Sheppard, we asked you earlier to summarize everything that has happened.

Dr. SHEPPARD. I will briefly summarize as I recognize the hour.

There are two points I want to make. One is for a number of years some of us have been sort of whistling in the wind about the problems of employment of middle-aged and older Americans.

We have been told by many whiz-men in Washington, especially around Capitol Hill, that we are shouting to the winds because there is no vested interest group concerned about this problem. That is losing out.

I now think we have a beautiful example of an organization in the case of the Airline Pilots Association showing that they have recognized the practical aspects of arbitrary retirement age.

I don't want to get off into an elaboration and I hope you don't consider this a hopeless cause and I am glad to see another ally which is organized and not just writing academic reports as we try to do.

The second point is and it is the basic thing I get out of all of these hearings, Mr. Oriol, and that is all of the testimony shows the artificiality of separating knowledge, say, in physiology, from knowledge in economics.

It shows, in other words, the inseparable interrelatedness of such seemingly unrelated fields as physiology and economics and their joint implications for social policy in legislation.

The physiology of aging, I think, has much to offer in the field of employment policy and all of that has economic implications on which I don't want to elaborate because of the hour, but I am just pointing out the relationship of some testimony here that might otherwise seem to be completely unrelated to employment problems but they are intimately related.

Mr. ORIOL. Thank you, Dr. Sheppard, and thank you everyone for your patience.

Senator Randolph has indicated that certain follow-up actions will be taken and we will proceed accordingly. Right now we will adjourn for anyone who wants to have lunch.

(Whereupon, at 2:30 p.m. the subcommittee recessed, to reconvene subject to call of the chair.)

APPENDICES

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**Appendix A**

EMPLOYMENT ASPECTS OF THE  
ECONOMICS OF AGING

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A WORKING PAPER IN CONJUNCTION WITH THE  
OVERALL STUDY OF "ECONOMICS OF AGING:  
TOWARD A FULL SHARE IN ABUNDANCE"

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PREPARED BY

NATIONAL COUNCIL ON THE AGING'S  
NATIONAL INSTITUTE OF  
INDUSTRIAL GERONTOLOGY

FOR THE

SPECIAL COMMITTEE ON AGING  
UNITED STATES SENATE

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This working paper prepared by the National Council on the Aging's National  
 Institute of Industrial Gerontology

HAROLD L. SHEPPARD, Ph. D. (UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH): *Chairman*  
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## PREFACE

Americans of all ages are affected by intensifying problems related to generally inadequate retirement income in this Nation.

Heading that fundamental premise, the U.S. Senate Special Committee on Aging is conducting a major study on the "Economics of Aging: Toward a Full Share in Abundance."

To assure that its hearings will be productive and well-founded, the committee has asked several task forces to prepare "working papers"<sup>1</sup> in advance of testimony by task force members and other witnesses.

The first working paper—issued in March—surveyed the field and produced evidence of (a.) a widening gap between retirement and work income; (b.) prevalence of poverty or near-poverty among at least 7 million Americans aged 65 and over; and (c.) little prospect for improvement in the income position of the aged unless major policy changes are made.

That same working paper also recommended that more intensive attention be given to several specialized subjects, including "implications of early retirement trends" and "employment opportunities in old age."

In response to that recommendation, the Subcommittee on Employment and Retirement Incomes of the Senate Committee on Aging is about to take testimony on the role of employment in promoting economic security in retirement and in the years just before retirement.

And once again, a working paper has been prepared in advance of actual hearings. It appears on the pages that follow.

This document is a major contribution to the overall committee study, for several compelling reasons:

—Its authors forcefully make the point that the United States does not yet have a clearcut, effective policy for maximum utilization of Americans now regarded as "older workers."

On the contrary, both government and private industry seem instead to regard earlier and earlier retirement—in some cases, it is actually enforced unemployment—as inevitable and perhaps desirable.

### <sup>1</sup> Working papers:

Economics of Aging: Toward a Full Share in Abundance, March 1969.

Health Aspects of the Economics of Aging, July 1969.

Social Security for the Aged; International Perspectives, August 1969.

Homeownership Aspects of the Economics of Aging (A Fact Sheet), July 1969.

### Hearings:

Economics of Aging: Toward a Full Share in Abundance:

Part 1. Washington, D.C., Apr. 29-30, 1969, Survey.

Part 2. Ann Arbor, Mich., June 9, 1969, Consumer Aspects.

Part 3. Washington, D.C., July 17-18, 1969, Health Aspects.

Part 4. Washington, D.C., July 31, Aug. 1, 1969, Homeownership Aspects.

Part 5. Paramus, N.J., Aug. 14, 1969, An Urban Area.

Part 6. Cape May, N.J., Aug. 15, 1969, A Retirement Community.

Part 7. Washington, D.C., Aug. 25, 1969, International Aspects.

Part 8. Washington, D.C., Oct. 29, 1969, National Organizations.

- Such attitudes and practices are contributing to the economic insecurity of workers who are approaching retirement, leaving many of them with no alternative but early retirement and seriously inadequate income.
- Another major theme is that much talent and experience is wasted when jobs are scrapped as the needs of industry or commerce change. Forced to find new employment after his fortieth birthday, many a worker or executive has found himself on the road to permanently reduced income and—consequently—precarious retirement security.
- Despite the fact that four out of every five persons over 65 are not in the labor force and that the other one in five tends to concentrate in part-time and low-paid jobs, employment is still a major source of income for the aged group. Appropriate actions to increase employment opportunities for older Americans could therefore contribute substantially to the economic security of those who are able and wish to engage in gainful work.

Here again, the people and the Nation suffer because we have failed to promulgate policies—a national commitment—to assure *lifetime usefulness* of all of those who wish to avoid retirement patterns that are increasingly accepted as “normal.”

To the National Council on the Aging and its National Institute of Industrial Gerontology, we are grateful for an excellent document which will be helpful, not only in the present study, but in others as well. Special thanks must also go to Dr. Harold Sheppard of the Upjohn Institute for Employment Research, a member of the original “Economics” Task Force and a major source of help in last year’s study of “Adequacy of Services to Older Workers.”

HARRISON A. WILLIAMS, JR.,  
*Chairman, Senate Special  
 Committee on Aging.*

JENNINGS RANDOLPH,  
*Chairman, Subcommittee on  
 Employment and Retirement Incomes.*

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## EMPLOYMENT ASPECTS OF THE ECONOMICS OF AGING

### INTRODUCTION

This document is in large part an outgrowth of the report to the Senate Special Committee on Aging, submitted by a task force and entitled "Economics of Aging: Toward a Full Share in Abundance." Among the very significant observations made in that report were the following:

1. Unless positive action is taken, the economic position of persons now old will deteriorate markedly in the years ahead.
2. Low income in old age is *not* a transitional problem that, given present trends, will solve itself.
3. If present trends are permitted to continue, today's workers will face the same problem of inadequate income in retirement.
4. In relation to the income a given older person had before retirement, he has suffered a substantial drop.
5. Earnings drop as advanced age further curtails already limited employment opportunities.
6. Inflation erodes already inadequate retirement incomes, and this erosion continues over a long retirement period.
7. Early retirement is a developing trend that could seriously counteract other trends serving to improve the income position of future aged populations.
8. Early retirement (plus any further increase in life expectancy) allocates a greater number of years to retirement and increases the cost of income maintenance of the aged population.
9. The pension policies of government and private industry clearly influence the retirement decision of workers. Increased attention must therefore be directed to the social and economic implications of such policies and to the search for other solutions.

These and related observations by that Task Force lead us to consider the relationship of employment problems of older Americans to other aspects of social policy. The thrust of the document that follows here is that employment for older workers must clearly counter the unevaluated trend toward involuntary and early retirement. Much of the retirement taking place in our economy and society is counter-productive, arbitrary, inflationary, and possibly dysfunctional to the individual.

- Two primary recommendations of the writers are that—
- (1) the study of institutional and other arrangements giving rise to involuntary retirement called for by Section 5 of the Age Discrimination in Employment Act be undertaken promptly, and
  - (2) a Middle-Aged and Older Workers Full Employment Act, similar to that introduced in the Senate last year (S. 4180), be passed and adequately implemented in order to provide a comprehensive program of employment services and opportunities for middle-aged and older Americans.

## RETIREMENT OR UNEMPLOYMENT?

As we enter the decade of the 1970's, we find a sort of limited, perhaps misdirected, concern among Americans about people who are not working and who are dependent on the working population. This is certainly the impression created, for example, by the current official and unofficial publicity about mothers of dependent children, and by the proposals to take them off welfare rolls through training and employment programs. If we were genuinely concerned about *all* potentially employable Americans and their needs to be trained or retrained, and about keeping all such persons in the labor force, why haven't we taken equal cognizance of, and attempted to remedy, the rather sharp decline in the labor force participation rate of older Americans? By "older" we mean here especially those persons aged 60-69.

We cannot fail to note the fact that even in a recent high employment year (1968), about one-half of all the men starting to receive their social security benefits were *under* 65. By the end of 1968 thirty percent of *all* men on social security benefits were under 65. Sixty percent of the men who claimed reduced benefits in 1966 were only 62. This age group contains a relatively high proportion of men with a history of low earnings and no covered earnings in the years immediately before they became eligible for social security benefits.<sup>1</sup>

The indirect evidence we have examined points to the very real possibility that a large proportion of these more than six million men are not retired on adequate retirement incomes, that many of them "retired" because of the adverse workings of our national manpower programs and policies—in the public and private spheres of our economy. According to the Social Security Administration, men taking benefits at age 62 had earned on the average about \$2,700, about \$800 less than those who could afford to wait till 63 or 64 to draw benefits, and \$1,300 less than the average for men taking benefits at age 65. Many of these early retirees can be expected to swell the count of the aged who are poor or near-poor. And the poverty rate for families of men aged 65 or older is nearly triple that of younger families. Does the Nation consciously wish to *add* to its poverty rolls while indulging in a rhetoric about a "war against poverty"?

Furthermore, we are not impressed with the argument that a major reason for their non-participation in the labor force stems from health problems. There is a growing body of knowledge, indeed, which suggests that *one* of the reasons for the health problems they do exhibit may be related to damaging employment experiences in previous years.

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<sup>1</sup> Bixby, Lenore E., and Rings, E. Eleanor, "Work Experience of Men Claiming Retirement Benefits, 1966," *Social Security Bulletin*, August 1969.

For example, Sidney Cobb, M.D., of the Institute for Social Research of the University of Michigan, has been examining the impact of the closing of a Detroit plant in 1963 on the physical and mental health of the workers. This plant had a large proportion of long-time employees in their 50's. He points out that although we have made gains in health programs for industrial workers when they are working, we are lagging in care of the same group when it is unemployed. In addition to severance pay and unemployment insurance, we need humane and personal consideration from our society in dealing with displaced workers.

The increase in sickness among the workers of the Detroit plant might have been due in part (a) to the tendency of some of the workers to move into a "sick" role in preference to an "unemployed" role and (b) to their reluctance to take time off for a postponable operation while they were working. But Dr. Cobb finds that for many diseases environmental stresses brought to bear on susceptible people will cause real illness. He has not yet finished his study, but he has concluded from this and earlier experience that losing a job can exacerbate diseases and even produce new diseases. Out of 54 men laid off in Detroit, he identified eight cases of arthritis, six cases of severe depression requiring medical help, three cases of ulcers, five cases of hypertension requiring hospitalization, two cases of high blood pressure, and one case of alcoholism as directly traceable to the plant closedown and its aftermath. Two men even lost their hair—a reaction in these cases to acute anxiety (alopecia). Men like these could be restored to a working role instead of being forced to leave the labor force, even though they may not be eligible for social security benefits until several years later.

### A GROWING DEPENDENCY RATIO

We are concerned about the degree to which Americans of working age will accept a growing dependency population which they must directly and indirectly support. Furthermore, strictly from the standpoint of economics a growing "dependency ratio" can reach a straining point. Even a country like Sweden with its reputation of being a "welfare state" has come to recognize the need for a more rational approach to this dilemma. Indeed, it is possible to argue that "rational" and "humane" considerations are frequently mutually reinforcing. Many older persons want to continue to be employed as a major condition for income and life satisfactions. We are using the economic argument here to buttress humane motives for maintaining a high level of employment for older Americans.

Using the frequently accepted definition of working age population to be all those 20 to 64 years old, let us examine the trends in the dependency ratio in the United States. In 1950, for every 100 persons of working age there were 72.6 persons below 20 or above 64.

Today, that dependency ratio has climbed to approximately 93.2. The older, 65-plus part, of that dependency ratio is approximately 18.2 today.

Population projections for the near future indicate that the age group 65 and over will remain the same, relative to the age group 20 through 64. But as the Task Force on the Economics of Aging pointed out, with more and more workers retiring *before* 65, the ratio changes and we must re-examine the conclusion that the economic costs of supporting the nonworking population will not be increased by a rising proportion of older people.

With the present high proportions of workers claiming social security benefits before age 65, the dependency ratio can increase alarmingly. If workers aged 60 and over continue to be eased out of the labor market, the 1970 dependency ratio could approach 110. The dependency ratio for the older group (excluding children and teenagers) would then jump from 18.2 to 28.3. One hundred people would be working to support 28 people aged 60 or over through social security benefits, old age assistance, private pensions or help from the family.

**If we are really concerned about some of the long-term and institutionalized forces of inflation, why aren't we making every effort to maintain a high level of labor force participation of "older workers"? And by older workers we mean those 60 to 69 years old—the group whose labor force participation rate has been declining most radically over the past two decades.**

Inflation in its classical form consists of a static amount of production with a rising level of money supply. This is essentially what takes place when we give money to persons who are not in the productive processes of the economy. Countries such as Sweden have recognized this dynamic and have—contrary to the short-sighted American pattern—moved to *raise* the retirement age in industry.

One of the curses of inflation is that it produces a heedless disregard of costs—costs of a refrigerator, of a steak, of a new car, and of early retirement of the work force. A University of Oregon survey of early retirement programs in industry which is being conducted under a partial grant from the National Institute of Industrial Gerontology of the National Council on the Aging shows that, in 1968, 47 percent of the retirees in companies with early retirement options were early retirees. The great majority of these companies reported an increase in early retirements over the last ten years. Even when these retirements were voluntary, the companies expressed concern—concern for the welfare of their early retirees rather than for costs. (Any additional company costs of early retirement are frequently passed on to the consumer in the form of higher prices.)

**The odds are that the aging individual will find himself part of the "new poor." We have already mentioned that recent Social Security Administration findings point to claiming of benefits in the lower age groups (under 65) as a last resort after periods of unemployment or underemployment. Benefits paid at age 62, and even at ages 63–64, in these cases are nothing more than a disguised form of unemployment insurance. Granted that workers aged 65 may be better prepared to retire (as evidenced by the better past earnings record of this group of beneficiaries), even among this group much retirement is compulsory and unwanted.**

For the individual, financial problems are the dominating concern. And who can blame him when social security benefits now being awarded average little more than \$100 a month for a retired worker? But there are adverse psychological impacts on the individual that a society as "civilized" as ours should avoid. Robert Butler, M.D., of the Washington School of Psychiatry points out that we leave immune from arbitrary retirement three leadership groups—political, judicial and medical—as well as the self-employed. Why these? What evidence is there of better performance among these groups than among the older workers in offices or in many modern blue collar jobs? Except perhaps for doctors, we cannot even point to concern over an economic scarcity of supply in these "immune" groups as a justification for favored treatment in the labor market.

### DECLINE IN LABOR FORCE PARTICIPATION

The young are necessarily a dependent, non-productive part of any population. But the shrinkage of productive employment activity for the older population is something we can control. The impact of lost earnings on the individual can force him into poverty, at the same time that increasing numbers of such persons mean heavy costs to the economy in terms of dependency.

The loss of income from work begins not at "retirement", but before. Among those who have unemployment during a year, workers 45 or older have more spells of unemployment than younger workers. Among those who had any unemployment in 1967, 19.7 percent of workers 45-54, 24.6 percent of those 55-64, and 29.1 percent of those 65 or older had three or more spells of unemployment.<sup>2</sup> Only 14.6 to 17.6 percent of teenagers and 16.2 to 17.8 percent of workers aged 20-44 had as heavy an incidence of unemployment. The difference by age is especially pronounced among male workers:

| Age:              | Percent with 3<br>or more spells<br>of unemployment |
|-------------------|---|
| 16 to 19.....     | 20.5  |
| 20 to 44.....     | 19.2  |
| 45 to 54.....     | 22.7  |
| 55 to 64.....     | 28.2  |
| 65 and older..... | 30.3  |

Income loss from unemployment among older workers each year is partly due to the industries and occupations in which they are employed. What is significant is that among those 45 or older (almost 40 percent of our 1967 labor force), many are heading toward retirement after a large measure of reduced opportunity for employment. Seniority rules protect some. But there is nothing in recent Labor Department studies of job separations that confirms the idea that older workers as a whole are less exposed to layoff than are others.<sup>3</sup> Plant shutdowns, relo-

<sup>2</sup> Bogan, F. A., "Work Experience of the Population," *Monthly Labor Review*, June 1969, Appendix table C-1.

<sup>3</sup> Hoyl, K. D., "Why the Unemployed Look for Work," *Monthly Labor Review*, February 1967.

cations or mergers, little or no retraining or sparse informational guidance for the older man, prejudices against his past experience and against him because of his age—these lead to the long-term unemployment culminating in “retirement”.

Major declines in labor force participation by the elderly are taking place in the younger categories of the upper ages, the 60–64 and 65–69 age groups. Taking males alone, the decline has been sharp:

LABOR FORCE PARTICIPATION  
(In percent)

| Males, age    | Actual |      |      | Projected |      |
|---------------|--------|------|------|-----------|------|
|               | 1954   | 1960 | 1965 | 1970      | 1980 |
| 60 to 64..... | 84.3   | 79.5 | 76.5 | 76.9      | 75.7 |
| 65 to 69..... | 58.2   | 45.8 | 42.1 | 36.4      | 31.3 |

Note that by mid-1965 the actual labor force participation rate of men aged 60–64 was already below the 1970 projection for this group. The import of the downward trend in the 65–69 group is that the typically-reported “65+” decline should not be interpreted as being due largely to the unemployability of the very old—those in their 70’s and 80’s.

**The labor force participation rate of capable men aged 65–69 is dropping sharply and not all of this is truly voluntary. If current labor force participation trends continue, out of every six men aged 55 to 59 surviving to age 64, one will no longer be in the work force by the time he reaches that age. Ten years ago, this ratio was only one out of eight. Furthermore the one out of six ratio is only for the short run. Unless we carve out a new and progressive policy, the proportion will grow over the next decade.**

The types of comparisons cited so far can be misleading, for certain purposes. They can be useful in seeking answers to how persons of a given age group at a specified time fare in the world of work, in comparison to *another* generation of the same age at a *different* point in time. Such comparisons tell us something about trends in the nature of the economy perhaps, but they cannot be used with any great certainty to tell us what happens to workers as they grow older. The elderly workers of the year 1950 are not the elderly workers of the year 1965 or 1975. Unfortunately, we do not yet have any completed longitudinal manpower studies concentrating on the employment experiences of a cohort of individuals as they age.<sup>4</sup>

However, some inferences might be made from analysis of aggregate data published by the Department of Labor which contain, for example (A) the labor force status of a given age group in one year and also

<sup>4</sup> At the present time a longitudinal study is being carried out by Prof. Herbert Parnes at the Ohio State University under U.S. Department of Labor auspices.

The point above, and others that follow, are discussed at length by Harold L. Sheppard, “Aging and the Field of Manpower Development,” in *Aging and Society*, Vol. II, edited by Matilda W. Riley and others. (Russell Sage Foundation, 1969.)

(B) the status of an age group ten years older in a year ten years subsequent to group A's year. They suggest very strongly that as workers grow older, starting perhaps in their mid-forties, they undergo a number of employment experiences that may have serious implications for policy-makers and practitioners.

For example, if we take those males born during 1916-25, and examine their labor force participation rate in 1950 (when they were 25-34 years old) and then check the 1960 rate of the group ten years older, as well as the projected rates for 1970 and 1980 for the 45-54 and 55-64 age groups respectively, we find the following trends:

*Labor force participation rates, 1950-80, for males born in 1916-25*

|            |       |      |
|------------|-------|------|
| Actual:    |       |      |
| 1950       | ----- | 96.2 |
| 1960       | ----- | 97.7 |
| Projected: |       |      |
| 1970       | ----- | 95.4 |
| 1980       | ----- | 83.9 |

Source: *Manpower Report of the President, 1968*, tables A-2 and E-4.

In other words, we might infer that of men 25-34 years old in 1950, 96 percent were in the labor force at that time. Ten years later, 98 percent of these men still alive were in the labor force when they were 35 to 44 years old. But by 1980, it is expected that only 84 percent of the "survivors" aged 55-64 will be in the labor force. This sharp decrease in the rate will apparently take place in the 1970's when the men concerned are 45-54 years old.

This expectation appears to be verified by the past reality: in 1958, 963 out of every 1,000 men 45-54 years old were in the labor force, but ten years later, in 1968, out of every 1,000 men ten years older only 843 were still labor force participants.

## HEALTH AND LABOR FORCE PARTICIPATION

While many males out of the labor force report that health problems affect their ability to work, there is nevertheless a sizeable proportion who report no chronic health conditions, or chronic conditions that do not limit their activity. The National Health Interview Survey of 1964-65 reveals that among all adult men the proportion with no chronic conditions or no activity-limiting conditions varies by age and labor force status:

|                                 | LABOR FORCE STATUS |          |       |            |          |     |                    |          |       |
|---------------------------------|--------------------|----------|-------|------------|----------|-----|--------------------|----------|-------|
|                                 | Employed           |          |       | Unemployed |          |     | Not in labor force |          |       |
|                                 | 25 to 44           | 45 to 64 | 65+   | 25 to 44   | 45 to 64 | 65+ | 25 to 44           | 45 to 64 | 65+   |
| Percent with:                   |                    |          |       |            |          |     |                    |          |       |
| No chronic conditions           | 48                 | 38       | 25    | 49         | 34       | 26  | 26                 | 12       | 15    |
| No activity-limiting conditions | 45                 | 47       | 41    | 37         | 36       | 33  | 23                 | 17       | 23    |
| Total <sup>1</sup>              | 93                 | 85       | 67    | 85         | 70       | 58  | 49                 | 30       | 38    |
| Number (in thousands)           | 20,507             | 16,288   | 2,123 | 526        | 503      | 55  | 580                | 1,610    | 5,431 |

<sup>1</sup> Because of rounding, sums of the 2 items may not equal the totals shown.

Source: C. Rosenfeld and E. Waldman, "Work Limitations and Chronic Health Problems," *Monthly Labor Review*, January 1967.

The most striking aspect of the above table may be that out of 5,431,000 elderly males not in the labor force, 38 percent apparently have no health conditions that prevent them from working. In absolute numbers, this population amounts to two million persons, not an insignificant figure. To be sure, 92 percent of the total 5.4 million reported that they were retired, but even among these men, 43 percent reported no work limitations. In other words, among retired elderly males more than two million might be considered employable.<sup>5</sup>

One of the paradoxes is that this population of over two million retired men 65 or older and without work limitations *exceeds* by far—at a ratio of more than four to one—the number of younger men 45 to 64 years old who were also out of the labor force but without any work limitations, 483,000.

Among the elderly men out of the labor force, there was actually a lower *incidence* of total restriction than among those 45 to 64. This may be unexpected, but it probably indicates, as Rosenfeld and Waldman state, that—

- (1) many men with the more debilitating health conditions may have died before reaching age 65 and
- (2) more men who retire or otherwise leave the labor force before reaching 65 do so because their illness is so severe that it prevents them from working at all, rather than restricting the amount or kind of work they can do.

When we consider the relationship of age to the labor force status of men with no chronic or activity-limiting health conditions, we find the following:

|                            | 25 to 44 | 45 to 64 | 65+   |
|----------------------------|----------|----------|-------|
| Percent:                   |          |          |       |
| Employed.....              | 96.3     | 94.0     | 40.2  |
| Unemployed.....            | 2.3      | 2.7      | 58.9  |
| Not in labor force.....    | 1.4      | 3.2      | 3,521 |
| Number (in thousands)..... | 19,803   | 14,775   |       |

Note. Based on source cited in previous table.

Among such employable men, age is clearly a crucial correlate of their work status: very few of the youngest adults in the above table are out of the labor force, but the proportion more than doubles in the case of the 45-64 age group, and then it climbs steeply to nearly 60 percent of the "employable" men age 65 and older. To repeat, the number of such persons is substantial, more than two million, and it raises a variety of questions that cannot be answered on the basis of the data provided in the National Health Interview Survey. For example, what were the pre-retirement occupations and industries of the older labor force non-participants? To what extent is their current nonworking status due to voluntary or compulsory retirement? To what extent were they first unemployed before the age of 65 and then, because of an extended inability to secure adequate re-employment, finally "dropped out"?

<sup>5</sup> This section of the working paper is adapted from H. L. Sheppard, *op. cit.*

A more detailed age breakdown in another study of non-participants in the labor force provides further support for the possibility that many older persons (including those *under* 65) are out of the labor force—not employed and not looking for work—for reasons other than health problems. The following table reveals that among men not looking for a job but nevertheless wanting one, as of late 1966, 46 percent of those 55 to 59 years old and 37 percent of those 60 to 64 years old were not ill or disabled.

REASONS FOR NOT LOOKING FOR WORK AMONG MEN NOT IN LABOR FORCE WHO WANTED A REGULAR JOB  
SEPTEMBER 1966, BY AGE

| Reasons                                 | 20 to 24   | 25 to 54   | 55 to 59  | 60 to 64   | 65+        |
|---|------------|------------|-----------|------------|------------|
| <b>Percent:</b>                         |            |            |           |            |            |
| Ill health, disabled.....               | 9          | 53         | 54        | 63         | 36         |
| In school.....                          | 54         | 10         |           |            |            |
| Miscellaneous, personal.....            | 23         | 9          | 18        | 5          | 15         |
| Expect to be working.....               |            | 7          |           |            |            |
| Believe it impossible to find work..... | 14         | 21         | 28        | 32         | 49         |
| (a) No other reason.....                | 14         | 16         | 18        | 32         | 40         |
| (b) Also ill.....                       |            | 5          | 10        |            | 9          |
| <b>Number (in thousands).....</b>       | <b>122</b> | <b>376</b> | <b>61</b> | <b>105</b> | <b>305</b> |

Source: Robert L. Stein, "Nonparticipation in the Labor Force," *Monthly Labor Review*, July 1967.

This table also shows that even when allowance is made for illness, the belief that it is impossible to find employment is related to the age of the respondent. Furthermore, the study indicated that approximately 30 percent of all those not in the labor force but who wanted a regular job (and believed it impossible to find one) felt that employers thought them too old.

In 1968, a year of high employment opportunities, there were 213,000 men who wanted work but thought they could not find it, 51,000 of whom were aged 45 to 64. Another 87,000 were "65 and over"—again we are left with an open-ended age grouping, but here what is significant is that these older men wanted work. A large proportion of these 213,000 (excluding many of the 42,000 teenagers) had recent work experience and planned to continue looking for work.<sup>6</sup>

## UNEMPLOYMENT IN THE PRE-RETIREMENT YEARS

### Once unemployed, older workers run the greatest risk of long-term joblessness.

This greater long-term unemployment risk can be seen in the following table which cites the percentage of the unemployed out of work for 15 or more weeks for each of four selected years during the past decade.

<sup>6</sup> Flaim, P. A., "Persons Not in the Labor Force: Who They Are and Why They Don't Work," *Monthly Labor Review*, July 1969.

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PERCENT OF UNEMPLOYED OUT OF WORK FOR 15 OR MORE WEEKS, BY AGE AND SEX, 1957,  
1961, 1966, AND 1968

|                 | Age      |          |          |          |     | U.S. unem-<br>ployment<br>rate for 16+<br>labor force |
|-----------------|----------|----------|----------|----------|-----|---|
|                 | 14 to 19 | 20 to 24 | 25 to 44 | 45 to 64 | 65+ |   |
| <b>Males:</b>   |          |          |          |          |     |   |
| 1957.....       | 13       | 15       | 19       | 28       | 39  | 4.1   |
| 1961.....       | 22       | 31       | 35       | 41       | 47  | 6.4   |
| 1966.....       | 12       | 14       | 22       | 31       | 37  | 3.2   |
| 1968.....       | 8        | 10       | 18       | 26       | 34  | 2.9   |
| <b>Females:</b> |          |          |          |          |     |   |
| 1957.....       | 11       | 13       | 18       | 23       | 21  | 4.7   |
| 1961.....       | 16       | 25       | 29       | 34       | 41  | 7.2   |
| 1966.....       | 11       | 10       | 17       | 22       | 34  | 4.8   |
| 1968.....       | 10       | 11       | 15       | 18       | 25  | 4.8   |

Source: Based on table A-18, Manpower Report of the President, 1969.

In each of these four selected years the proportion of the unemployed with long-term joblessness (15 weeks or longer) increased with age. The table also shows how these proportions rise and fall from one year to another, depending on the over-all state of the economy, measured by the general rate of unemployment for each year.

**Various indices suggest that the critical period in the work-lives of adult men occurs sometime during their late forties and early fifties. For example, with rare exceptions in every year since 1947 the unemployment rate among men began to rise after the age category of 35-44.**

The latest eight years beginning in 1961 show the following pattern:

MALE UNEMPLOYMENT RATES, BY AGE, 1961-68

| Year      | All ages | 35 to 44 | 45 to 54 | 55 to 64 | 65+ |
|-----------|----------|----------|----------|----------|-----|
| 1961..... | 6.4      | 4.6      | 4.9      | 5.7      | 5.5 |
| 1962..... | 5.2      | 3.6      | 3.9      | 4.6      | 4.6 |
| 1963..... | 5.2      | 3.5      | 3.6      | 4.3      | 4.5 |
| 1964..... | 4.6      | 2.9      | 3.2      | 3.9      | 4.0 |
| 1965..... | 4.0      | 2.6      | 2.5      | 3.3      | 3.5 |
| 1966..... | 3.2      | 2.0      | 2.0      | 2.6      | 3.1 |
| 1967..... | 3.1      | 1.7      | 1.9      | 2.4      | 2.8 |
| 1968..... | 2.9      | 1.6      | 1.9      | 1.9      | 2.9 |

Since 1961, a high unemployment year, the rate of unemployment among men of all ages declined by slightly more than 50 percent (from 6.4 to 2.9). The decline was greater for those between 35 and 64. But the rate of unemployment among the 65 and older group declined by only 47 percent, despite the subsequent opportunities for pre-65 retirement under recent Social Security amendments. Even with these "opportunities", unemployment has remained at a higher rate among such elderly workers than among all other adult workers 35 years of age and older. The rate would have been higher if it were not for the "escape" through pre-65 social security eligibility.

But cohort analysis over time is more pertinent. Another example of the critical nature of the 45-54 age period in workers' lives can be seen in the fact that in eight out of the eleven years subsequent to each year starting with 1947, the unemployment rates of men ten years older (55-64) had risen:

|  | Unemployment rates of men aged 45 to 54 in— |      |      |      |      |      |      |      |      |      |      |
|--|---|------|------|------|------|------|------|------|------|------|------|
|  | 1947  | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 |
| Percent unemployed in given year.....  | 2.6   | 2.5  | 4.3  | 4.0  | 2.4  | 2.2  | 2.3  | 4.3  | 3.2  | 3.0  | 3.3  |
| Percent unemployed 10 years later..... | 3.5   | 5.5  | 4.5  | 4.6  | 5.7  | 4.6  | 4.3  | 3.9  | 3.3  | 2.6  | 2.4  |

Among men in general, and among men who were in the younger (25-34) age bracket in the earlier years, the incidence of higher unemployment rates ten years later was less than for older men. In other words, the probabilities are relatively high that for male workers 45-54 in any given year unemployment rates will be higher ten years later.

These unemployment rates, moreover, do not include any count of men 45-54 in 1950 who became unemployed during 1950-60 and then gave up the search for re-employment. Unemployment rates among older men are held down by omitting those who withdrew from the labor force. We cannot continue the deceptive statistical game of re-defining "unemployment, work, and retirement" in order to maintain the comforting myth that we have found the Holy Grail of full employment. We need much more information about lifetime work, unemployment, and earnings experience of individuals. The Survey of New Beneficiaries, due for completion by the Social Security Administration late in 1969, will give us information on the last and previous occupations and current income sources of early and regular retirees. So far as earnings in the year before taking benefits are concerned, we already know that only 30 percent of male early retirees in 1966 had earnings at or above \$4,800 (the maximum taxable in 1959-65), compared with nearly two-thirds of those who could wait until 65 to take benefits. The percentage of 62-year old men who did not work at all in the year before getting benefits was more than twice as large as that for men who waited to take benefits at age 65. Some early retirees retired voluntarily because they had other sources of income than employment. But they were a minority, and they too may be headed for trouble in an inflationary period.

## FULL EMPLOYMENT FOR THE MIDDLE-AGED AND OLDER WORKER

It goes without saying that the level of the overall unemployment rate is a critical matter for the older worker's job prospects. But there are a number of things that can be done which would at least equalize the older worker's opportunities for employment with those of others in the work force. The Nation can produce a climate that avoids the welfare-dependency approach that we are drifting into today.

First of all, there are effective ways of training and re-training mature workers if we have the will to do it.

For example, the work of Meredith Belbin in England on training methods shows that some training techniques work better than others for those long out of the classroom.<sup>7</sup> Our private vocational schools know this. Government training programs should take these techniques into account.

**Second, we think that Congress should consider incentives to industry to make training *continuous* in order to adapt to new technologies.**

Evidence from the Port of New York Authority and the plumbing and pipe-fitting industry shows that re-training and even upgrading of skills of mature workers pay off in meeting continually changing technological demands in industry.

**Third, we need to encourage policies that will keep middle-aged workers effectively informed about the labor market.**

The new series of job vacancy statistics and computerized job banks should be useful in determining program direction. One of the worst gaps in public employment service administration has been inability to provide information about where the jobs are. In the United States Arms Control and Disarmament Agency study on Employment Experiences of Defense Workers, it was found that "government programs can do a great deal to improve the information search channels used to locate new jobs". A great part of the differences in reemployment experience among the workers in defense plants was attributed to information, mobility and labor market conditions. These factors seemed more important than age, experience or skill in job finding success. Certainly both information and assistance in mobility are susceptible to government action. The "job banks" that are undergoing testing in the State employment services may prove a useful tool in assuring the older worker's exposure to job opportunities.

**Fourth, a rapid increase in staff support to enforce the Federal age discrimination law is urgently needed. And we cannot continue merely to speculate about whether the increase in early retirement is voluntary.**

In the Age Discrimination in Employment Act of 1967, section 5 reads:

The Secretary of Labor is directed to undertake an appropriate study of institutional and other arrangements giving rise to involuntary retirement, and report his findings and any appropriate legislative recommendations to the President and to the Congress.

This study has not yet been made. Congress itself must take a long, hard look at the effect of involuntary retirement policies on the lives of individuals who must leave their jobs, and on the effect of these policies on the economy and social fabric of the nation. Because employment income is clearly so much higher than retirement income, individuals should have choices, alternatives as to whether they wish to continue to work or to retire.

<sup>7</sup> See his *Discovery Method*, published by the Organization for Economic Cooperation and Development (Paris, 1969).

**A fifth recommendation relates to a bill to provide a comprehensive program of employment services and opportunities for middle-aged and older Americans, introduced in the U.S. Senate in October, 1968 (S. 4180 Committee Print). A version of this bill, now under revision, should be passed and adequately implemented.**

The bill calls for a Midcareer Development Service, including loans and grants for training persons 45 years of age or older, to upgrade their work skills. It further provides for specialized education of trainers in the learning processes of middle-aged and older workers, emphasizing innovative techniques for training older Americans. Mid-career counseling service is called for. Provision of work opportunities is encouraged by (1) review of Federal contracts by the Secretary of Labor, to encourage employment of older workers if qualified, (2) recommendation by the Secretary to the anti-poverty agencies regarding provision of employment to the older poor, (3) grants to non-profit volunteer agencies to stimulate part-time employment of older persons, (4) action to provide more jobs for older persons in the Federal Government, (5) provision of costs of operation of volunteer service programs using older volunteers. Research, development, and demonstration to achieve the bill's objectives are provided for, as is a Commission on Lifelong Adult Education.

**Sixth, the matter of vesting of pension rights needs definitive action.**

About 60 percent of workers in negotiated plans have this protection. A study of the eligibility requirements to obtain vested rights might give us a "norm" as a guide to a compulsory vesting provision in all private pension plans. As defense expenditures are curtailed, we are likely to see heavy layoffs in local labor markets. Congress might well consider whether it would be desirable to require vesting of pension rights under defined eligibility conditions in all government contracts. This would enable workers who are laid off as contracts end to seek new jobs armed with some defense against employer reluctance to hire them because their age makes them only partially eligible under a company's pension plan.

**Seventh, as a way of delaying the "crossing of the Retirement Rubicon" why should we not provide workers, at least those over 55, with *extended* unemployment benefits to increase the chances of their continuing their job search instead of being forced to drop out of the labor force altogether?**

**Finally, we need to reassess our national policies with respect to the effect of earnings on social security benefits—policies that give no extra credit if retirement is postponed after age 65 and that reduce benefits if earnings exceed specified amounts.**

The following brief discussion of earnings in the retirement years explores this last recommendation in more specific terms.

*Earnings after age 65.* The Task Force pointed out that earnings were a major income source for the aged—accounting at the time of the

Social Security Administration's 1963 survey for 32 percent of the aggregate money income of all persons aged 65 and over . . . "despite the fact that four out of every five older persons are not in the labor force and that the other one in five tends to concentrate in part-time and low-paid jobs".

The Task Force also commented on the sharply declining role of earnings, with the drop offset by the increasing importance of social security benefits. In 1958, earnings were possibly as much as 40 percent of an estimated aggregate income of \$25-30 billion. Latest estimates from the Social Security Administration indicate that the role of earnings in the aggregate income of the population over 65 has continued to drop. A preliminary rough estimate based on tax returns and reports of agencies that operate income maintenance programs suggests that in 1967 less than 30 percent of an aggregate income exceeding \$50 billion was in the form of earnings.

Any consideration of the role of earnings in the economics of aging must first recognize that employment opportunities—even if greatly expanded—are meaningless for the vast majority of our aged population. A distinction must then be made between those who have retired but take part-time jobs, often to supplement inadequate retirement benefits, and those—a small part of the total aged population—who have been able to continue in full-time work, thus postponing retirement.<sup>8</sup>

Deferred retirement credits up to at least age 70 seem a rational development to protect the employment potential of those who can and want to work after the age of eligibility for retirement benefits. Some government officials believe that such deferred credits would not be worth their added cost. This is a matter of judgment. We regret seeing the *principle* of encouraging employment (rather than retirement) set against the issue of raising social security benefits generally, and rejected on the grounds of cost comparisons.

The issue of employment among older persons has also been renewed by growing dissatisfaction with the so-called "retirement test" under Social Security. This in turn should be related to the even broader question of using age as a primary criterion for retirement in the first place. The dissatisfaction with the current "retirement test" stems partly from the fact that thousands of meaningful jobs remain unfilled while corresponding thousands of Social Security beneficiaries are constrained from accepting such jobs either out of fear that their benefits will be reduced or—in the case of men and women taking on such jobs on a full-time basis—that they will not be able to get back on the benefit rolls when they once again "retire".

The view of the writers is that the confusion and dissatisfaction of older Americans concerning the "retirement test" is in reality a reflection of American society's own confusion and inconsistencies about the status of older persons in the world of work. And until that confusion and those inconsistencies are confronted and resolved, we will be interminably bogged down in endless controversy over such matters as how much a "retired" person may earn and still receive Social Security benefits.

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<sup>8</sup> Of the family heads aged 65 and older, 15 percent were year-round, full-time workers in 1967; only 8 percent of the unrelated aged individuals were full-time workers throughout the year.

We are not offering a solution to this challenge. We are instead briefly raising the issue as a means of stimulating a national debate and dialogue so that American employees, employers, trade unions, and legislators all will recognize the challenge and begin to create solutions.

## CONCLUSION

**The price the Nation pays for failure to maximize employment opportunities for older workers is increased dependency. We do not see an increase in dependency as a good tool with which to fight inflation. We all have much more to gain through a national effort to raise our productive capacity and simultaneously provide meaningful job opportunities for older people.**

Some years ago, Dwight Sargent of the Consolidated Edison Company studied the effects of allowing employees of that utility to continue to work beyond the regular retirement age of 65. He concluded that in two years studied, the company could *profitably* retain about two-thirds of employees reaching age 65—profitable in terms of productivity and savings in pension costs. These people continued to be producers, better consumers, and better taxpayers.

An important reason for re-examining the apparent trend toward earlier retirement was suggested by the Task Force on the Economics of Aging:

As compared to today's older population, workers who reach old age in the future will undoubtedly have higher educational achievements and can be expected to have better health status; a higher proportion will be nonproduction workers. We question whether there is presently sound ground for believing that they will want to accept patterns of early retirement or even retirement at the ritualistic figure of 65. In other words, work and retirement patterns that have characterized the past few decades will not automatically be extended into the future.<sup>9</sup>

**Until we achieve the ideal goal of making one's year of birth irrelevant in the minds of employers and others, the greatest protection for older workers is the joint effect of economics and legislation, including the enforcement of that legislation.**

**The authors are not against retirement. We are against forced retirement, whether subtle or blunt. We are for a society and economy in which the individual worker can have choices and alternatives under decent conditions—which is the essence of freedom.**

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<sup>9</sup> *Economics of Aging: Toward a Full Share in Abundance*, p. 33.

## Appendix B

### ADDITIONAL MATERIAL FROM WITNESSES

#### ITEM 1. U.S. DEPARTMENT OF LABOR, WAGE AND STANDARDS DIVISION, WAGE AND HOUR AND PUBLIC CONTRACTS DIVISION—AGE DISCRIMINATION IN EMPLOYMENT ACT, BEN P. ROBERTSON, DEPUTY ADMINISTRATOR

##### REPORT OF THE SECRETARY OF LABOR

###### I. INTRODUCTION

Section 13 of the Age Discrimination in Employment Act of 1967 (ADEA) directs the Secretary of Labor to submit an annual report to the Congress in January covering his activities of the previous year, including an evaluation and appraisal of the effect of the minimum and maximum ages established by the Act and any recommendations for further legislation. This report is presented in accordance with this legislative requirement.

###### II. BACKGROUND

As directed by Title VII of the Civil Rights Act of 1964, a study was undertaken by the Department of Labor to explore the problems of discrimination in employment because of age. This study revealed that middle-aged and older persons were at a serious disadvantage in obtaining employment, in receiving training or being promoted, in keeping jobs once hired, and that the rate of unemployment—especially long-term unemployment—was higher among such persons than among workers generally.<sup>1</sup> It was also shown that arbitrary age limits were frequently set for jobs where the age of the individual was not relevant to job requirements.

In the 1966 Amendments to the Fair Labor Standards Act, Congress directed the Secretary of Labor to submit specific proposals for legislation which would promote the employment of the older worker on the basis of ability rather than age, and which would prohibit arbitrary age discrimination in employment. Subsequently, in January 1967 the President recommended that the Congress enact such a law and the Secretary transmitted a draft proposal to the Congress a month later. The ADEA was enacted on December 15, 1967 and became effective on June 12, 1968.

###### III. PROVISIONS OF THE AGE DISCRIMINATION IN EMPLOYMENT ACT

The ADEA prohibits discrimination in employment on the basis of age in matters of hiring, job retention, compensation, and other terms, conditions, or privileges of employment. Most employers<sup>2</sup> of 25 or more persons are subject to the Act's prohibitions, as are public and private employment agencies serving such employers. Labor organizations having 25 or more members, or which refer persons for employment to covered employers, or which represent the employees of covered employers, are also subject to the provisions of the statute.

Protection under the Act is limited to individuals who are over 40 years of age until the 65th birthday. Age 40 was selected as the lower age limit since that appeared to be the age at which discrimination generally became apparent, and also because it is the lower limit set in most State age discrimination laws. The 65-year upper limit was specified because it is a common retirement age in American industry.

<sup>1</sup> *The Older American Worker—Age Discrimination in Employment*, Report of the Secretary of Labor to the Congress under Section 715 of the Civil Rights Act of 1964, June 1965.

<sup>2</sup> The term "employer" does not include Federal, State, or local governments.

Covered employers, employment agencies, or labor organizations, are not permitted to use printed or published notices or advertisements relating to employment which indicate any preference, limitation, specification, or discrimination based on age.

Certain exceptions from the Act's prohibitions are provided. These relate to situations where age is a bona fide occupational qualification reasonably necessary to the normal operation of a particular business; where a differentiation is based on reasonable factors other than age; where the differentiation is caused by observing the terms of a bona fide seniority system or any bona fide employee benefit plan which is not a subterfuge to evade the purposes of the Act; or where the discharge of an individual is for good cause. The Act provides that no employee benefit plan shall excuse the failure to hire any individual.

Each employer, employment agency, or labor organization, covered by the law is required to post in a conspicuous place on its premises the official notice furnished by the Secretary of Labor which outlines the rights of individuals under the Act and provides information as to how to locate and contact the nearest office of the Wage and Hour and Public Contracts Divisions.

Enforcement procedures are similar to those of the Fair Labor Standards Act which the WHPC Divisions also enforce. The age discrimination law specifically requires that before any legal proceedings can be instituted, attempts must be made to eliminate discriminatory practices through informal methods of conference, conciliation, and persuasion. It is only after such attempts have failed that the civil remedies and recovery procedures of the FLSA are available for enforcement of the ADEA.

#### IV. EDUCATION AND INFORMATION ACTIVITIES

During the past year, the Wage and Hour and Public Contracts Divisions have been and are continuing to conduct an intensive information campaign about the ADEA through every available channel of communication. National newspaper, radio and television associations were sent information regarding the provisions of the Act and the types of employment advertising prohibited. In addition, the communications media were provided with specially prepared presentations concerning the Act. Included were color films, both short and long, which were shown on television and spot announcements for radio.

On numerous occasions in the past few months, these television spot films (30 seconds) have appeared between station breaks on network shows during "prime time." The estimated size of the viewing audience at any one of these times is numbered in the millions of persons. In addition, the local television stations in every major metropolitan area have also cooperated and have shown, as a public service, the brief films provided by the Divisions.

Field personnel as well as the national office staff have participated in business, labor, professional, educational and other organizational meetings in order to provide the broadest dissemination of information among employer and employee groups most likely to be affected.

The Divisions have also been placing new and added emphasis on the role private citizens' groups can play in reducing the age barriers to employment. Senior citizen and "older worker" groups which have a particular concern for the employment problems of those whom the Act protects have been asked to help in making the Divisions' pamphlets, posters, and other materials available not only to their own members but throughout their communities. Reports from regional and field offices reveal an ever-increasing demand for speakers at meetings of all kinds, and for copies of leaflets about the Act in both English and Spanish.

In fiscal 1969, more than 11,000 compliance contacts were initiated directly with employers to inform them of the provisions of the law and of their responsibility to comply. Such contacts in some cases opened employment opportunities to middle-aged and older workers, or corrected violative practices without need for enforcement action. Similar contacts were also made with employment agency and labor union representatives, in an effort to seek their active cooperation and to inform them of their responsibilities under the Act.

While much has been accomplished, a great deal still remains to be done in achieving compliance with the Act. Plans for the future include increased promotional activity and a conference to focus more attention on the problem of age discrimination in employment and ways to combat it.

## V. REGULATIONS AND INTERPRETATIONS

During the past year, new sections were added to Title 29, Code of Federal Regulations, (Subchapter C of Chapter V), for the purpose of defining the recordkeeping and posting requirements under the Act, clarifying the Secretary of Labor's rulemaking authority, and providing additional interpretative guidelines.

Part 850 [Records to be made or kept relating to age; notices to be posted; administrative exemptions], which was first published as temporary regulations in the Federal Register on May 24, 1968, was published in revised form as a new proposal on August 26, 1969, with a 30-day period provided for comment. The revised regulations, as adopted, appeared in the Federal Register on December 4, 1969, and are now effective. They specify the form and types of records which must be kept by employers, employment agencies and labor organizations, set forth the posting requirements, outline the procedures by which administrative exemptions may be requested, and include the details of such specific exemptions.

Although certain basic records such as the individual's name, address, date of birth and rate of pay, are required to be kept by employers for 3 years, the period of retention for records relating, among others, to hiring, training, promotion, physical examinations, and help-wanted advertisements, was reduced in the revised regulations to one year in general, and to 90 days in the case of temporary employees. Employment agencies and labor organizations must also keep on file, as required by the regulations, records which relate to their responsibilities under the Act, as specified.

Regulations, Part 850, was modified in June 1969 to include a specific exemption, granted under the Secretary's rulemaking authority, from all provisions of the Act for employment programs under Federal grants or contracts which are designed exclusively to promote job opportunities for the disadvantaged. Included in the exemption, for example, are such activities under the Manpower Development and Training Act and the Economic Opportunity Act.

Part 860 [Interpretations] provides a practical guide to employers, employment agencies, labor organizations, and to persons protected by the Act, as to how the WHPC Divisions administer and enforce it. During 1969 two additional sections of these guidelines were published. These discuss the application of the Act to certain types of employee benefit and retirement programs, define the geographical scope of coverage and supplement certain subsections of the Interpretations as previously published.

Copies of the regulations and interpretations are included in Appendix A.<sup>3</sup>

## VI. COMPLIANCE ACTIVITY

During the first few months of our experience under the new law, Wage-Hour compliance officers were instructed to schedule investigations concurrently with those made under the Fair Labor Standards Act and the other laws administered and enforced by the Divisions. After a careful study was made of this procedure, it appeared that violations of the Age Discrimination in Employment Act were more likely to occur in large business establishments which are generally in compliance with the Fair Labor Standards Act, rather than in smaller firms. Our compliance officers are therefore concentrating their efforts now in areas where there is clearly the greatest need.

More than 25,000 establishments were investigated in Fiscal 1969, the first full year of operation under the Act, to determine compliance with its provisions. Included in this number were special "directed" investigations which were arranged where there was evidence of discriminatory practices and where complaints were received. Overall, slightly less than 500 establishments were found in violation and corrective action was taken. The violations were concentrated among establishments investigated under the program of directed investigations and among those investigated as a result of complaints. Complaints are currently being received at a rate of approximately 100 per month and are promptly investigated.

The greatest number of violations, about half the total, related to illegal job advertising by employers as well as employment agencies. There were two other types of violations which occurred with some degree of frequency: (1) the refusal by employers to hire workers aged 40 to 65 on account of age; and (2) the failure of employment agencies to refer applicants in that age bracket.

<sup>3</sup> See exhibits, p. 1334.

Illegal employment advertising was the most frequent noncompliance practice found in directed investigations. Almost half of the violations found in complaint investigations involved the refusal to hire applicants on account of age.

Violations appeared to be slightly more prevalent in the southern regions, where 2.5 percent of all investigated establishments were found in some form of noncompliance with the Act, compared to 1.6 percent in nonsouthern regions.

As mentioned earlier, a major emphasis in the enforcement program is on obtaining voluntary compliance with the Act through informal methods of conciliation, conference, and persuasion. It is only after such attempts have failed that the civil remedies and recovery procedures of the FISA are available for enforcement of the age discrimination law.

Efforts at conciliation have so far been generally successful, although legal action is presently under consideration in some cases. In the year just ended it was necessary to file only one lawsuit under the Act. In this instance the Secretary of Labor, after all efforts to achieve voluntary compliance had failed, asked the Federal District Court in Chicago for a permanent injunction to restrain a transportation firm from violating the statute.

It is particularly gratifying to note that the amicable settlement of individual complaints of age discrimination at local branches of a number of large, nationally known businesses resulted in widespread voluntary compliance by these firms on a nationwide basis. These firms include a large telephone company, a steel company, a food processing firm, an insurance company, an auto manufacturer, two supermarket chains and two railroads.

Typical of individual complaints is the case of a 55-year old man who was denied employment as a warehouse worker because of his age. He had applied for the job in January 1968 (before the effective date of the ADEA) and again in July 1968 when he was told he was, at age 55, "too old for the work." In January 1969 he applied a third time, was denied employment and furnished a "short form application" which stated there were no vacancies. As a result of the Divisions' efforts, the company offered him a job and paid him \$1,599 in back wages. In addition the company has since hired three other men over 40 years of age.

In another case a 59-year old couple was offered employment and received a check for more than \$2,800 in back wages, because of the law and the Divisions' activities. They had applied to the district manager of a chain store organization for work at one of the stores, which are customarily managed by husband-and-wife teams. The district manager wrote in reply that their resume merited consideration, but it was company policy to hire only persons under 55 for these positions. When a representative of the WHPC Divisions noted the couple's resume was fully as impressive as those submitted by other applicants, a high official of the company reached for the telephone, made a long-distance call to the couple, and offered them a job.

In still another case, three snack-bar employees, one age 62, another 50, and another 55 were discharged by their employer on the basis that he thought business would improve if younger employees were employed (in discussing the discharge with one of the employees, the employer stated he wanted to put "young chicks" to work). Confronted with the violation, the employer claimed that the inefficiency claimed simply could not be substantiated. The employer also erred when he advertised for replacement employees between the ages of 21-35. There was a happy ending for the complainants. After the compliance officer pointed out the applicability of the ADEA to the employer, these three employees were offered their jobs back and received back wages amounting to over \$4,300.

The Divisions have, as provided by the Act, supervised the financial restitution to persons who were denied either initial hiring, or certain job benefits for those who were already working. More importantly, however, in practically all such cases the work of the compliance officers in the field has insured future compliance with the ADEA which, in turn, has resulted in immeasurable benefits such as proper consideration for employment and promotion for a large segment of our workforce composed of persons age 40 to 65.

Similar cooperation has been shown by employment agencies and labor organizations, and also from a number of newspaper and magazine publishers throughout the country who have printed notices about the ADEA as a public service to the Divisions and to their help-wanted advertisers.

Reports were received from area offices of the Wage and Hour and Public Contracts Divisions concerning specified or implied age discrimination in help-wanted advertisements in each area. More than 125,000 employment advertisements in 141 newspapers published in 93 cities were reviewed. Fewer than one percent specified age limits in violation of the ODEA and about two percent implied age limits through the use of language such as "young man", "boy", "girl", "recent graduate", etc. About half of these ads using discriminatory language were inserted by employers who were probably covered under the ADEA.

#### VII. STATE AGE DISCRIMINATION LAWS

During the last year, one additional State (New Mexico) has enacted a statute relating to age discrimination in employment. In addition, Maryland, Oregon, and Puerto Rico revised their existing age discrimination statutes. Maryland reduced the minimum age limitation specified from 45 to 18 years of age; Oregon expanded its coverage provisions by removing the exemption provided to employers of less than six employees; and Puerto Rico provided for stronger penalties against violators of its age discrimination statute.

With the addition of New Mexico, there are currently 27 States and Puerto Rico, with age discrimination statutes in effect. The statutes in 16 of these apply to employers, employment agencies and labor organizations; eight of these 16 statutes also apply to employment by State and/or local governments. In eight additional States, the statutes apply only to employers or persons conducting business in the State. The statutes of two States (Illinois and Indiana) apply to employers, labor organizations and State government employment, but exclude employment agencies; while the Texas statute applies only to employment by the State and its political subdivisions.

The age discrimination laws in three of the 27 jurisdictions do not specify age limitations, while about half of the remaining State laws extend protection to persons aged 40 to 65.

Unlawful employment practices specified in State laws range from refusal to hire or discharge because of age as a minimum prohibition, to a combination of these practices including discrimination in compensation, terms, conditions, or privileges of employment. Advertising or publishing or using application forms which suggest age limitations, and excluding or expelling or discriminating in any way by labor unions are some of the other prohibited practices listed by State in Appendix B.<sup>4</sup>

#### VIII. APPRAISAL OF AGE COMPOSITION AND OTHER MATTERS

Despite the forecast of a declining trend in the proportion of persons in the 40 to 65 year age group during the coming years, they will continue to represent a sizeable segment of the labor force. The fact that the age composition of the population has not changed appreciably since the Act became effective combined with the experience gained in matters covered by the statute have led to the conclusion that a recommendation regarding further legislation would not be appropriate at this time.

In the first report under section 13 of the Act, which was submitted to the Congress in January 1969, it was indicated that the Divisions were considering plans to make specific studies of three industries—air transportation, banking, and electrical machinery and equipment manufacturing—where there was a markedly lower percentage of employees 45 years and older than is true of employment in general.<sup>5</sup> Data available from secondary sources, including some unpublished material, were thoroughly researched, but no useful data could be found. It was not possible to obtain the additional resources necessary to design and carry out a survey yielding primary data.

<sup>4</sup> See exhibits, p. 1337.

<sup>5</sup> This statement was based on tabulation of data from the 1960 Census of Population.

U. S. DEPARTMENT OF LABOR  
WAGE AND LABOR STANDARDS ADMINISTRATION  
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

**PART 850 (29 CFR) — RECORDS TO BE MADE OR KEPT RELATING TO AGE; NOTICES TO BE POSTED; ADMINISTRATIVE EXEMPTIONS**

*(Reprinted from the Federal Register of December 4, 1969)*

**Title 29—LABOR**

**Chapter V—Wage and Hour Division,  
Department of Labor**

**SUBCHAPTER C—AGE DISCRIMINATION IN  
EMPLOYMENT**

**PART 850—RECORDS TO BE MADE OR  
KEPT RELATING TO AGE; NOTICES  
TO BE POSTED; ADMINISTRATIVE  
EXEMPTIONS**

**Change in Recordkeeping  
Requirements**

On August 28, 1969, there was published in the FEDERAL REGISTER (34 F.R. 13668) notice of a proposal to revise Part 850 of Title 29, Code of Federal Regulations, in order to change the temporary recordmaking and recordkeeping requirements promulgated under the Age Discrimination in Employment Act of 1967 (29 U.S.C. 629), and section 11 of the Fair Labor Standards Act of 1938 (29 U.S.C. 211).

Interested persons were invited to submit written data, views, or argument. After consideration of all relevant matter presented, and pursuant to section 7 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 629) and section 11 of the Fair Labor Standards Act of 1938 (29 U.S.C. 211), and Secretary of Labor's Orders No. 10-68 (33 F.R. 9729) and No. 11-68 (33 F.R. 9690), the revision as so proposed is hereby adopted, subject to the following changes:

1. In subparagraph (2) of § 850.3(b), the first sentence is deleted and the following sentence is inserted in its place: "Every employer shall keep on file any employee benefit plans such as pension and insurance plans, as well as copies of any seniority systems and merit systems which are in writing, for the full period the plan or system is in effect, and for at least 1 year after its termination."

2. In § 850.16, The first two sentences are designated as paragraph (a).

3. In § 850.16, The words "paragraph (b) of this section" in the first sentence are changed to "§ 850.15(b) of this part".

4. In § 850.16, The word "provisions" in the first sentence is changed to "prohibitions".

5. In § 850.16, The following paragraph is added and designated as paragraph (b):

(b) Any employer, employment agency, or labor organization the activities of

which are exempt from the prohibitions of the Act under paragraph (a) of this section shall maintain and preserve records containing the same information and data that is required of employers, employment agencies, and labor organizations under §§ 850.3, 850.4, and 850.5, respectively.

This revision shall become effective 30 days following the date of its publication in the FEDERAL REGISTER.

Signed at Washington, D.C., this 26th day of November 1969.

ROBERT D. MORAN,  
Administrator, Wage and Hour  
and Public Contracts Divisions.

**PART 850—RECORDS TO BE MADE OR  
KEPT RELATING TO AGE; NOTICES  
TO BE POSTED; ADMINISTRATIVE  
EXEMPTIONS**

**Subpart A—General**

- Sec. 850.1 Purpose and scope.
- Subpart B—Records To Be Made or Kept Relating To Age; Notices To Be Posted**
- 850.2 Forms of records.  
850.3 Records to be kept by employers.  
850.4 Records to be kept by employment agencies.  
850.5 Records to be kept by labor organizations.  
850.6 Availability of records for inspection.  
850.7 Transcriptions and reports.  
850.8-850.9 [Reserved].  
850.10 Notices to be posted.  
850.11 Petitions for recordkeeping exceptions.

**Subpart C—Administrative Exemptions**

- Sec. 850.15 Administrative exemptions; procedures.  
850.16 Specific exemptions.
- AUTHORITY:** The provisions of this Part 850 issued under sec. 7, 51 Stat. 604; 29 U.S.C. 626; sec. 11, 52 Stat. 1068, as amended, 29 U.S.C. 211.

**Subpart A—General**

**§ 850.1 Purpose and scope.**

(a) Section 7 of the Age Discrimination in Employment Act of 1967 (hereinafter referred to in this part as the Act) empowers the Secretary of Labor to require the keeping of records which are necessary or appropriate for the administration of the Act in accordance with the powers contained in section 11 of the Fair Labor Standards Act of 1938, Subpart B

of this part sets forth the recordkeeping and posting requirements which are prescribed by the Secretary of Labor for employers, employment agencies, and labor organizations which are subject to the Act. Reference should be made to section 11 of the Act for definitions of the terms "employer", "employment agency", and "labor organization". General interpretations of the Act and of this part are published in Part 860 of this chapter. This part also reflects pertinent delegations of the Secretary of Labor's duties to the Administrator of the Wage and Hour and Public Contracts Divisions.

(b) Subpart C of this part sets forth the Department of Labor's rules under section 9 of the Act providing that the Secretary of Labor may establish reasonable exemptions to and from any or all provisions of the Act as he may find necessary and proper in the public interest.

**Subpart B—Records To Be Made or Kept Relating to Age; Notices To Be Posted**

**§ 850.2 Forms of records.**

No particular order or form of records is required by the regulations in this Part 850. It is required only that the records contain in some form the information specified. If the information required is available in records kept for other purposes, or can be obtained readily by recomputing or extending data recorded in some other form, no further records are required to be made or kept on a routine basis by this Part 850.

**§ 850.3 Records to be kept by employers.**

(a) Every employer shall make and keep for 3 years payroll or other records for each of his employees which contain:

- (1) Name;
- (2) Address;
- (3) Date of birth;
- (4) Occupation;
- (5) Rate of pay, and
- (6) Compensation earned each week.

(b) (1) Every employer who, in the regular course of his business, makes, obtains, or uses, any personnel or employment records related to the following, shall, except as provided in subparagraphs (3) and (4) of this paragraph, keep them for a period of 1 year from the date of the personnel action to which any records relate:

- (1) Job applications, resumes, or any other form of employment inquiry whenever submitted to the employer in response to his advertisement or other

notice of existing or anticipated job openings, including records pertaining to the failure or refusal to hire any individual.

(ii) Promotion, demotion, transfer, selection for training, layoff, recall, or discharge of any employee.

(iii) Job orders submitted by the employer to an employment agency or labor organization for recruitment of personnel for job openings.

(iv) Test papers completed by applicants or candidates for any position which disclose the results of any employer-administered aptitude or other employment test considered by the employer in connection with any personnel action.

(v) The results of any physical examination where such examination is considered by the employer in connection with any personnel action.

(vi) Any advertisements or notices to the public or to employees relating to job openings, promotions, training programs, or opportunities for overtime work.

(2) Every employer shall keep on file any employee benefit plans such as pension and insurance plans, as well as copies of any seniority systems and merit systems which are in writing, for the full period the plan or system is in effect, and for at least 1 year after its termination. If the plan or system is not in writing, a memorandum fully outlining the terms of such plan or system and the manner in which it has been communicated to the affected employees, together with notations relating to any changes or revisions thereto, shall be kept on file for a like period.

(3) In the case of application forms and other preemployment records of applicants for positions which are, and are known by applicants to be, of a temporary nature, every record required to be kept under subparagraph (1) of this paragraph shall be kept for a period of 90 days from the date of the personnel action to which the record relates.

(4) When an enforcement action is commenced under section 7 of the Act regarding a particular applicant or employee, the Administrator may require the employer to retain any record required to be kept under subparagraph (1), (2), or (3) of this paragraph which is relative to such action until the final disposition thereof.

#### § 850.4 Records to be kept by employment agencies.

(a)(1) Every employment agency which, in the regular course of its business, makes, obtains, or uses, any records related to the following, shall, except as provided in subparagraphs (2) and (3) of this paragraph, keep them for a period of 1 year from the date of the action to which the records relate:

(i) Placements;

(ii) Referrals, where an individual is referred to an employer for a known or reasonably anticipated job opening;

(iii) Job orders from employers seeking individuals for job openings;

(iv) Job applications, resumes, or any other form of employment inquiry or record of any individual which identifies his qualifications for employment, whether for a known job opening at the time of submission or for future referral to an employer;

(v) Test papers completed by applicants or candidates for any position which disclose the results of any agency-administered aptitude or other employment test considered by the agency in connection with any referrals;

(vi) Advertisements or notices relative to job openings.

(2) In the case of application forms and other preemployment records of applicants for positions which are, and are known by applicants to be, of a temporary nature, every record required to be kept under subparagraph (1) of this paragraph shall be kept for a period of 90 days from the date of the making or obtaining of the record involved.

(3) When an enforcement action is commenced under section 7 of the Act regarding a particular applicant, the Administrator may require the employment agency to retain any record required to be kept under subparagraph (1) or (2) of this paragraph which is relative to such action until the final disposition thereof.

(b) Whenever an employment agency has an obligation as an "employer" or a "labor organization" under the Act, the employment agency must also comply with the recordkeeping requirements set forth in § 850.3 or § 850.5, as appropriate.

§ 850.5 Records to be kept by labor organizations.

(a) Every labor organization shall keep current records identifying its members by name, address, and date of birth.

(b) Every labor organization shall, except as provided in paragraph (c) of this section, keep for a period of 1 year from the making thereof, a record of the name, address, and age of any individual seeking membership in the organization. An individual seeking membership is considered to be a person who files an application for membership or who, in some other manner, indicates a specific intention to be considered for membership, but does not include any individual who is serving for a stated limited probationary period prior to permanent employment and formal union membership. A person who merely makes an inquiry about the labor organization or, for example, about its general program, is not considered to be an individual seeking membership in a labor organization.

(c) When an enforcement action is commenced under section 7 of the Act regarding a labor organization, the Administrator may require the labor organization to retain any record required to be kept under paragraph (b) of this section which is relative to such action until the final disposition thereof.

(d) Whenever a labor organization has an obligation as an "employer" or as an "employment agency" under the Act, the labor organization must also comply with the recordkeeping requirements set forth in § 850.3 or § 850.5, as appropriate.

§ 850.6 Availability of records for inspection.

(a) Place records are to be kept. The records required to be kept by this part shall be kept safe and accessible at the place of employment or business at which the individual to whom they relate is employed or has applied for employment or membership, or at one or more established central recordkeeping offices.

(b) Inspection of records. All records required by this part to be kept shall be made available for inspection and transcription by authorized representatives of the Administrator during business hours generally observed by the office at which they are kept or in the community generally. Where records are maintained at a central recordkeeping office pursuant to paragraph (a) of this section, such records shall be made available at the office at which they would otherwise be required to be kept within 72 hours following request from the Administrator or his authorized representative.

§ 850.7 Transcriptions and reports.

Every person required to maintain records under the Act shall make such extension, recomputation or transcriptions of his records and shall submit such reports concerning actions taken and limitations and classifications of individuals set forth in records as the Administrator or his authorized representative may request in writing.

§§ 850.8—850.9 [Reserved]

§ 850.10 Notices to be posted.

Every employer, employment agency, and labor organization which has an obligation under the Age Discrimination in Employment Act of 1967 shall post and keep posted in conspicuous places upon its premises the notice pertaining to the applicability of the Act prescribed by the Secretary of Labor or his authorized representative. Such a notice must be posted in prominent and accessible places where it can readily be observed by employees, applicants for employment and union members.

§ 850.11 Petitions for recordkeeping exceptions.

(a) Submission of petitions for relief. Each employer, employment agency, or labor organization who for good cause wishes to maintain records in a manner other than required in this part, or to be relieved of preserving certain records for the period or periods prescribed in this part, may submit in writing a petition to the Administrator requesting such relief setting forth the reasons therefor and proposing alternative recordkeeping or record-retention procedures.

(b) Action on petitions. If, on review of the petition and after completion of any necessary or appropriate investi-

gation supplementary thereto, the Administrator shall find that the alternative procedure proposed, if granted, will not hamper or interfere with the enforcement of the Act, and will be of equivalent usefulness in its enforcement, the Administrator may grant the petition subject to such conditions as he may determine appropriate and subject to revocation. Whenever any relief granted to any person is sought to be revoked for failure to comply with the conditions of the Administrator, that person shall be notified in writing of the facts constituting such failure and afforded an opportunity to achieve or demonstrate compliance.

(c) *Compliance after submission of petitions.* The submission of a petition or any delay of the Administrator in acting upon such petition shall not relieve any employer, employment agency, or labor organization from any obligations to comply with this part. However, the Administrator shall give notice of the denial of any petition with due promptness.

#### Subpart C—Administrative Exemptions

##### § 850.15 Administrative exemptions; procedures.

(a) Section 9 of the Act provides that, "In accordance with the provisions of subchapter II of chapter 5, of title 5, United States Code, the Secretary of Labor \* \* \* may establish such reasonable exemptions to and from any or all provisions of this Act as he may find necessary and proper in the public interest."

(b) The authority conferred on the Secretary by section 9 of the Act to establish reasonable exemptions will be exercised with caution and due regard for the remedial purpose of the statute to promote employment of older persons based on their ability rather than age and to prohibit arbitrary age discrimination in employment. Administrative action consistent with this statutory purpose may be taken under this section, with or without a request therefor, when found necessary and proper in the public

interest in accordance with the statutory standards. No formal procedures have been prescribed for requesting such action. However, a reasonable exemption from the Act's provisions will be granted only if it is decided, after notice published in the *Federal Register* giving all interested persons an opportunity to present data, views, or arguments, that a strong and affirmative showing has been made that such exemption is in fact necessary and proper in the public interest. Request for such exemption shall be submitted in writing to the Administrator.

##### § 850.16 Specific exemptions.

(a) Pursuant to the authority contained in section 9 of the Act and in accordance with the procedure provided therein and in § 850.15(b) of this part, it has been found necessary and proper in the public interest to exempt from all prohibitions of the Act all activities and programs under Federal contracts or grants, or carried out by the public employment services of the several States, designed exclusively to provide employment for, or to encourage the employment of, persons with special employment problems, including employment activities and programs under the Manpower Development and Training Act of 1962, as amended, and the Economic Opportunity Act of 1964, as amended, for persons among the long-term unemployed, handicapped, members of minority groups, older workers, or youth. Questions concerning the application of this exemption shall be referred to the Administrator for decision.

(b) Any employer, employment agency, or labor organization the activities of which are exempt from the prohibitions of the Act under paragraph (a) of this section shall maintain and preserve records containing the same information and data that is required of employers, employment agencies, and labor organizations under §§ 850.3, 850.4, and 850.5, respectively.

[P.R. Doc. 69-14434; Filed, Dec. 3, 1969; 8:50 a.m.]

U.S. DEPARTMENT OF LABOR  
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

PART 860 (29 CFR) - INTERPRETATIONS

*(Reprinted from the Federal Register of June 21, 1968)*

## Title 29—LABOR

### Chapter V—Wage and Hour Division, Department of Labor

#### SUBCHAPTER C—AGE DISCRIMINATION IN EMPLOYMENT

#### PART 860—INTERPRETATIONS

Pursuant to authority in the Age Discrimination in Employment Act of 1967 (29 U.S.C. 620), 5 U.S.C. 301, and in Secretary's Orders No. 10-68 and No. 11-68, there is hereby added to 29 CFR Chapter V, Subchapter C, a new part numbered 860 entitled "Interpretations", to read as set forth below.

These are interpretative rules, and are thus exempt from section 4 (a) and (c) of the Administrative Procedure Act (5 U.S.C. 533 (a) and (c)). I do not believe such procedure or delay will serve a useful purpose here. Accordingly, these rules will be effective immediately.

The new Part 860 reads as follows:

- Sec.  
860.91 Purpose of this part.  
860.91 Age discrimination within the age bracket of 40-65.  
860.92 Help wanted notices or advertisements.  
860.102 Bona fide occupational qualifications.  
860.103 Differentiations based on reasonable factors other than age.

**ADVISORY:** The provisions of this part are issued under 81 Stat. 602; 29 U.S.C. 620, 5 U.S.C. 301, Secretary's Order No. 10-68, and Secretary's Order No. 11-68.

#### § 860.1 Purpose of this part.

This part is intended to provide an interpretative bulletin on the Age Discrimination in Employment Act of 1967 like Subchapter B of this title relating to the Fair Labor Standards Act of 1938. Such interpretations of this Act are published to provide "a practical guide to employers and employees as to how the office representing the public interest in its enforcement will seek to apply it" (Skidmore v. Swift & Co., 323 U.S. 134, 138). These interpretations indicate the construction of the law which the Department of Labor believes to be correct, and which will guide it in the performance of its administrative and enforcement duties under the Act unless and until it is otherwise directed by authoritative decisions of the Courts or concludes, upon reexamination of an interpretation, that it is incorrect.

#### § 860.91 Discrimination within the age bracket of 40-65.

(a) Although section 4 of the Act broadly makes unlawful various types of age discrimination by employers, employment agencies, and labor organizations, section 12 limits this protection to individuals who are at least 40 years of age but less than 65 years of age. Thus, for example it is unlawful in situations where this Act applies, for an employer to discriminate in hiring or in any other way by giving preference because of age to an individual 30 years old over another individual who is within the 40-65 age bracket limitation of section 12. Similarly, an employer will have violated the Act, in situations where it applies, when one individual within the age bracket of 40-65 is given job preference in hiring, assignment, promotion or any other term, condition, or privilege of employment, on the basis of age, over another individual within the same age bracket.

(b) Thus, if two men apply for employment to which the Act applies, and one is 42 and the other 52, the personnel officer or employer may not lawfully turn down either one on the basis of his age; he must make his decision on the basis of other factors, such as the capabilities and experience of the two individuals. The Act, however, does not restrain age discrimination between two individuals 25 and 35 years of age.

#### § 860.92 Help wanted notices or advertisements.

(a) Section 4(e) of the Act prohibits "an employer, labor organization, or employment agency" from using printed or published notices or advertisements indicating any preference, limitation, specification, or discrimination, based on age.

(b) When help wanted notices or advertisements contain terms and phrases such as "age 25 to 35," "young," "boy," "girl," or others of a similar nature which indicate a preference for a particular age, range of ages, or for a young age group, such a term or phrase discriminates against the employment of older persons and is in violation of the Act, unless it comes within one of the exceptions, such as the one discussed in § 860.102.

(c) However, help wanted notices or advertisements which include a term or

phrase such as "college graduate," or other educational requirement, or specify a minimum age less than 40, such as "not under 18" or "not under 21," are not prohibited by the statute.

(d) The use of the phrase "state age" in help wanted notices or advertisements is not, in itself, a violation of the statute. But because the request that an applicant state his age may tend to deter older applicants or otherwise indicate a discrimination based on age, employment notices or advertisements which include the phrase "state age," or any similar term, will be closely scrutinized to assure that the request is for a permissible purpose and not for purposes proscribed by the statute.

(e) There is no provision in the statute which prohibits an individual seeking employment through advertising from specifying his own age.

#### § 860.102 Bona fide occupational qualifications.

(a) Section 4(f) (1) of the Act provides that "It shall not be unlawful for an employer, employment agency, or labor organization . . . to take any action otherwise prohibited under subsections (a), (b), (c), or (e) of this section where age is a bona fide occupational qualification reasonably necessary to the normal operation of the particular business . . ."

(b) Whether occupational qualifications will be deemed to be "bona fide" and "reasonably necessary to the normal operation of the particular business", will be determined on the basis of all the pertinent facts surrounding each particular situation. It is anticipated that this concept of a bona fide occupational qualification will have limited scope and application. Further, as this is an exception it must be construed narrowly, and the burden of proof in establishing that it applies is the responsibility of the employer, employment agency, or labor organization which relies upon it.

(c) The following are illustrations of possible bona fide occupational qualifications.

(d) Federal statutory and regulatory requirements which provide compulsory age limitations for hiring or compulsory retirement, without reference to the individual's actual physical condition at the terminal age, when such conditions are clearly imposed for the safety and

convenience of the public. This exception would apply, for example, to airline pilots within the jurisdiction of the Federal Aviation Agency. Federal Aviation Agency regulations do not permit airline pilots to engage in carrier operations, as pilots, after they reach age 60.

(e) A bona fide occupational qualification will also be recognized in certain special, individual occupational circumstances, e.g., actors required for youthful or elderly characterizations or roles, and persons used to advertise or promote the sale of products designed for, and directed to appeal exclusively to, either youthful or elderly consumers.

§ 860.103 Differentiations based on reasonable factors other than age.

(a) Section 4(f) (1) of the Act provides that "It shall not be unlawful for an employer, employment agency, or labor organization . . . to take any action otherwise prohibited under subsections (b), (c), or (e) of this section . . . where the differentiation is based on reasonable factors other than age; . . ."

(b) No precise and unequivocal determination can be made as to the scope of the phrase "differentiation based on reasonable factors other than age." Whether such differentiations exist must be decided on the basis of all the particular facts and circumstances surrounding each individual situation.

(c) It should be kept in mind that it was not the purpose or intent of Congress in enacting this Act to require the employment of anyone, regardless of age, who is disqualified on grounds other than age from performing a particular job. The clear purpose is to insure that age, within the limits prescribed by the Act, is not a determining factor in making any decision regarding hiring, dismissal, promotion or any other term, condition or privilege of employment of an individual.

(d) The reasonableness of a differentiation will be determined on an individual, case by case basis, not on the basis of any general or class concept, with unusual working conditions given weight according to their individual merit.

(e) Further, in accord with a long chain of decisions of the Supreme Court of the United States with respect to other remedial labor legislation, all exceptions such as this must be construed narrowly, and the burden of proof in establishing the applicability of the exception will rest upon the employer, employment agency or labor union which seeks to invoke it.

(f) Where the particular facts and circumstances in individual situations warrant such a conclusion, the following factors are among those which may be recognized as supporting a differentiation based on reasonable factors other than age:

(1) (i) Physical fitness requirements based upon preemployment or periodic physical examinations relating to minimum standards for employment: *Provided, however*, That such standards are reasonably necessary for the specific work to be performed and are uniformly and equally applied to all applicants for the particular job category, regardless of age.

(ii) Thus, a differentiation based on a physical examination, but not one based on age, may be recognized as reasonable in certain job situations which necessitate stringent physical requirements due to inherent occupational factors such as the safety of the individual employees or of other persons in their charge, or those occupations which by nature are particularly hazardous: For example, iron workers, bridge builders, sandhogs, underwater demolition men, and other similar job classifications which require rapid reflexes or a high degree of speed, coordination, dexterity, endurance, or strength.

(iii) However, a claim for a differentiation will not be permitted on the basis of an employer's assumption that every employee over a certain age in a particular type of job usually becomes physically unable to perform the duties of that job. There is medical evidence, for example, to support the contention that such is generally not the case. In many instances, an individual at age 60 may be physically capable of performing heavy-lifting on a job, whereas another

individual of age 30 may be physically incapable of doing so.

(2) Evaluation factors such as quantity or quality of production, or educational level, would be acceptable bases for differentiation when, in the individual case, such factors are shown to have a valid relationship to job requirements and where the criteria or personnel policy establishing such factors are applied uniformly to all employees, regardless of age.

(g) The foregoing are intended only as examples of differentiations based on reasonable factors other than age, and do not constitute a complete or exhaustive list or limitation. It should always be kept in mind that even in situations where experience has shown that most elderly persons do not have certain qualifications which are essential to those who hold certain jobs, some may have them even though they have attained the age of 60 or 64, and thus discrimination based on age is forbidden.

(h) It should also be made clear that a general assertion that the average cost of employing older workers as a group is higher than the average cost of employing younger workers as a group will not be recognized as a differentiation under the terms and provisions of the Act, unless one of the other statutory exceptions applies. To classify or group employees solely on the basis of age for the purpose of comparing costs, or for any other purpose, necessarily rests on the assumption that the age factor alone may be used to justify a differentiation—an assumption plainly contrary to the terms of the Act and the purpose of Congress in enacting it. Differentials so based would serve only to perpetuate and promote the very discrimination at which the Act is directed.

Signed at Washington, D.C., this 18th day of June 1968.

BEN P. ROBERTSON,  
Acting Administrator.

[P.R. Doc. 68-7404; Filed, June 20, 1968; 8:51 a.m.]

U.S. DEPARTMENT OF LABOR  
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

PART 860 (29 CFR) - INTERPRETATIONS

Miscellaneous Amendments

*(Reprinted from the Federal Register of August 30, 1968)*

## Title 29—LABOR

### Chapter V—Wage and Hour Division, Department of Labor

#### SUBCHAPTER C—AGE DISCRIMINATION IN EMPLOYMENT

#### PART 860—INTERPRETATIONS

##### Miscellaneous Amendments

Pursuant to the Age Discrimination in Employment Act of 1967 (81 Stat. 602; 29 U.S.C. 620) and Secretary's Orders No. 10-68 (33 F.R. 9729) and No. 11-68 (33 F.R. 9690), 29 CFR Part 860 is hereby amended by adding thereto new §§ 860.50, 860.95, 860.105, and 860.110, to read as set forth below.

As these new sections contain only interpretative rules and are not substantive, subsections (b), (c), and (d) of 5 U.S.C. 553 do not apply. I do not believe that either general notice of proposed rule making and public participation therein or delay in effective date would serve a useful purpose here. Accordingly, these rules shall be effective immediately.

1. The new § 860.50 reads as follows:

§ 860.50 "Compensation, terms, conditions, or privileges of employment

(a) Section 4(a)(1) of the Act specifies that it is unlawful for an employer "to fail or refuse to hire or to discharge any individual or otherwise discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's age."

(b) The term "compensation" includes all types and methods of remuneration paid to or on behalf of or received by an employee for his employment.

(c) The phrase "terms, conditions, or privileges of employment" encompasses a wide and varied range of job-related factors including, but not limited to, job security, advancement, status, and benefits. The following are examples of some of the more common terms, conditions, or privileges of employment: The many and varied employee advantages generally regarded as being within the phrase "fringe benefits," promotion, demotion or other disciplinary action, hours of work (including overtime), leave policy (including sick leave, vacation, holidays), career development programs, and seniority or merit systems (which govern such conditions as transfer, assignment, job retention, layoff and recall). An employer will be deemed to

have violated the Act if he discriminates against any individual within its protection because of age with respect to any terms, conditions, or privileges of employment, such as the above, unless a statutory exception applies.

2. The new § 860.95 reads as follows:  
§ 860.95 Job applications.

The term "job applications", within the meaning of the recordkeeping regulations under the Act (Part 850 of this chapter), refers to all inquiries about employment or applications for employment or promotion including, but not limited to, résumés or other summaries of the applicant's background. It relates not only to preemployment inquiries but to inquiries by employees concerning terms, conditions, or privileges of employment as specified in section 4 of the statute. As in the case with help wanted notices or advertisements (see § 860.92), a request on the part of an employer, employment agency, or labor organization for information such as "Date of Birth" or "State Age" on an employment application form is not, in itself, a violation of the Age Discrimination in Employment Act of 1967. But because the request that an applicant state his age may tend to deter older applicants or otherwise indicate a discrimination based on age, employment application forms which request such information in the above, or any similar phrase, will be closely scrutinized to assure that the request is for a permissible purpose and not for purposes proscribed by the statute. That the purpose is not one proscribed by the statute should be made known to the applicant, as by a reference on the application form to the statutory prohibition in language to the following effect: "The Age Discrimination in Employment Act of 1967 prohibits discrimination on the basis of age with respect to individuals who are at least 40 but less than 65 years of age."

3. The new § 860.105 reads as follows:

§ 860.105 Bona fide seniority systems.

Section 4(f)(2) of the Act provides that "It shall not be unlawful for an employer, employment agency, or labor organization . . . to observe the terms of a bona fide seniority system . . . which is not a subterfuge to evade the purposes of this Act . . ."

(a) Though a seniority system may be qualified by such factors as merit, capacity, or ability, any bona fide seniority

system must be based on length of service as the primary criterion for the equitable allocation of available employment opportunities and prerogatives among younger and older workers. In this regard it should be noted that a bona fide seniority system may operate, for example, on an occupational, departmental, plant, or company wide unit basis.

(b) Seniority systems not only distinguish between employees on the basis of their length of service, they normally afford greater rights to those who have the longer service. Therefore, adoption of a purported seniority system which gives those with longer service lesser rights, and results in discharge or less favored treatment to those within the protection of the Act, may, depending upon the circumstances, be a "subterfuge to evade the purposes" of the Act. Furthermore, a seniority system which has the effect of perpetuating discrimination which may have existed on the basis of age prior to the effective date of the Act will not be recognized as "bona fide."

(c) Unless the essential terms and conditions of an alleged seniority system have been communicated to the affected employees and can be shown to be applied uniformly to all of those affected, regardless of age, it will also be regarded as lacking the necessary bona fides to qualify for the exception.

(d) It should be noted that seniority systems which segregate, classify, or otherwise discriminate against individuals on the basis of race, color, religion, sex, or national origin, are prohibited under Title VII of the Civil Rights Act of 1964, where that Act otherwise applies. Neither will such systems be regarded as "bona fide" within the meaning of section 4(f)(2) of the Age Discrimination in Employment Act of 1967.

4. The new § 860.110 reads as follows:

§ 860.110 Involuntary retirement before age 65.

Section 4(f)(2) of the Act provides that "It shall not be unlawful for an employer, employment agency, or labor organization . . . to observe the terms of . . . any bona fide employee benefit plan such as a retirement, pension, or insurance plan, which is not a subterfuge to evade the purposes of this Act, except that no such employee benefit plan shall excuse the failure to hire any individual . . ." Thus, the Act authorizes involuntary retirement irrespective of age, provided that such retirement is pursuant to the terms of a retirement or pen-

slort plan meeting the requirements of section 4(f)(2). It should, however, be noted in this connection that section 5 of the Act directs the Secretary of Labor to undertake an appropriate study of institutional and other arrangements giving rise to involuntary retirement, and report his findings and any appropriate legislative recommendations to the President and to the Congress.

(81 Stat. 602; 29 U.S.C. 620. Secretary's Order No. 10-68, 33 F.R. 9729; Secretary's Order No. 11 68, 33 F.R. 9690)

Signed at Washington, D.C., this 27th day of August 1968.

CLARENCE T. LUNDQUIST,  
*Administrator.*

[P.R. Doc. 68-10519; Filed, Aug. 29, 1968;  
8:50 a.m.]

U.S. DEPARTMENT OF LABOR  
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

PART 860—INTERPRETATIONS

Miscellaneous Amendments

*(Reprint from the Federal Register of January 9, 1969)*

## Title 29—LABOR

### Chapter V—Wage and Hour Division, Department of Labor

#### SUBCHAPTER C—AGE DISCRIMINATION IN EMPLOYMENT

#### PART 860—INTERPRETATIONS

##### Miscellaneous Amendments

Pursuant to the Age Discrimination in Employment Act of 1967 (81 Stat. 602; 29 U.S.C. 620) and Secretary's Orders No. 10-68 (33 F.R. 9729) and No. 11-68 (33 F.R. 9690), 29 CFR Part 860 is hereby amended by revising § 860.110, and by adding new §§ 860.20, 860.75, 860.104, 860.106, and 860.120 to read as set forth below.

As these are interpretive rules and are not substantive, the provisions of 5 U.S.C. 553 concerning notice of proposed rule making, public participation therein, and delayed effectiveness of substantive rules, do not apply. I do not believe such procedure and delay will serve a useful purpose here. Accordingly, these rules shall be effective immediately.

1. The revised § 860.110 reads as follows:

§ 860.110 Involuntary retirement before age 65.

Section 4(f) (2) of the Act provides that "It shall not be unlawful for an employer, employment agency, or labor organization . . . to observe the terms of . . . any bona fide employee benefit plan such as a retirement, pension, or insurance plan, which is not a subterfuge to evade the purposes of this Act, except that no such employee benefit plan shall excuse the failure to hire any individual . . ." Thus, the Act authorizes involuntary retirement irrespective of age, provided that such retirement is pursuant to the terms of a retirement or pension plan meeting the requirements of section 4(f) (2). This exception does not apply to the involuntary retirement before 65 of employees who are not participants in the employer's retirement or pension program. It should be noted that section 5 of the Act directs the Secretary of Labor to undertake an appropriate study of institutional and other arrangements giving rise to involuntary retirement, and report his findings and any appropriate legislative recommendations to the President and to Congress.

2. The new § 860.20 reads as follows:

§ 860.20 Geographical scope of coverage.

The prohibitions in section 4 of the Act are considered to apply only to performance of the described discriminatory

acts in places over which the United States has sovereignty, territorial jurisdiction, or legislative control. These include principally the geographical areas set forth in the definition of the term "State" in section 11(i). There, the term State is defined to include "a State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Canal Zone, and Outer Continental Shelf lands defined in the Outer Continental Shelf Lands Act." Activities within such geographical areas which are discriminatory against protected individuals or employees are within the scope of the Act even though the activities are related to employment outside of such geographical areas.

3. The new § 860.75 reads as follows:  
§ 860.75 Wage rate reduction prohibited.

Section 4(a) (3) of the Act provides that where an age-based wage differential is paid in violation of the statute, the employer cannot correct the violation by reducing the wage rate of any employee. Thus, for example, in a situation where it has been determined that an employer has violated the Act by paying a 62-year-old employee a prohibited wage differential of 50 cents an hour less than he is paying a 30-year-old worker, in order to achieve compliance with the Act he must raise the wage rate of the older employee to equal that of the younger worker. Furthermore, the employer's obligation to comply with the statute cannot be avoided by transferring either the older or the younger employee to other work since the transfer itself would appear discriminatory under the particular facts and circumstances.

4. The new § 860.104 reads as follows:

§ 860.104 Differentiations based on reasonable factors other than age—  
Additional examples.

(a) *Employment of Social Security recipients.* (1) It is considered discriminatory for an employer to specify that he will hire only persons receiving old age Social Security insurance benefits. Such a specification could result in discrimination against other individuals within the age group covered by the Act willing to work under the wages and other conditions of employment involved, even though those wages and conditions may be peculiarly attractive to Social Security recipients. Similarly, the specification of Social Security recipients cannot be used as a convenient reference to persons of sufficient age to be eligible for old age benefits. Thus, where two persons apply for a job, one age 56, and the other age 62 and re-

ceiving Social Security benefits, the employer may not lawfully give preference in hiring to the older individual solely because he is receiving such benefits.

(2) Where a job applicant under age 65 is unwilling to accept the number or schedule of hours required by an employer as a condition for a particular job, because he is receiving Social Security benefits and is limited in the amount of wages he may earn without losing such benefits, failure to employ him would not violate the Act. An employer's condition as to the number or schedule of hours may be "a reasonable factor other than age" on which to base a differentiation.

(b) *Employee testing.* The use of a validated employee test is not, of itself, a violation of the Act when such test is specifically related to the requirements of the job, is fair and reasonable, is administered in good faith and without discrimination on the basis of age, and is properly evaluated. A vital factor in employee testing as it relates to the 40-65-age group protected by the statute is the "test-sophistication" or "test-wiseness" of the individual. Younger persons, due to the tremendous increase in the use of tests in primary and secondary schools in recent years, may generally have had more experience in test-taking than older individuals and, consequently, where an employee test is used as the sole tool or the controlling factor in the employee selection procedure, such younger persons may have an advantage over older applicants who may have had considerable on-the-job experience but who due to age, are further removed from their schooling. Therefore, situations in which an employee test is used as the sole tool or the controlling factor in the employee selection procedure will be carefully scrutinized to ensure that the test is for a permissible purpose and not for purposes prohibited by the statute.

5. The new § 860.106 reads as follows:  
**§ 860.106 Bona fide apprenticeship programs.**

Age limitations for entry into bona fide apprenticeship programs were not intended to be affected by the Act. Entry into most apprenticeship programs has traditionally been limited to youths

under specified ages. This is in recognition of the fact that apprenticeship is an extension of the educational process to prepare young men and women for skilled employment. Accordingly, the prohibitions contained in the Act will not be applied to bona fide apprenticeship programs which meet the standards specified in §§ 521.2 and 521.3 of this chapter.

6. The new § 860.120 reads as follows:  
**§860.120 Costs and benefits under employee benefit plans.**

Section 4(f)(2) of the Act provides that it is not unlawful for an employer, employment agency, or labor organization "to observe the terms of \* \* \* any bona fide employee benefit plan such as a retirement, pension, or insurance plan, which is not a subterfuge to evade the purposes of this Act, except that no such employee benefit plan shall excuse the failure to hire any individual \* \* \*". Thus, an employer is not required to provide older workers who are otherwise protected by the law with the same pension, retirement or insurance benefits as he provides to younger workers, so long as any differential between them is in accordance with the terms of a bona fide benefit plan. For example, an employer may provide lesser amounts of insurance coverage under a group insurance plan to older workers than he does to younger workers, where the plan is not a subterfuge to evade the purpose of the Act. A retirement, pension or insurance plan will be considered in compliance with the statute where the actual amount of payment made, or cost incurred, in behalf of an older worker is equal to that made or incurred in behalf of a younger worker, even though the older worker may thereby receive a lesser amount of pension or retirement benefits, or insurance coverage.

(81 Stat. 602; 29 U.S.C. 620. Secretary's Order No. 10-68, 33 F.R. 9729; Secretary's Order No. 11-68, 33 F.R. 9690)

Signed at Washington, D.C., this 3d day of January 1969.

CLARENCE T. LUNDQUIST,  
*Administrator, Wage and Hour  
 and Public Contracts Divisions.*

[F.R. Doc. 69-280; Filed, Jan. 8, 1969;  
 8:48 a.m.]

U. S. DEPARTMENT OF LABOR  
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

PART 860 (29 CFR) - INTERPRETATIONS

*(Reprinted from the Federal Register of June 21, 1969)*

## Title 29—LABOR

### Chapter V—Wage and Hour Division, Department of Labor

#### SUBCHAPTER C—AGE DISCRIMINATION IN EMPLOYMENT

### PART 860—INTERPRETATIONS

#### Miscellaneous Amendments

Pursuant to the Age Discrimination in Employment Act of 1967 (81 Stat. 602; 29 U.S.C. 620) and Secretary's Orders

No. 10-68 (33 F.R. 9729) and No. 11-68 (33 F.R. 9690), 29 CFR Part 860 is amended as set forth below.

As these are interpretive rules and are not substantive, the provisions of 5 U.S.C. 553 concerning notice of proposed rule making, public participation therein, and delay in effective date do not apply. I do not believe such procedure and delay will serve a useful purpose here. Accordingly, these rules shall be effective immediately.

1. A new § 860.30 is added to read as follows:

#### § 860.30 Definitions.

Considering the purpose of the proviso to section 7(c) of the Act as indicated in the reports of both the Senate and House Committees (see S. Rept. No. 723, 90th Cong., 1st Sess., and H. Rept. No. 805, 90th Cong., 1st Sess.) it was clearly the intent of Congress that the term "employee" in that proviso should apply to any person who has a right to bring an action under the Act, including an applicant for employment.

2. Paragraph (b) of § 860.92 is revised to read as follows:

#### § 860.92 Help wanted notices or advertisements.

(b) When help wanted notices or advertisements contain terms and phrases such as "age 25 to 35," "young," "boy," "girl," "college student," "recent college graduate," or others of a similar nature, such a term or phrase discriminates against the employment of older persons and will be considered in violation of the Act. Such specifications as "age 40 to 50," "age over 50," or "age over 65" are also considered to be prohibited. Where such specifications as "retired person" or "supplement your pension" are intended and applied so as to discriminate against others within the protected group, they too are regarded as prohibited, unless one of the exceptions applies.

3. In § 860.95, the existing language is designated as paragraph (a), and a new paragraph (b) is added to read as follows:

#### § 860.95 Job applications.

(b) An employer may limit the active period of consideration of an application so long as he treats all applicants alike regardless of age. Thus, for example, if the employer customarily retains employment applications in an active status for a period of 60 days, he will be in compliance with the Act if he so retains those of individuals in the 40 to 65 age group for an equal period of consideration as those of younger persons. Further, there is no objection to the employer advising all applicants of the above practice by means of a legend on his application forms as long as this does not suggest any limitation based on age. If it develops, however, that such a legend is used as a device to avoid consideration of the applications of older persons, or otherwise discriminate against them because of age, there would then appear to be a violation of the Act. It should be noted that this position in no way alters the recordkeeping requirements of the Act which are set forth in Part 850 of this chapter.

4. In § 860.104, a new paragraph (c) is added to read as follows:

#### § 860.104 Differentiations based on reasonable factors other than age— Additional examples.

(c) *Refusal to hire relatives of current employees.* There is no provision in the Act which would prohibit an employer, employment agency, or labor organization from refusing to hire individuals within the protected age group not because of their age but because they are relatives of persons already employed by the firm or organization involved. Such a differentiation would appear to be based on "reasonable factors other than age."

5. Section 860.110 is revised to read as follows:

#### § 860.110 Involuntary retirement before age 65.

(a) Section 4(f)(2) of the Act provides that "It shall not be unlawful for an employer, employment agency, or labor organization . . . to observe the terms of . . . any bona fide employee benefit plan such as a retirement, pension, or insurance plan, which is not a subterfuge to evade the purposes of this

Act, except that no such employee benefit plan shall excuse the failure to hire any individual \* \* \*." Thus, the Act authorizes involuntary retirement irrespective of age, provided that such retirement is pursuant to the terms of a retirement or pension plan meeting the requirements of section 4(f) (2). The fact that an employer may decide to permit certain employees to continue working beyond the age stipulated in the formal retirement program does not, in and of itself, render an otherwise bona fide plan invalid insofar as the exception provided in section 4(f) (2) is concerned.

(b) This exception does not apply to the involuntary retirement before 65 of employees who are not participants in the employer's retirement or pension program. It should be noted that section 5 of the Act directs the Secretary of Labor to undertake an appropriate study of institutional and other arrangements giving rise to involuntary retirement, and report his findings and any appropriate legislative recommendations to the President and to Congress.

6. Section 860.120 is revised to read as follows:

**§ 860.120 Costs and benefits under employee benefit plans.**

(a) Section 4(f) (2) of the Act provides that it is not unlawful for an employer, employment agency, or labor organization "to observe the terms of \* \* \* any bona fide employee benefit plan such as a retirement, pension, or insurance plan, which is not a subterfuge to evade the purposes of this Act, except that no such employee benefit plan shall excuse the failure to hire any individual \* \* \*." Thus, an employer is not required to provide older workers who are otherwise protected by the law with the same pension, retirement or insurance benefits as he provides to younger workers, so long as any differential between them is in accordance with the terms of a bona fide benefit plan. For example, an employer may provide lesser amounts of insurance coverage under a group insurance plan to older workers than he does to younger workers, where the plan is not a subterfuge to evade the purposes

of the Act. A retirement, pension, or insurance plan will be considered in compliance with the statute where the actual amount of payment made, or cost incurred, in behalf of an older worker is equal to that made or incurred in behalf of a younger worker, even though the older worker may thereby receive a lesser amount of pension or retirement benefits, or insurance coverage. Further, an employer may provide varying benefits under a bona fide plan to employees within the age group protected by the Act, when such benefits are determined by a formula involving age and length of service requirements.

(b) Profit-sharing plans: Not all employee benefit plans but only those similar to the kind enumerated in section 4(f) (2) of the Act come within this provision and a profit-sharing plan as such would not appear to be within its terms. However, where it is the essential purpose of a plan financed from profits to provide retirement benefits for employees, the exception may apply. The "bona fides" of such plans will be considered on the basis of all the particular facts and circumstances.

(c) Forfeiture clauses in retirement programs: Clauses in retirement programs which state that litigation or participation in any manner in a formal proceeding by an employee will result in the forfeiture of his rights are unlawful insofar as they may be applied to those who seek redress under the Act. This is by reason of section 4(d) which provides that it "shall be unlawful for an employer to discriminate against any of his employees \* \* \* because such individual \* \* \* has made a charge, testified, assisted, or participated in any manner in an investigation, proceeding, or litigation under this Act."

(81 Stat. 602; 29 U.S.C. 620, Secretary's Order No. 10-68, 33 F.R. 9729; Secretary's Order No. 11-68, 33 F.R. 9690)

Signed at Washington, D.C., this 17th day of June 1969.

ROBERT D. MORAN,  
*Administrator, Wage and Hour  
and Public Contracts Divisions.*

[F.R. Doc. 69-7874; Filed, June 20, 1969;  
8:50 a.m.]

1345

EXHIBIT 1

TITLE 29  
PART 521  
OF THE CODE OF FEDERAL REGULATIONS

REGULATIONS

Employment of  
Apprentices

PURSUANT TO SECTION 14 OF THE FAIR LABOR  
STANDARDS ACT OF 1938, AS AMENDED

*[This publication conforms to the Code of Federal Regulations as of  
July 21, 1967, the date that this reprint was authorized.]*

UNITED STATES DEPARTMENT OF LABOR  
*Wage and Hour and Public Contracts Divisions*  
WASHINGTON, D. C. 20210

**PART 521—EMPLOYMENT OF APPRENTICES [REVISED]**

- Sec.  
521.1 Employment of apprentices at subminimum wages.  
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**AUTHORITY:** Sections 521.1 to 521.11 issued under sec. 14, 52 Stat. 1068, as amended; 29 U. S. C. 214.

**SOURCE:** Sections 521.1 to 521.11 appear at 16 F. R. 8884, Sept. 1, 1951, except as otherwise noted.

**PRIOR AMENDMENTS**

- 1949: 14 F. R. 7501, Dec. 15; 14 F. R. 7885, Dec. 31.  
1950: 15 F. R. 397, Jan. 25; 15 F. R. 3189, May 25.  
1951: 16 F. R. 2545, Mar. 20.

**SECTION 521.1***Employment of apprentices at subminimum wages.*

The Administrator or his authorized representative, to the extent necessary in order to prevent curtailment of opportunities for employment, shall issue special certificates to employers or joint apprenticeship committees<sup>1</sup> authorizing the employment of apprentices in skilled trades at wages lower than the minimum wage applicable under section 6 of the Fair Labor Standards Act of 1938, as amended, subject to the conditions and limitations prescribed in this part.

**SECTION 521.2***Definitions.*

As used in this part: (a) "Apprentice" means a worker at least 16 years of age, except where a higher minimum age standard is otherwise fixed by law, who is employed to learn a skilled trade as defined in section 521.4, and in conformity with or substantial conformity with the standards of apprenticeship as set forth in section 521.3.

(b) "Apprenticeship agreement" means a written agreement between an apprentice and either his employer or a joint apprenticeship committee, which contains the terms and conditions of the employment and training of the apprentice, and which conforms or substantially conforms with the standards of apprenticeship set forth in section 521.3.

(c) "Apprenticeship program" means a complete plan of terms and conditions for the employment and training of apprentices which conforms or substantially conforms with the standards of apprenticeship, as set forth in section 521.3.

(d) "Joint apprenticeship committee" means a local committee, equally representative of employers and employees, which has been estab-

<sup>1</sup> An individual employer participating in an apprenticeship program under the control and supervision of a joint apprenticeship committee may employ an apprentice under a temporary or special certificate issued to or held by such joint apprenticeship committee. However, it is the responsibility of the employer, and not of the joint apprenticeship committee, that such employment be in compliance with the regulations and with the certificate.

lished by a group of employers and a bona fide bargaining agent or agents, to direct the training of apprentices with whom it has made agreements. This term does not include a joint apprenticeship committee established for an individual plant.

(e) "Recognized apprenticeship agency" means either (1) a state apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or (2) if no such apprenticeship agency exists in the state, the Bureau of Apprenticeship and Training, United States Department of Labor.

(f) "Registration" means the approval by a recognized apprenticeship agency of an apprenticeship program or agreement as meeting the basic standards adopted by the Bureau of Apprenticeship and Training, United States Department of Labor, upon the recommendation of the Federal Committee on Apprenticeship.

(g) "State" means any state of the United States or the District of Columbia or any territory or possession of the United States.

**SECTION 521.3***Standards of apprenticeship.*

An apprenticeship program must conform with or substantially conform with the following standards of apprenticeship before the Administrator or his authorized representative will issue a special certificate authorizing employment of an apprentice under such program at wages lower than the minimum wages applicable under section 6 of the act:

(a) Employment and training of the apprentice in a skilled trade. A skilled trade is an apprenticeable occupation which satisfies the criteria set forth in section 521.4.

(b) Two or more years (4,000 or more hours) of work experience.

(c) A progressively increasing schedule of wages to be paid the apprentice which averages at least 50 percent of the journeyman's rate over the period of apprenticeship.

(d) A schedule of work processes or operations in which experience is to be given the apprentice on the job.

(e) Submission of the apprenticeship pro-

gram and the apprenticeship agreement to the recognized apprenticeship agency for registration as provided in section 521.5.

(f) Joint agreement to the apprenticeship program by the employer and the bona fide bargaining agent, where a bargaining agent exists.

(g) An indication that the number of apprentices to be employed conforms to the needs and practices in the community.

(h) Adequate facilities for training and supervision of the apprentice and the keeping of appropriate records concerning his progress.

(i) Related instruction, if available. (144 hours a year is normally considered necessary. Related instruction means an organized and systematic form of instruction which is designed to provide the apprentice with knowledge of the theoretical and technical subjects related to his trade. Such instruction may be given in a classroom, through correspondence courses, or other forms of self-study.)

#### SECTION 521.4

##### *Criteria for a skilled trade.*

A skilled trade is an apprenticeable occupation which possesses all of the following characteristics:

(a) Is customarily learned in a practical way through training and work experience on the job.

(b) Is clearly identified and commonly recognized throughout an industry.

(c) Requires 2 or more years (4,000 or more hours) of work experience to learn.

(d) Requires related instruction to supplement the work experience (which instruction may be provided in accordance with section 521.3 (i)).

(e) Is not merely a part of an apprenticeable occupation.

(f) Involves the development of skill sufficiently broad to be applicable in like occupations throughout an industry, rather than of restricted application to the products of any one company.

(g) Does not fall into any of the following categories:

(1) Selling, retailing, or similar occupations in the distributive field.

(2) Managerial occupations.

(3) Clerical occupations.

(4) Professional and semiprofessional occupations (this category covers occupations for which entrance requirements customarily include education of college level).

#### SECTION 521.5

##### *Procedure for employment of an apprentice at subminimum wages.*

(a) Before an apprentice may be employed at subminimum wages, the employer or joint apprenticeship committee shall submit or shall have submitted an apprenticeship program to the appropriate recognized apprenticeship agency for registration.

(b) An apprenticeship program which has been registered with a recognized apprenticeship agency shall constitute a temporary special certificate authorizing the employment of an apprentice at the wages and under the conditions specified in such program until a special certificate is issued or denied. This temporary authorization is, however, conditioned on the requirement that within 90 days from the beginning date of employment of the apprentice, the employer or the joint apprenticeship committee shall satisfy all the following requirements: (1) Enter into an apprenticeship agreement with each apprentice, (2) submit the agreement to the recognized apprenticeship agency for registration, and (3) send one true copy of the apprenticeship agreement, with evidence of registration, to the appropriate regional office of the Wage and Hour Division, United States Department of Labor: *Provided, however,* That the Administrator or his authorized representative has not previously notified the employer or joint apprenticeship committee of disapproval of a registered apprenticeship agreement for the same or similar trade or trades as not conforming or substantially conforming with the standards of apprenticeship set forth in section 521.3.

(c) If the agreement submitted to the Wage and Hour Division has not been registered, it should be accompanied by an explanation of the efforts made to have the agreement registered and the reasons, if any, given by the recognized apprenticeship agency for not registering it.

[16 F.R. 8884, Sept. 1, 1951, as amended at 17 F.R. 1905, Mar. 7, 1952, 23 F.R. 5215, July 9, 1958]

**SECTION 521.6***Issuance of special certificates.*

(a) If the apprenticeship agreement and other available information indicate that the requirements of section 521.3 and the other requirements of this part are satisfied, the Administrator or his authorized representative shall issue a special certificate in accordance with section 521.1. Otherwise, he shall deny the special certificates.

(b) The special certificate, if issued, shall be mailed to the employer or the joint apprenticeship committee and a copy shall be mailed to the apprentice. If a special certificate is denied, the employer or the joint apprenticeship committee, the apprentice and the recognized apprenticeship agency shall be given written notice of the denial. The employer shall pay the apprentice the minimum wage applicable under section 6 of the act from the date of receipt of notice of such denial.

(c) A special certificate will not be issued where there are serious outstanding violations involving the employee for whom an apprentice certificate is being requested, or where there are any serious outstanding violations of a certificate previously issued, or where there have been any serious violations of the act which provide reasonable grounds to conclude that the terms of a certificate may not be complied with, if issued.

[20 F. R. 5972, Aug. 17, 1955]

**SECTION 521.7***Terms of special certificates.*

(a) Each special certificate shall specify the conditions and limitations under which it is granted, including the name of the apprentice, the skilled trade in which he is to be employed, the subminimum wage rates and the periods of time during which such wage rates may be paid.

(b) The terms of any special certificate, including the wages specified therein, may be amended for cause.

**SECTION 521.8***Records.*

(a) Every employer who employs an apprentice under this part must keep the records called for under the recordkeeping regulations (Part 516 of this chapter), including designa-

tion of apprentices on the payroll. In addition, every employer who employs apprentices under temporary or special certificates issued to or held by such employer shall preserve the apprenticeship program, apprenticeship agreement and special certificate under which such apprentice is employed.

(b) Every joint apprenticeship committee which holds a certificate under this part shall keep the following records for each apprentice under its control and supervision:

(1) The apprenticeship program, apprenticeship agreement, and special certificate under which the apprentice is employed by an employer;

(2) The cumulative amount of work experience gained by the apprentice, in order to establish the proper wage at the time of his assignment to an employer; and

(3) A list of the employers to whom the apprentice was assigned and the period of time he worked for each employer.

(c) The records required by paragraphs (a) and (b) of this section shall be maintained and preserved for at least 3 years from the termination of the apprenticeship. Such records shall be kept safe and accessible at the place or places of employment or at the place or places where such records are customarily maintained. All records shall be open at any time to inspection and transcription by the Administrator or his authorized representative.

**SECTION 521.9***Amendment of this part.*

The Administrator may at any time upon his own motion or upon written request of any interested person setting forth reasonable grounds therefor, and after opportunity has been given to interested persons to present their views, amend or revoke any of the terms of this part. [22 F. R. 5683, July 18, 1957.]

**SECTION 521.10***Investigations and hearings.*

The Administrator or his authorized representative may conduct an investigation, which may include a hearing, prior to issuing or denying an application for a special certificate. To the extent he deems appropriate, the Administrator or his authorized representa-

tive may provide an opportunity to other interested persons to present data and views on the application prior to granting or denying an apprentice certificate.

[24 F. R. 204, January 8, 1959]

#### SECTION 521.11

##### *Reconsideration and review.*

(a) Any person aggrieved by the action of an authorized representative of the Administrator in denying or granting a special certificate may, within 15 days after such action, (1) file a written request for reconsideration thereof by the authorized representative of the Administrator who made the decision in the first instance, or (2) file a written request for review of the decision by the Administrator or an authorized representative who has taken no part in the action which is the subject of review.

(b) A request for reconsideration shall be accompanied by a statement of the additional evidence which the applicant believes may materially affect the decision together with a showing that there were reasonable grounds for

failure to present such evidence in the original proceedings.

(c) Any person aggrieved by the action of an authorized representative of the Administrator in denying a request for reconsideration may, within 15 days thereafter, file with the Administrator a written request for review.

(d) Any person aggrieved by the reconsidered determination of an authorized representative of the Administrator may within 15 days after such determination file with the Administrator a written request for review.

(e) A request for review shall be granted where reasonable grounds for the review are set forth in the request.

(f) If a request for reconsideration or review is granted, the Administrator or his authorized representative may, to the extent he deems it appropriate, afford other interested persons an opportunity to present data and views.

[20 F.R. 3972, Aug. 17, 1955, as amended at 22 F.R. 5683, July 18, 1957, 24 F.R. 204, Jan. 8, 1959]

*NOTE.—Section 201.1103 of the Public Contracts Act Regulations (41 C. F. R. Part 201) provides that any certificate issued pursuant to Regulations Part 521 authorizing the employment of an apprentice under the Fair Labor Standards Act shall constitute authorization for the employment of that worker under the Public Contracts Act in accordance with the terms of the certificate. Such certificate is also subject to withdrawal or annulment by the Administrator.*

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970

| State       | Coverage   |             |   | Prohibited practices  | Penalties  | Enforcement                                  |
|-------------|--|-------------|---|---|--|--|
|             | Law applies to--   | Age limits* | Exclusions and exemptions   |   |  |  |
| Alaska      | Employers, labor organizations, and employment agencies.                                   | None        | Nonprofit social, clubs, fraternal, charitable, educational, or religious organizations, associations, or corporations; domestic service. | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or to use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Up to a \$500 fine; up to 30 days in jail, or both.  | State Commission for Human Rights            |
| California  | Employers, State and local governments, employment agencies, and labor organizations.      | 40 to 64    | Employers of less than 6, domestic service, family employment.  | To refuse to hire or employ, to discharge, dismiss, reduce, suspend or demote.  | Up to a \$500 fine; up to 6 months in jail, or both. | Department of Employment                     |
| Colorado    | Any person conducting business in State.   | 18 to 60    | None  | To discharge.   | Not less than \$100 or more than \$250 fine.         | Industrial Commission                        |
| Connecticut | Employers, State and political subdivisions, employment agencies, and labor organizations. | 40 to 66    | Employers of less than 3, domestic service, family employment.  | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way.    | Contempt of court only.                              | Commission on Human Rights and Opportunities |

\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Continued)

| State    | Coverage   |             |                           | Prohibited practices  | Penalties  | Enforcement  |
|----------|--|-------------|---------------------------|---|--|--|
|          | Law applies to--   | Age limits* | Exclusions and exemptions |   |  |  |
| Delaware | Employers, employment agencies, and labor organizations.         | 45 to 65    | None                      | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | First conviction, up to \$200 fine; second conviction, up to \$500 fine, up to 90 days in jail or both.      | Labor Commission, Division Against Discrimination  |
| Hawaii   | Employers, employment agencies, and labor organizations.         | None        | None                      | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | First conviction, up to \$200 fine; subsequent convictions, up to \$500 fine, up to 90 days in jail or both. | State Department of Labor and Industrial Relations |
| Idaho    | Employers  | Under 60    | None                      | To refuse to hire, to bar or discharge or to otherwise discriminate, in compensation, hire, tenure, terms, conditions or privileges of employment.  | Not less than \$100 or more than \$500 fine, up to 30 days in jail, or both.                                 | State Commissioner of Labor                        |
| Illinois | Employers, governmental units of State, and labor organizations. | Over 45     | None                      | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Not less than \$50 or more than \$100 fine.  | Fair Employment Practices Commission               |

\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Continued)

| State     | Coverage  |             |   | Prohibited practices  | Penalties  | Enforcement                        |
|-----------|---|-------------|---|---|--|------------------------------------|
|           | Law applies to--  | Age limits* | Exclusions and exemptions   |   |  |                                    |
| Indiana   | Employers, labor organizations, the State and political subdivisions. | 40 to 65    | Nonprofit social clubs, fraternal, charitable, educational, or religious organizations, associations or corporations; domestic service; farm labor. | <u>Employers</u> : to dismiss, refuse to employ or rehire. <u>Labor organizations</u> : to deny full and equal membership rights or to fail or refuse to refer for employment.  | None   | Commissioner of Labor              |
| Louisiana | Employers.  | Under 50    | Employers of less than 25.  | To discharge or reject applications for employment.   | Up to \$500 fine; up to 90 days in jail, or both.  | Department of Labor                |
| Maine     | Employers.  | None        | None  | To refuse to hire or employ, to bar, to discharge or otherwise discriminate.  | Not less than \$100 or more than \$250 fine.       | Commissioner of Labor and Industry |
| Maryland  | Employers, employment agencies and labor organizations.               | 18 to 66    | None  | <u>Employers</u> : to refuse to hire or discharge or otherwise discriminate; to limit, segregate or classify employees to affect status. <u>Employment agencies</u> : to refuse to refer. <u>Labor organizations</u> : to exclude or expel or otherwise discriminate; to limit, segregate or classify; to cause employer to discriminate. <u>All three</u> : to discriminate against persons who complain or assist in complaint; to advertise indicating age preference. | Up to \$500 fine; up to one year in jail, or both. | Department of Labor and Industry   |

\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Continued)

| State                       | Coverage  |             |  | Prohibited practices  | Penalties  | Enforcement                          |
|-----------------------------|---|-------------|--|---|--|--------------------------------------|
|                             | Law applies to--  | Age limits* | Exclusions and exemptions  |   |  |                                      |
| Massachusetts<br>(1950 law) | Employers, the Commonwealth and political subdivisions, employment agencies, and labor organizations. | 40 to 65    | Employers of less than 6; nonprofit social clubs; fraternal, charitable, educational, or religious organizations, associations, or corporations; domestic service. | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Up to \$500 fine; up to one year in jail, or both.   | Commission Against Discrimination    |
| (1937 law)                  | Employment contracts.   | 45 to 65    | Private domestic service and farm labor.   | Contracts which prevent or tend to prevent employment; to dismiss or refuse to employ.  | Not less than \$50 or more than \$200 fine for discharging any person assisting in enforcement; violators of law shall have their names published throughout the Commonwealth. | Commissioner of Labor and Industries |
| Michigan                    | Employers, the State and political subdivisions, employment agencies, and labor organizations.        | 35 to 60    | Employers of less than 8, domestic service.  | <u>Employers</u> : to refuse or bar from employment; to discriminate in tenure, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way.       | Contempt of court; not less than \$100 or more than \$500 fine for failure to post required notices.   | Civil Rights Commission              |

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\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Continued)

| State                   | Coverage   |             |   | Prohibited practices  | Penalties  | Enforcement                             |
|-------------------------|--|-------------|---|---|--|---|
|                         | Law applies to--   | Age limits* | Exclusions and exemptions   |   |  |   |
| Montana<br>(Resolution) | Employers.   | 40 to 65    | None  | To bar or discharge or otherwise discriminate in terms, conditions or privileges of employment.   | None   | None                                    |
| Nebraska                | Employment agencies, employers and labor organizations.  | Over 40     | None  | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment; to utilize any source of labor which so discriminates. <u>Labor organizations</u> : to exclude, expel or discriminate in any way.   | Up to \$10 fine.                                   | Equal Employment Opportunity Commission |
| New Jersey              | Employers, employment agencies, and labor organizations. | Over 21     | Nonprofit social clubs, fraternal, charitable, educational, or religious organizations, associations, or corporations; domestic service, family employment. | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Up to \$500 fine, up to one year in jail, or both. | Division on Civil Rights                |
| New Mexico              | Employers.   | Over 18     | Employers of less than 4.   | To refuse to hire, to discharge, to promote or demote, or to discriminate in matters of compensation against persons otherwise qualified.   | Up to \$1,000 in damages.                          | Commission on Human Rights              |

\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Continued)

| State        | Coverage  |             |   | Prohibited practices  | Penalties  | Enforcement                   |
|--------------|---|-------------|---|---|--|-------------------------------|
|              | Law applies to--  | Age limits* | Exclusions and exemptions   |   |  |                               |
| New York     | Employers, employment agencies, and labor organizations.                    | 40 to 65    | Employers of less than 4; domestic service, and family employment.  | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Up to \$500 fine; up to one year in jail, or both. | Commission for Human Rights   |
| North Dakota | Employer.   | 40 to 65    | None  | To refuse to hire, employ, or license; to bar or discharge.   | Up to \$25 fine; up to one day in jail, or both.   | Department of Labor           |
| Ohio         | Employers.  | 40 to 65    | None  | To refuse opportunity for interview; to discharge.  | None   | Department of Labor           |
| Oregon       | Employers, public employment, employment agencies, and labor organizations. | 25 to 65    | Nonprofit social clubs, fraternal, charitable, educational or religious organizations, associations, or corporations; domestic service, family employment, various enforcement agencies, firefighters and weighmasters. | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Up to \$500 fine; up to one year in jail, or both. | Commissioner, Bureau of Labor |

\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Continued)

| State        | Coverage  |             |  | Prohibited practices  | Penalties   | Enforcement                |
|--------------|---|-------------|--|---|---|----------------------------|
|              | Law applies to--  | Age limits* | Exclusions and exemptions  |   |   |                            |
| Pennsylvania | Employers, State and political subdivisions, employment agencies, and labor organizations.  | 40 to 63    | Employers of less than 4; domestic service; religious, fraternal, charitable, or sectarian corporations, or associations except those receiving government aid, agricultural workers, family employment. | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Not less than \$100 or more than \$500 fine, not more than 30 days in jail, or both.                      | Human Relations Commission |
| Puerto Rico  | Employers, agencies and instrumentalities of the Commonwealth operated as private businesses or enterprises; labor organizations. | 30 to 65    | None   | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment; to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way.  | Various civil and criminal penalties including double damages, up to \$1,000 fine, 30 to 90 days in jail. | Department of Labor        |
| Rhode Island | Employers, State and political subdivisions, employment agencies, and labor organizations.  | 45 to 65    | Nonprofit social clubs; fraternal, charitable, educational or religious organizations, associations; or corporations; domestic service; farm labor.  | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Contempt of court.  | Director of Labor          |

\*Age limits refer to birthdays.

Summary of provisions under State laws pertaining to discrimination in employment because of age, February 1, 1970 (Concluded)

| State      | Coverage  |  | Prohibited practices   | Penalties   | Enforcement   |
|------------|---|--|--|---|---|
|            | Law applies to--  | Age limits* : Exclusions and exemptions  |  |   |   |
| Texas      | State and political subdivisions.   | 21 to 65<br>Law enforcement, peace officers and fire fighters.   | To deny employment.  | None  | Individual agencies.  |
| Washington | Employers, State and political subdivisions, employment agencies and labor organizations. | 40 to 65<br>Employers of less than 8; nonprofit social clubs; fraternal, charitable, educational, religious organizations, associations, or corporations; domestic service, family employment. | <u>Employers</u> : to refuse or bar from employment; to discriminate in promotion, compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way. | Misdemeanor   | State Board Against Discrimination                              |
| Wisconsin  | Employers, employment agencies, and labor organizations.                                  | 40 to 65<br>Nonprofit social clubs; fraternal, charitable, educational, religious organizations, or corporations; family employment; hazardous occupations, law enforcement or fire fighting.  | <u>Employers</u> : to refuse or bar from employment; to discriminate in compensation, terms, conditions, or privileges of employment. <u>Employers and employment agencies</u> : to advertise, publish or use application forms which suggest age limitations. <u>Labor organizations</u> : to exclude, expel or discriminate in any way.            | Persons aggrieved by noncompliance entitled to have law enforced by suit in equity. | State Industrial Commission, Fair Employment Practices Division |

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\*Age limits refer to birthdays.

ITEM 2. LETTER FROM CHARLES O. ROGERS, MIAMI, FLA. TO WILLIAM E. ORIOL, STAFF DIRECTOR, SPECIAL COMMITTEE ON AGING, DATED DEC. 23, 1969

MIAMI, FLA., Dec. 23, 1969.

DEAR MR. ORIOL: . . . A few weeks ago I wrote to President Nixon on the subject of removing Paragraph c of the regulations and letting the pilots continue work beyond the chronological age of sixty by complying with Paragraphs a and b of the regulations which set the guidelines for both medical and proficiency during his career. I enclose a copy of the letter which I received from the White House yesterday.

You will note that it is the same unacceptable answer. Rather than produce the so-called medical criteria on which the first Administrator made the age 60 rule the FAA continues to say there has been no medical progress. The pilots are about convinced that no matter what evidence is brought out the FAA is going to fight to the last to see that the rule is not changed.

It has been felt for approximately ten years that when Congress granted the first Administrator dictatorial powers in the name of safety it was a gift of far too much power to a single agency head. A quick look back into history of how in frustration Quesada wrote one order after another, during the pilot-flight engineer fracas on Eastern Air Lines, will emphasize this point.

The present Administrator is the fourth administrator. Not one of the administrators is a man of airline experience. The first was a career West Pointer, the second from civilian life after a tour of Navy flight duty, the third another West Pointer but not a pilot, and now I understand that the present Administrator is another West Pointer. All of these men although perhaps top administrators in the military and business fields lack the background of airline flying, so to comprehend the scheduled airline pilots position is a problem . . .

Sincerely,

CHARLES O. ROGERS.

[Enclosure]

THE WHITE HOUSE,  
Washington, December 17, 1969.

DEAR MR. ROGERS: The President has asked me to thank you for your letter concerning the Federal Aviation Administration's "age 60 rule" for airline pilots. I have carefully reviewed your correspondence on this subject and the FAA response to your earlier inquiry to the President. In addition, I have had the opportunity to examine in some detail correspondence with other airline pilots who have petitioned the FAA for relief from the rule.

This review indicates that the FAA has acted in the public interest and has done so fully in accordance, not only with applicable law, but also with open rulemaking procedures that provided ample opportunity for full public participation in the development of the "age 60 rule."

The validity of the rule has been firmly established by the courts. Furthermore, the medical basis for the rule has been questioned by many, but no one has yet presented to the FAA any data to support the implication in your 8 August 1969 letter to the President that there is medical evidence available that would justify modification of the rule.

In connection with the above, I think that the enclosures concerning the petition of Captain Michael A. Gitt may be informative. I refer you particularly to the last paragraph of Administrator McKee's letter of 24 May 1968 to the President of the Air Line Pilots Association in which he invited the submission of new medical evidence; to date the FAA has received no reply to that invitation.

The Age Discrimination in Employment Act of 1967 prohibits discrimination in hiring because of age in the case of individuals who are at least 40 years of age but less than 65 years of age.

On June 18, 1968, the Department of Labor issued an interpretation of Section 4(f) (1) of that Act regarding those instances in which the prohibition does not apply. Section 4(f) (1) makes an exception to the prohibition against refusing to employ an individual for reasons of age, "where age is a bona fide occupational qualification reasonably necessary to the normal operation of the particular business . . ." The Department's interpretation expressly recognizes the FAA's age 60 rule as coming within the exception provided in

the law. The interpretation contains the following illustration: "Federal statutory and regulatory requirements which provide compulsory age limitations for hiring or compulsory retirement, without reference to the individual's actual physical condition at the terminal age, when such conditions are clearly imposed for the safety and convenience of the public. This exception would apply, for example, to airline pilots within the jurisdiction of the Federal Aviation Agency. Federal Aviation Agency regulations do not permit airline pilots to engage in carrier operations, as pilots, after they reach age 60."

I regret that this reply cannot be more encouraging.

With the President's best wishes,

Sincerely,

NOBLE M. MELENCAMP,  
*Staff Assistant to the President.*

ITEM 3. ADDITIONAL MATERIAL FROM TRUMAN R. OUTLAND,  
MIAMI, FLA.

EXHIBIT A

[From the Air Line Pilot, August 1959]

SENATOR GOLDWATER CALLS FAA AGE LIMIT PROPOSALS UNWISE

Because of its broad implications, not only in the aviation industry, but in other industries as well, compulsory pilot retirement proposals of the Federal Aviation Agency is drawing considerable interest and reaction.

Among those commenting have been members of Congress. Some comments and reactions:

Senator Barry Goldwater (R-Ariz.), himself a World War II pilot and still actively flying, in response to a question posed by Bill Lawrence of the New York Times and President of the National Press Club following Senator Goldwater's appearance as a guest speaker:

"I don't think that . . . frankly, I think that the rule is not a wise rule for this reason. I think that as long as a man can pass his annual physical, and in the case of airline pilots it is as many as three physicals a year, that he should be allowed to fly and should be allowed to check out in new equipment. Now, as a pilot of 30 years, I am tickled to death that my sons do not have to learn to fly propeller-driven aircraft. They were dangerous. These jets are simple to learn to fly. The big trouble with this is the multiplicity of gadgets, and buttons, and new radios, and . . . particularly, new rules that you have to learn in order to fly. But, they are extremely safe. I have a friend on the west coast who is a Major General in the Air National Guard. I believe he is over 60, and he checked out in the (F) 106 the other day, which is a Mach 2 airplane. I think it is a mistake to say to a man that he can't check out in an aircraft after he is 55 years of age. Now, if it involves a solo flight . . . a single seater airplane . . . that might be something else, where he might have a heart attack and cause his own death or the destruction, too, of valuable equipment. But in an airliner, where you have a pilot, and a co-pilot, and a third pilot, and an engineer . . . the Lord acts in strange ways, I have heard of two engines quitting . . . but I have never heard of two pilots 'quitting' at the same time. In today's modern equipment, I see no reason in the world why a man should not be allowed to check out in aircraft when he is 60 or 65, . . . or any age. I am going on 51. There is many a time I have gotten up in the air and I have wondered what in the hell I was doing there, but I don't intend to quit flying until the good Lord makes me, or until the flight surgeon says no."

SMATHERS QUESTIONS RULE

Senator George A. Smathers, in a letter to the FAA Administrator, wrote: "I am informed that the Federal Aviation Agency has given notice of a proposed rule (regulation docket No. 40-41-42) concerning compulsory retirement for commercial airline pilots upon reaching the age of sixty years.

"As you know, I am greatly interested in factors which affect air safety and heartily endorse any action that you might take which would result in making air travel more safe. In this regard, I would like for you to look upon my subsequent remarks as more of a comment on the question that you propose, rather than a conclusion, inasmuch as I do not know the answer and am looking to you for guidance and assistance.

"The obvious question emanating from your proposed rule is: upon reaching the arbitrary age of sixty, does the efficiency and performance of a commercial airline pilot decline to the point that safety factors become involved and he is unfit to continue his duties as a pilot?

"The answer to this question of compulsory retirement is important, not only in the air carrier field but in other transportation fields and in other walks of life. The airline pilot, the railroad engineer, the steamship captain, the bus and truck driver, and the general public, in receiving their drivers licenses from the state in which they reside, are all facing the same broad standard as they become sexagenarians.

"In my years as a legislator, it has been necessary for me to study this question from many viewpoints as we consider social security legislation, insurance legislation, and the like. The question is not an easy one to answer, as I am convinced that each individual ages at a different speed with many factors such as environment, exposure, experience, basic physical and mental health, all affecting the rapidity of decline from our peak years.

"Quite honestly, I have never considered before the question of compulsory retirement at an arbitrary age grouping *for safety reasons*. Nor have I considered it from the standpoint of a relatively small group of people where individual examination would not constitute an undue burden to the administration of the law.

#### ARBITRARY ENDING AGE DANGEROUS

"I believe that, at the present time, certain standards have been selected for persons desiring various types of licenses in which the public interest is involved. These standards are based upon physical abilities and general or particular health requirements rather than the age of the applicant. The only age requirement that I can recall is the requirement that a person be a certain arbitrary age before he can *begin* performance. This is not only true in the transportation field but throughout other fields, such as the holding of political office, the right to vote, the right to consume alcoholic beverages, the right to marry, the right to enter a legal contract, and many others. Such an arbitrary *beginning* age is based upon public policy. It distresses me that we are now considering an arbitrary *ending* age, when a person must cease doing something because he has reached X years in his path through life.

"Such a trend is a dangerous one to permit to start, for our later years should be years of fulfillment and enjoyment rather than years of restraints and prohibition. Nature itself, unfortunately, regulates all of us much too soon without the need of legal statutes.

"I have been humbly grateful for the advances made in medical science during the past fifty years. Man's life span grows longer with each new discovery. It has been said that our American pace of life is a killing one, yet I believe that, by moderation, the stimuli and progress derived from such a pace does much to prolong the physical and mental deterioration of our declining years. I know of no better example to cite than our former President Harry S. Truman, who at 75 is today as active as most men of 40. It would have been an offense bordering on the criminal to, by law, force such a man into retirement 15 years ago.

"I am confident that modern medicine has reached the age whereby, through clinical tests and examination, it can reasonably determine the capabilities of an individual. It is true that different doctors will disagree in diagnosing the same facts, but the occasional mistake in interpreting the physical condition of an individual cannot begin to approach the enormous error we would incur in legislating the end of a man's life work. Such legislation could only result in disappointment, frustration and decay.

#### ASKS FOR BASIS OF RULE

"I apologize to you for the length of my remarks, but perhaps my verbosity can convey my extreme interest in the subject. I would appreciate it if you would advise me of the medical fraternity's remarks on your proposed rule, as well as your own thoughts. As I mentioned earlier, I am looking to you for guidance and assistance.

"In closing, I would like to commend you on your proposed rule, 'Approval of Training Programs and Certification and Qualification Standards of Pilots other than Pilots in Command.' It is significant to note that when co-pilots receive the same training as the pilots and are qualified and certified in the aircraft in which they are flying, the improbable instance of a pilot becom-

ing incapacitated due to his age is not fraught with the same danger as such an instance when the co-pilot does not have a type rating in the aircraft."

#### OPPOSES FAA AGE RULE

Representative Sidney R. Yates, in a letter commenting on information ALPA provided members of Congress, wrote:

"I am very much interested in the FAA proposal to apply maximum age limitations to pilots and intend to oppose it. I would appreciate receiving as much information as you can furnish me on the issue.

"I have frequently taken the position in the Congress in the past against maximum age limits in any form, arguing that a person's skills and qualifications, physical and otherwise, should be the exclusive test of his capacity to hold a job rather than his age. It was my amendment to the Independent Officers Appropriations Act of 1957, which the Congress accepted, which prohibited the Civil Service Commission from using maximum age as a factor in employment for any Federal position. It is now the law in the Federal Government, and I have been endeavoring since that time to have the same idea adopted by industry where there is so much discrimination in employment because of age."

#### PROMINENT ARBITRATORS REJECT AGE AS RETIREMENT CRITERIA

Prominent arbitrators in the field of aviation are upholding the Air Line Pilots Association contentions that it is improper to involuntarily retire pilots because of age when they meet health and proficiency standards.

This is apparent in an arbitration decision involving a pilot on Western Air Lines, which is the second such decision since last November. Both decisions were reached by prominent and experienced arbitrators after lengthy evidentiary proceedings in which all parties had an opportunity to present any pertinent evidence, examine witnesses and submit briefs under normal legal procedures.

The current arbitrator's decision on Western Air Lines is of especial and timely significance because of recent proposals to establish maximum age limits for pilots.

#### BACKGROUND OF DECISION

Western Air Lines had attempted to involuntarily retire Captain Fred T. Kelly, an experienced, capable veteran pilot with thousands of flying hours and millions of air miles to his credit. The pilot contested his discharge and a neutral arbitrator was appointed by the National Mediation Board to sit with a panel of pilot and company representatives to hear and decide the case. In endeavoring to force Captain Kelly to retire, the company contended that the pilot having attained age 60 raised safety problems even though he met all health and proficiency standards and that it was the prerogative of the air line in carrying out its safety responsibilities to establish an arbitrary age limit.

The neutral, Carl R. Schedler, after weighing all the evidence, ruled against the company and ordered Kelly reinstated.

#### BASIS OF NEUTRAL'S BULING

Despite medical testimony through which the company attempted to prove a relationship between age and safety, Arbitrator Schedler found no basis for such contention and his decision pointed out that "medical testimony given by and quoted by the same expert is in almost hopeless conflict as to the exact age when a pilot becomes a hazard."

Other facts revealed by the arbitrator's opinion and decision were:

1. Temporary physical impairment can occur in a given individual at almost any age, and this is the apparent reason that commercial airplanes carry copilots, regardless of the youth of the pilot.
2. The carrier here has shown no relationship between age of pilot and accident frequency from its own experience or from any other carrier's experience.
3. The normal way to determine physical ability or inability is through reasonable and universally accepted medical examinations, which are available to the carrier here.
4. Federal authorities have chosen to attribute nearly all airplane accidents to weather conditions, mechanical failure, or other causes, not related to pilot's physical deficiencies.

The previous decision last fall involved involuntary retirement of three pilots on American Airlines who had reached age 60. The physical fitness and proficiency of the particular pilots involved was acknowledged and stipulated by the company. The company, however, contended that establishment of a mandatory retirement age was a company policy prerogative. As in the present decision, Saul Wallen of Harvard University, prominent arbitrator and past president of the American Academy of Arbitrators ruled that the pilots could not be retired because of age alone.

In commenting on these decisions, ALPA President Sayen said: "When viewed impartially and objectively by men trained to ascertain and evaluate all of the facts, it is obvious that the only valid criteria for requiring air line pilots to retire is failure to meet either competency or health standards and, in the individual, this does not necessarily have any relationship to chronological age. Pilots over 60 have been flying for many years and neither the Association nor anyone else has been able to establish any safety problem related solely to this fact. Impartial arbitrators evaluating all of the legal, technical and operational factors involved in the pilots' job have reached the same conclusion."

EXHIBIT B. FORCED RETIREMENT: FROM A CBS BROADCAST, JOHN HARRINGTON'S  
"IT HAPPENED IN CHICAGO"

Another voice has been raised in defense of the aging . . . and we think it's worth reporting. The "heavy" in this real-life drama is the Federal Aviation Agency. The FAA is proposing that all air line pilots be forced to retire at the age of 60 . . . regardless of competency and physical condition . . . and that five years *earlier*—at age 55—they give up flying *jet* airliners.

The hero in the act, as far as thousands of pilots are concerned, is C. N. Sayen, President of the Air Line Pilots Association. You and I are involved as spectators because, at one time or or another, nearly all of us ride an airliner. And all of us, we hope, expect to live to grow old, so we're interested in the argument over aging, too.

The FAA's side of the proposal, so far, isn't well known. In fact, the pilots association is asking the FAA what it is. But Sayen's side is spelled out clearly. Sayen . . . a former air line pilot himself . . . says no one has been able to show a connection between a pilot's age and the cause of air line accidents.

In the last 13 years, only 27 air line accidents were attributed to the commanding pilots . . . and most of these men were in their 30s—NOT in their 60s. Actually, the *oldest* was 50. Not one air crash has been attributed to the age or physical breakdown of the pilot. No air line pilot over 55 has ever died in flight. Pilot incapacitation from such causes as food poisoning or acute indigestion may occur at *any* age.

Sayen says: "The public should not be led to believe that age restrictions on pilots will provide protection against in-flight incapacitation." *Present* regulations, he says, provide for a pilot to give up flying an airliner whenever his proficiency or health deteriorates . . . as determined by *functional* age rather than *chronological* age. Sayen says there is no substitute for experience, and he quotes an eminent doctor as saying: "The aging pilot who has maintained his functional capabilities is no problem. He is a very valuable piece of human equipment."

So there you have it . . . part of the argument against a government proposal to retire the men who fly the airliners on the basis of age alone. The outcome of the dispute will be watched with interest not just in this country but around the world. And the job of opposing forced retirement for age alone is being handled locally. It's happening right here in Chicago.

EXHIBIT C

[From the Miami News, Nov. 17, 1969]

(By Morris McLemore)

ON BEHALF OF THE OVER-60 PILOTS

The one-man conglomerate labeled F. Lee Bailey spun through the city over the weekend and whooshed off again in his private jet, his several outriders in full cry after the next-quarry the legal hawk will separate from his tailfeathers.

Crisp, efficient, knowledgeable, incisive, the brilliant practitioner of courtroom arts epitomizes success, youth, Modern Man On The Rise and all that. But he recently turned his hand to something quite unspectacular, although it is, related to the front-page arguments he is having with the Federal Aviation Agency over the duties and numbers of air controllers, for whom he is spokesman.

Bailey has taken up the cause of pilots who're presently retired automatically from point-to-point airline service at age 60. And he indicates significant action is possible this week. But I don't get the idea he is anticipating complete victory immediately.

"An informal committee of pilots asked me to act for them and I've done so, in two directions," says Bailey. "We have requested that the Department of Transportation direct the Federal Aviation Agency to hold hearings on the present FAA rule that requires airline pilots who fly passengers to retire at 60.

"We also have requested that the Senate Committee on Aging also conduct a hearing on this matter because the 1959 regulation was not based on facts, that medical studies show the individual health of the person involved is a rational basis for regulating his service as a pilot."

A ruling is expected this week concerning the possible FAA hearing. If pilots are turned down again—as they have been since E. R. Quesada initiated the regulation, Bailey will trot into federal court immediately with a request for an injunction that would require that the hearings be held, with the regulation held in abeyance during the interim.

"Also," the lawyer says, "if FAA holds the hearings and turns down our request for this regulation to be set aside, we will go to federal court for legal action to get satisfaction.

"We are convinced a pilot who is unsafe flying passengers also is unsafe flying any kind of airplane over populated areas, whether he's flying a plane that carries freight or going for a flight for the fun of it. As it is, the regulations allow pilots over 60 to fly airplanes when they can pass the physicals. We believe the discrimination against an airline pilot who's set down on his 60th birthday is real, obvious and unjust.

Flying a Lear jet, for example, is no less dangerous than flying a Boeing 707. Yet these 60-year-old experts are not allowed to fly passenger planes, but can take the Lear anywhere."

Long before my conversation with Bailey, incongruous aspects of the regulation begged attention. For example, the normal retirement age for government employees, 65.

"We won't object to more frequent physicals for pilots as they grow older," Bailey concluded. "This is one form of regulation that is acceptable. Some men are older at 50 than others are at 65. This is the kind of thing that should govern the retirement of pilots."

#### EXHIBIT D

[From The Japan Times, Mar. 2, 1970]

#### TOKYO SCHOOL FOR AGED, SET TO OPEN IN SPRING

Japan's first vocational training school for aged persons will be opened in Tokyo this spring.

The project is aimed at giving those of advanced years an opportunity to obtain practical training that will enable them to secure a living after retirement from their present jobs.

Reaction to the plan has been tremendous and inquiries for the application to enter the school have been mounting since the project was disclosed early last month.

The school plan had been initiated by the Tokyo Metropolitan Government under the direction of Gov. Ryokichi Minobe.

According to a forecast of the Economic Planning Agency, Japanese above the age of 60 will number 19 million in 1990, a two-fold increase over the total this year.

This may cause a social problem, Tokyo officials fear, as there will be a great number of old-aged persons without jobs, although having the ability to work.

At present, there are some 430 vocational schools throughout the country but none for aged people.

The Tokyo Government decided to establish the school for old people in the hope that other local autonomous bodies would follow suit.

The school for the aged will be set up in the Shinagawa Vocational School. Classes will open on April 1 and there will be no charge.

Training will be given three days a week—Mondays, Wednesdays and Fridays—from 6 to 9 p.m. for six months in such fields as bookkeeping, accounting and tax law.

Officials of the school say they have received so many applications that they will have to conduct entrance examinations.

They say they were surprised to find that most of the applicants currently hold high posts in companies and government offices.

The applicants reportedly include executives of well-known companies and field grade officers of the self-defense forces.

"I do not want to be a burden on my children after I quit my present post," and "I think it will be profitable for me to gain some technique knowledge to meet severe competition in the future" are typical remarks made by the applicants.

"JUMBO JET ERA"

On March 11, the first scheduled Pan American jumbo jet flight from Los Angeles via Honolulu arrived at Haneda. From July 1, the JAL line will also enter the field.

The difficulty is that Tokyo International Airport is not yet really sufficiently equipped to handle the influx of jumbo jet planes. The chaos at the airport will increase, and there is a serious shortage of pilots.

ITEM 4. CHRONOLOGICAL HISTORY OF THE DEVELOPMENT OF  
COMPULSORY RETIREMENT AGE FOR AIRLINE PILOTS

*1. Pre-1958 safeguard against arbitrary action*

Prior to the enactment of the Federal Aviation Act in 1958, review by the CAB of regulatory action by the Administrator was routinely available, "to assure that individual rights are not ignored in the Administrator's implementation of his duties under the statute." (Matter of Paschke, 27 CAB 1143, 1144)

*2. Deletion of pre-1958 safeguard from Federal Aviation Act*

During Congress' construction of the 1958 statute, E. R. Quesada, soon to be named FAA's first Administrator, urged the elimination of provisions making available CAB review of the Administrator's safety regulations: "It is essential that one agency of government, and one agency alone, be responsible for issuing safety regulations if we are to have timely and effective guidelines for safety in aviation. The Administrative Procedure Act, under which these regulations will be issued, and a provision for appeals to the Courts, provide the necessary safeguards against arbitrary action on the part of the issuing authority and eliminate any need for time consuming appeals to another agency of government." (Letter of E. R. Quesada to Hon. Oren Harris, Chairman, House Interstate and Foreign Commerce Committee, July 24, 1958).

*3. Carrier efforts to impose a compulsory retirement age upon airline pilots prove unsuccessful*

A. On October 31, 1968, Neutral J. G. Deater declared that American Airlines' policy of compulsory retirement of its pilots at age 60 violated the existing agreement. His decision, limited to contractual considerations, stated, in part: "We do not pass on the desirability or efficacy of mandatory retirement at age 60 for pilots."

B. On July 31, 1959, Neutral Carl R. Schedler, following an evidentiary hearing, vacated the Western Air Lines policy of mandatory age 60 retirement for its pilots. Unlike the predecessor award at American Airlines, the Western panel involved itself deeply in safety issues, concluding that "... the relation between safety considerations and working conditions is well-nigh inseparable."

After applicable safety issues and evidence had been fully litigated, the panel concluded that "... there is no testimonial basis and no 'fact of life' of which we could be expected to take a kind of 'judicial notice' that supports the view that it is unsafe to let a pilot perform after the age of 60."

#### 4. FAA issues notice of proposed rulemaking

On June 27, 1959, FAA published Draft Releases 59-4, 59-5 and 59-6, proposing new regulations to:

- a. Terminate the employment of airline pilots at age 60; and
- b. Prohibit the transition by pilots of age 55 from piston to turbine aircraft.

Written comments from interested persons were invited.

#### 5. ALPA requests evidentiary hearing

On July 14, 1959, C. N. Sayen, ALPA's President, wrote to General Quesada, seeking:

- a. An immediate meeting between FAA and ALPA representatives to "... examine the data, studies and material relied upon by the Agency as a basis for the proposed rules"; and
- b. "... full evidentiary hearings, which are essential herein."

#### 6. FAA's response to ALPA's request

On August 5, 1959, General Quesada responded to the Sayen letter by:

- a. Enclosing a bibliography listing 41 library reference sources most over ten years old and some thirty years old or more, which were said to be "... a reference source in the study and preparation of these proposals." and
- b. Indicating that FAA's decision on ALPA's request for a hearing would be held in abeyance.

#### 7. FAA denies ALPA hearing request and adopts age 60 regulation

On December 1, 1959, FAA issued the age 60 regulation (now FAR § 121.383 (c)), providing: "No individual who has reached his 60th birthday shall be utilized or serve as a pilot on any large aircraft while engaged in air carrier operations."

FAA rejected ALPA's request for a hearing, finding that: "... it does not appear that a public hearing would serve a useful purpose ..."

On the sister proposal to limit turbine transition to pilots under age 55, FAA, on December 1, 1959, held that "... a public hearing is necessary and appropriate" and it noticed a public hearing on that aspect on January 7, 1960. Thereafter, the FAA withdrew its age 55 proposal as unnecessary and unsupported.

#### 8. ALPA sues FAA to compel a public evidentiary hearing

On January 21, 1960, ALPA sued in the U.S. District Court in New York to compel FAA to proceed by way of public evidentiary hearing in respect of the age 60 issue, upon the ground that the pilots whose careers were terminated by the regulation were Constitutionally entitled to procedural due process of law.

U.S. District Judge Alexander Bicks denied ALPA's request for a preliminary injunction on March 12, 1960, finding that any attempt to weigh the pilots' losses against the public safety "borders on vulgarity". No evidentiary hearings were held in Court, and all issues raised were decided on papers and oral argument of counsel. The decision was affirmed on appeal.

#### 9. Age 60 regulation becomes effective

With the decision of Judge Bicks, FAA implemented the age 60 regulation on March 15, 1960.

#### 10. Compulsory retirement of airline pilots 1960-1967

The age 60 regulation was applied to produce the compulsory retirement of all airline pilots at age 60 during the period 1960-1967.

#### 11. FAA denies waiver applications without hearing

A. The application of airline pilot Charles F. Hunter (FAA Regulatory Docket 80007) for a waiver from the terms of the age 60 regulation was denied without hearing on April 28, 1967. As its basis for the denial, FAA stated: "The FAA does not have sufficient medical or other evidence at this time on which to justify initiation of a selective system of the type rejected when the age 60 rule was adopted."

B. A similar disposition was made by FAA of the waiver application of airline pilot James W. Furlow on September 18, 1967 (FAA Regulatory Docket 8240).

C. Both Furlow and Hunter had alleged their exemplary physical condition, service records and piloting proficiency, as well as their willingness to submit to FAA physical examinations each month, instead of at the normal semi-annual intervals. FAA was unmoved.

*12. Congress enacts Age Discrimination in Employment Act of 1967 (P.L. 90-202)*

On December 15, 1967, Congress approved a new civil rights measure entitled "Age Discrimination Employment Act of 1968", finding that: "... the setting of arbitrary age limits regardless of potential for job performance has become common practice..." and

"It is therefore the purpose of this Act . . . to prohibit arbitrary age discrimination in employment..."

The new statute was not to become operative until June, 1968.

*13. Senator Williams scores Age as an employment criteria*

In a letter to the editor of the Washington Post published on January 12, 1968, Senator Harrison A. Williams (D. N.J.) branded as: "... a misconception that should, by now, have thoroughly been discredited—that age and age alone is the factor by which we should judge a man's suitability for work roles."

*14. Secretary Boyd issues conclusions concerning relationship of P.L. 90-202 to age 60 regulation*

In a letter dated March 7, 1968 to Representative Claude Pepper (D. Fla.), Secretary of Transportation Alan S. Boyd concluded that the FAA age 60 limitation is a "bona fide occupational qualification" for airline pilots, relying upon the same arguments used nine years earlier by General Quesada in support of the regulation.

No hearing or other opportunity for presentation of evidence to Secretary Boyd was made available to ALPA or to any affected pilot either before or after he issued his conclusion concerning the coverage of P.L. 90-202.

*15. ALPA renews request for FAA public hearing on age 60 rule*

On March 11, 1968, ALPA petitioned FAA on behalf of Captain M. A. Gitt of Eastern Airlines and other similarly situated airline pilots who had reached age 60, seeking a public evidentiary hearing on the validity of the age 60 regulation.

ALPA proposed that FAA elect among three alternative forms of hearing: a standard FAA hearing, a public evidentiary arbitration proceeding, with FAA participation, not binding on FAA, and finally, should the first two alternatives be unacceptable, a proposed advisory arbitration proceeding sponsored and paid for exclusively by ALPA, presided over by an arbitration board selected by the Secretary of Transportation, with FAA participation invited.

*16. FAA rejects ALPA hearing request*

On April 23, 1968, the FAA denied all three of ALPA's alternative requests for a public opportunity to air the evidence on the age 60 issue, stating: "... the request for any kind of hearing is hereby denied."

*17. ALPA's President Ruby requests FAA administration reconsideration of the denial of a hearing*

By letter dated April 29, 1968, Captain C. H. Ruby, ALPA's President, wrote to General William F. McKeey, FAA Administrator, seeking a reconsideration of the FAA denial of an evidentiary hearing which would, for the first time, test the basis for the age regulation.

*18. FAA rejects Ruby's request for reconsideration*

On May 24, 1968, General McKee denied the request for a hearing as unnecessary, suggesting instead that ALPA provide FAA: "... with whatever information you have which we will evaluate and consider thoroughly."

*19. FAA rejects ALPA request for informal conference to discuss hearing requests*

In April, 1968, immediately preceding FAA's denial of ALPA's petition for an evidentiary hearing, ALPA's attorney asked FAA for the opportunity to confer informally with FAA representatives before FAA rejected the ALPA hearing request.

FAA declined to meet with ALPA, and no conference occurred.

*20. ALPA requests joint exploration with Department of Labor of age 60 regulation under P.L. 90-202*

On May 13, 1968, ALPA wrote to Secretary of Labor W. Willard Wirtz, seeking an opportunity to participate jointly with the Department of Labor in an exploration of the status of the age 60 regulation and of the desirability of a Department of Labor recommendation to Congress for expanding the coverage of P.L. 90-202.

*21. Secretary of Labor rejects ALPA request and issues recommendations to Congress*

In his letter of November 27, 1968, to the President of the Senate and the Speaker of the House, Secretary Wirtz, asserted that: "Federal regulatory requirements which provide for compulsory retirement without reference to an individual's actual physical condition will be recognized as constituting a bona fide occupational qualification when such conditions or qualifications are clearly imposed for the safety and convenience of the public and therefore not a violation of the spirit or letter of the Age Discrimination in Employment Act of 1967."

Prior to issuing these conclusions, the Department of Labor conducted no hearing of any kind in respect to the Age 60 regulation and declined to participate in the joint exploration which ALPA had requested.

*22. ALPA asks FAA for joint study of age 60 issues*

On August 20, 1968, ALPA's attorney met with FAA's Associate Administrator to communicate ALPA's proposal for a trilateral (FAA, carrier, and pilot) task force for the first thorough examination and review of the basis for the age 60 regulation, with the hope of arriving at a joint, mutually acceptable recommendation for solving the problem. ALPA made clear that in contrast to its previous requests for a full public hearing, it would, if FAA desired, participate fully without insisting upon a public proceeding. FAA's Associate Administrator assured the ALPA attorney that FAA's response to the ALPA proposal would issue promptly.

Nearly two months later, with still no response from FAA to the ALPA proposal, the same ALPA attorney phoned the same FAA Associate Administrator on several occasions, but failed in efforts to speak with him personally. Several messages were left, without response. To date, some five months later, FAA has yet to respond to the ALPA proposal.

*23. The recent breakthrough in medical knowledge of the aging process*

Drs. Robert Proper and Richard Masters of the Lovelace Foundation for Medical Education and Research, in Albuquerque, New Mexico, appeared before ALPA's Board of Directors on November 22, 1968 to report the results of their examination of the aging process in a group airline pilots under periodic study. Typical of the Lovelace findings to date are the following:

1. Airline pilots show a lower proportion of body fat to total weight than the general population, or indeed than a younger group of Air Force aviators.

2. Airline pilots are lean, tall and muscular, and young, as a group, with respect to anthropometric measurements.

3. Airline pilots have hearts 10 to 20% smaller than those of an equivalent group of the same age from the general population.

4. Airline pilots have hearts more anterior and vertical than those of the general population, though the aging process normally causes hearts to become more horizontal and posterior.

5. In contrast with the general population, the pilot group tested experienced no significant change in blood pressure with age (a factor which, as Dr. Proper remarked parenthetically almost suggests that airline pilots "don't get older".)

6. While the stroke volume of blood put out by the heart decreases with age in the general population, airline pilot stroke volume "stays constant at all ages, no matter how we measure it".

7. In contrast to an increase in total lung capacity experienced with aging in other populations, no change in lung capacity from age 20 to age 60 was noted in airline pilots at Lovelace.

8. The evidence at Lovelace suggested that airline pilots, unlike the general population, don't have senile emphysema, and that they experience fewer and more moderate lung changes with aging, and their lungs remain relatively younger, than those of the general population.

9. Pilots over age 40 were found at Lovelace to adapt to darkness more rapidly than subjects under age 20 from the general population, a contrast described by Dr. Proper as "startling."

10. Airline pilots lose a smaller proportion of the hearing function with aging than subjects from the general population.

11. Airline pilots show no difference based upon age in reaction time where complex decision-making is involved, unlike results in the general population.

*24. FAA task force visits Lovelace to review Proper and Masters findings*

A FAA task force headed by Federal Air Surgeon Dr. P. V. Siegel, joined by interested persons selected by FAA from several related fields, visited Lovelace Foundation on December 9, 1968 to hear a presentation from Dr. Proper on the results to date of the Lovelace aging studies, and on the relative physiological deterioration experienced with aging by the pilot group being studied at Lovelace.

The FAA task force returned to Washington and concluded, after several months of silence, that notwithstanding Dr. Proper's work at Lovelace, there was no basis for any change in FAA's previously expressed stand on the matter of compulsory retirement for airline pilots.

*25. ALPA Age 60 Committee invites top FAA medical officers to luncheon meeting, in effort to initiate communication and mutual assistance with FAA on the subject of Age 60 regulations*

On December 23, 1968, G. D. Goss, an ALPA Vice President and Chairman of ALPA's Special Committee to deal with compulsory retirement of airline pilots, invited Dr. Siegel and his Deputy, Dr. Reighard, to a luncheon meeting on January 13, 1969, expressing the hope that such communication might assist FAA in its continuing review of the age 60 subject matter, and that ALPA might be extended, for the first time, an opportunity to contribute regularly to the efforts and work of the FAA group concerned with FAA regulatory policy on aging in airline pilots.

*26. FAA rejects meeting sought by ALPA*

On January 9, 1969, Dr. Siegel rejected ALPA's luncheon invitation.

*27. Current status report*

1. FAA has rejected each and every request for a hearing, a meeting, a conference or any other exchange of views with ALPA concerning the age 60 regulation. No such exchange of views or effort to achieve a common understanding has been permitted by FAA in the ten years since the age 60 rule was announced.

2. No opportunity has ever been made available in any public forum for any person to test the validity of the source materials cited by General Quesada in 1959 as the basis for the regulation, even though most of those sources were at that time ten years old and are today, ten years later, no longer reflections of current medical views.

3. Both the Secretary of Labor and the Secretary of Transportation have publicly stated conclusions in support of the age 60 regulation, without ever extending to ALPA or to affected pilots the normal opportunity to be heard which, in all other situations, is considered an essential element of due process of law.

4. FAA has simply ignored a serious ALPA proposal for a trilateral industry wide study of the problem in an effort to arrive at a mutually acceptable resolution of the problem.

5. Finally, though all employee groups other than airline pilots enjoy the protection of P.L. 90-202, airline pilots are not only excluded from the protection of that statute, and of the public policy which it reflects; they are also the sole targets of conduct by an agency of the federal government which if that same conduct were practiced by a private employer, would violate federal law, policy and indeed current civil rights morality.

CONCLUSION

The Air Line Pilots Association and its nearly 30,000 members have consistently enjoyed the public respect, particularly by reason of their conservatism and mature responsibility in matters of air safety. More directly, perhaps, than any others in our industry, our lives depend, every

working day upon the demonstration of that maturity and conservatism. No person or agency has the right to assume that our expressed views are less than the product of our deliberate and serious judgment as experienced and competent professionals.

At the same time, we hasten to add that we are certainly not infallible. Nor, for that matter, is FAA, which has, on several previous occasions, been totally and dangerously wrong on matters of air safety, matters in which FAA is generally credited with expertise.

That reciprocal fallibility is precisely the reason why we who are privileged to occupy positions having a public responsibility in the air transportation industry are charged with a duty of the fullest candor, a willingness to let the chips fall where they may once all the evidence has been fully aired and tested.

FAA has, in this situation, failed to display the candor which may reasonably be expected of it. Having experienced nearly ten years of procedural frustration as a result of conduct unbecoming a responsible public agency, airline pilots are more than entitled now to the opportunity which has been denied consistently for ten years—the opportunity to have all the evidence on this subject evaluated with fairness and impartiality.

We know of many reasons why FAA might be expected to welcome and publicly endorse such an effort; we know of no good reasons why that effort should be obstructed any longer.

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## ITEM 5. CENTER FOR RESEARCH & ECONOMIC DEVELOPMENT FOR OLDER AMERICANS, INC.

### OLD PROS GET ORGANIZED

[From the Miami News, Nov. 23, 1969]

(By Burt Garnett)

An invitation has been sent from headquarters in Falls Church, Virginia, to a limited number of retirees who have had accumulated knowledge that can be used to study problems of aging, and come up with practical plans for their solution.

Those who respond will become charter members of the national society or organization of Old Pros, and they will be asked to help outline its policies and programs.

The central purpose is to provide the means whereby senior citizens will be able, themselves, to provide facilities they greatly need. These will be local, in every community where an old Pros group is formed.

The high-up experience of business and professional retirees will be depended upon to determine need, and feasibility of every undertaking—housing, nursing and custodial-care homes, recreational facilities, and down-to-earth practical projects such as repair services and combating inflation by producing food, clothing, transportation or other needs at prices within the means of the great majority of Older Americans.

Despite their long and conscientious studies of aging, the professional sociologists have not really undertaken to help older people use their acknowledged skills and know-how to meet their own problems.

The Old Pros however are aware of the few exceptions, such as the Green Thumb project of the National Farmers Union. Dr. Blue Carstenson, formerly executive director of the National Council of Senior Citizens, has developed a program which has proved the ability of thousands of retirees to build, and to operate, almost any type of structure that might be needed.

These examples are to be seen through the public forests and national parks of the northwest.

Another demonstration of the Older American's capacity is in the recently-issued report of the Florida Probation and Parole Commission, which shows that through the use of otherwise-retired workers—at \$4 per day during October—the saving of \$13,072 was made. Added to previous savings, the total is \$30,988.

Max Friedson, the Old Pro who is largely responsible for getting the "Release on Recognition" project under way, notes that "those we release from jail do not use the Public Defender, and save the county about \$400 per case."

The most talked-about and most distressing condition facing oldsters is, of course, hospital and nursing or custodial care. One of the first big items on the O. P. program is a feasibility study of how to obtain good and proper low-cost custodial care for those who need it.

This is the second of what probably will be an interminable series on Old Pros.

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#### OLD PROS WANT FIXED ROLE

[From the Miami News, Dec. 13, 1969]

(By Burt Garnett)

Actual instances of retired elderly men and women performing tasks that save money for the government, should be highly significant. Not only are younger persons doubtful about the ability of oldsters to do important and useful work, but too many older people, themselves, need to be convinced.

If there is anything about retirement that upsets the older worker more than diminution of his income, it is the implication that he is through—finished—no good for anything else. This loss of status, and loss of confidence, has to be overcome before we can get organized for undertakings that we certainly can cope with.

To provide such confidence, as well as to provide a good working program, is the basic reason for setting up a nation-wide system of OLD PROS clubs.

"You're old; too bad; liable to be sick; you need help; wurra, wurra." This is the sort of thing that we get from too many governmental agencies and, especially, from the very highbrow social scientists.

Even when the gerontologists make tests that show our competence, they do it with an air of merely discovering an interesting fact that can be utilized in a thesis or dissertation, and make the subject of an article in a learned journal.

Personally, I'm glad of it. We have got the brains, the know-how, the ingenuity—and the special viewpoint essential to rebuilding confidence in ourselves. We know what we need—and I think we know better than do the sociologists.

The best ideas have come from the brains of persons over 65 years of age. It would be ridiculous of us not to have thought up ways and means of looking after our own interests.

The reason we haven't done so, before this, I fully believe is because of that "wurra wurra" attitude toward retirees. We were led to believe that the social scientists were working constantly and with great concern for our welfare and we are now of the belief that the social scientists were working not for us but for themselves. They were being "pure scientists" who discover facts, principles, and subjects for discussion at their conclaves.

They have uncovered a few facts that we can make use of. But I actually think that if, from the beginning of White House conferences and other scholarly meetings, our own "Old Pros" had been called in to outline our programs and determine our own abilities to carry them out, we would have been much further ahead.

## Appendix C

### ADDITIONAL MATERIAL FROM ORGANIZATIONS AND INDIVIDUALS

#### ITEM 1. OFFICE OF ECONOMIC OPPORTUNITY, EXECUTIVE OFFICE OF THE PRESIDENT, DONALD RUMSFELD, DIRECTOR

OFFICE OF ECONOMIC OPPORTUNITY,  
EXECUTIVE OFFICE OF THE PRESIDENT,  
*Washington, D.C.*

DEAR MR. CHAIRMAN: Thank you for your recent letter requesting the Office of Economic Opportunity to comment on the Working Paper presented to the United States Senate Special Committee on Aging.

Enclosed are our comments on the Working Paper and a report of the Office of Economic Opportunity manpower training and employment programs of special significance to the older low-income worker.

If we can provide your committee with additional assistance please call upon us.

Sincerely,

DONALD RUMSFELD, *Director,*

[Enclosure]

#### THE OFFICE OF ECONOMIC OPPORTUNITY, MANPOWER TRAINING AND EMPLOYMENT PROGRAMS

Of the 25.4 million impoverished Americans, 5 million are age 65 and over. An additional 2 million are 55 to 64 years of age and also living on incomes under the poverty level.

Recent studies and statistics indicate that the number of poor in general has declined dramatically in recent years; however, the number of elderly poor has been reduced little. In fact, the number of older women living alone and in poverty has actually increased.

For youth, the major goal is to break the cycle of poverty from generation to generation. For youth, measures undertaken and programs designed to break the linkages of poverty may be long range, beginning even in infancy. For the old who are poor however, efforts must be directed toward results in the immediate or near future. Many will have to continue to live on very meager and limited monies, but they should be able to live out their lives in greater decency and dignity that most of them do at the present time.

The Office of Economic Opportunity is in agreement with the major themes of the Working Paper submitted to your committee. We have been able to clearly demonstrate through a number of innovative and developmental type programs that through adequate training many unemployed and underemployed can be placed in job opportunities in the private and public sectors. These programs include national demonstration and research projects such as Foster Grandparents, Green Thumb, Green Light, Project FIND and local research and demonstration programs such as the Home Repairs for the Elderly in Letcher, Knott, Leslie and Perry Counties, Kentucky. Additionally, a number of Senior Opportunities and Services programs have effectively trained and placed many older poor in local, private business enterprises.

The Office of Economic Opportunity is endeavoring to help low-income older Americans by putting their energies and skills to work, to update or improve skills, and/or teach new skills to better their situation insofar as this is possible.

The Office of Economic Opportunity Task Force on the low-income elderly was established in 1965, and recommended continued education, periodic re-

training and employment of the employable elderly who were not in the labor force. Further, the Office of Economic Opportunity has not only been concerned with the employable elderly, but also with the underemployed and unemployable elderly who could be brought back into the main stream of the US economy through training and proper placement.

#### FOSTER GRANDPARENT PROGRAM

The first national demonstration program to be implemented was the Foster Grandparent Program. The program recruits, trains and employs persons age 60 and over with low incomes to serve neglected, deprived, maladjusted, and sick children and young teenagers who lack close personal relationships with their peers, parents, or adults. The children and teenagers may be in institutions, clinics, special schools or classes, sheltered workshops, or other settings.

In FY '65 1,006 low-income elderly men and women were trained and assigned as foster grandparents to work with about 1,300 children. The FY '65 Foster Grandparent budget of 25 million provided the initial funding for 21 pilot projects to demonstrate the feasibility and value of the program concepts to both the children, teenagers, and the employed elderly.

In Fiscal Year 1969, more than 4,100 low-income older poor persons were employed in the program and served more than 8,100 children and teenagers at a cost of 9 million.

The Foster Grandparent Program having demonstrated its worth to both children and the elderly was continued by the Office of Economic Opportunity through FY '69 at which time the program was transferred from the Office of Economic Opportunity to the Administration on Aging of the Department of Health, Education and Welfare.

#### MAINSTREAM PROGRAMS

The most recent guidelines published by the Department of Labor state operation Mainstream's purpose to be the provision of work-training and employment projects, augmented by necessary supportive services, designed to provide permanent jobs at decent wages for adults with a history of chronic unemployment:

"Designed for rural areas and towns, projects concentrate on work experience and training activities that will improve communities and those low-income areas where the projects may take place. Such projects may seek to decrease air and water pollution, improve parks, protect wildlife, rehabilitate slum housing or extend education, health and social services."

Preferred projects lead to opportunities for permanent employment; provide services or employment for older persons in rural areas, and improve the social or physical environment of the area.

To be eligible an individual must come from a family whose income is below poverty level, be at least 22 years old, with the stipulation that at least 40 percent of the enrollees be age fifty-five or over. Priority is given to those who have been chronically unemployed (defined as unemployed for more than 15 consecutive weeks, repeatedly employed during the past two years, or employed less than 20 hours a week for more than 26 consecutive weeks); have completed some training but remain employed; lack current prospects for training or employment because of age or some other factor.

#### REGULAR AND OLDER PERSONS PROJECTS

Older Persons—The special component of operation Mainstream dealing with older persons concentrates on those over age 55 who meet the previously stated qualifications. The largest of these programs is sponsored by the National Farmers Union (under national contract) entitled Green Thumb, now operating in Arkansas, Indiana, Kentucky, Minnesota, Nebraska, New Jersey, New York, Oklahoma, Oregon, Pennsylvania, South Dakota, Utah, Virginia and Wisconsin. Total authorized enrollment under the most recent contract was 2,073 for Green Thumb and 270 for the female division of Green Light, which has recently been established. As of the end of July 1969, there were 2,100 male and 10 female enrollees on duty. For the most part Green Thumb enrollees work on beautification and conservation projects and are provided with

limited training for 20 hours a week. The total Federal share of Green Thumb is \$4,653,050; for Green Light, \$598,670.

Green Thumb enrollees are generally lower income retired farmers. Although the lower age limit is 55, the average age of an enrollee is around 68; the oldest individual at the moment is 94. Enrollees work approximately three days per week and are offered some on-the-job training. For the younger participants, the major focus is on securing permanent employment, and incidence of placement is fairly high. While in Green Thumb, enrollees' salaries are paid through the Federal grant to the National Farmers Union; salary is restricted to \$1,500 per year so as not to interfere with Social Security benefits, etc. The participating agency for whom the enrollee is working provides only the materials necessary for the job and in-kind contributions. Once an enrollee is placed in a permanent position, total salary is assumed by the employer.

The Green light program for women age 55 and over is presently operating in ten states. The enrollees are involved in community service positions for two days a week and the third day is spent doing outreach work aiding people who are not otherwise served by community programs.

Other older persons programs have been funded during 1969. These contracts have gone to Virginia State College with authorized enrollment of 115 persons, Federal share \$319,955; National Council on the Aging which operates 11 projects, total authorized enrollment of 500 at \$2,232,028; seven projects operating under a contract with the National Retired Teachers Association for \$738,805, authorized enrollment of 313; and a contract with the National Council of Senior Citizens encompassing 19 projects at a Federal share of \$3,321,591 enrollment authorized for 1,132.

These other "Senior Aides" programs offer human service types of employment to enrollees. Job Titles (all aide positions) are as follows: administrative, job development, nutrition, surplus food, instruction (both in day care centers and public schools), homemaker, home repair (specifically in the Kentucky project), and survey (in Burlington, Vermont to determine the need for community services). The enrollees in these projects ranged in age from 55 to 85. Other job responsibilities obtained from the Department of Labor were as follows: visiting the elderly helpless; delivering meals and aiding in shopping, housework and chores; escorting the elderly to doctor's offices or welfare agencies; teaching in Head Start; etc.

*Project FIND (Friendless, Isolated, Needy and Disabled).*—A national demonstration project which was concluded in November 1968. It employed 372 older people, and with the help of 60 volunteers as canvassers in 12 different communities throughout the country, Project FIND reached approximately 25,000 older poor Americans in their homes, noted their unmet needs and took steps to see that those needs were met. Many local CAA's now conduct a project FIND as a Senior Opportunities and Services program funded under Title II, Section 222(a) (7) of the Economic Opportunity Act.

#### LOCAL DEMONSTRATION PROGRAM

Home Repair for Elderly Poor—a pilot project to repair the substandard homes of elderly poor persons in a four-county area of Eastern Kentucky, trains older poor persons as construction workers to repair homes owned by elderly, blind or disabled recipients of public assistance. The project involves 100 participants, most of them 65 and older at a cost of \$355,875 in Leslie, Knott, Letcher, and Perry Counties. In the first nine months after work began in September 1968, 230 homes were repaired. It is anticipated that an additional 700 homes will be repaired.

#### SENIOR OPPORTUNITIES AND SERVICES PROGRAMS (SOS)

During Fiscal Year 1969, 217 SOS programs were funded for 6.4 million in 45 states, Puerto Rico and US Territories. All of the programs train and employ the elderly poor on a part or full-time basis. The best estimate of the number of elderly poor who were trained, employed, or referred to other employment in the programs during FY '69 is slightly more than 4,000. The President has requested 8.8 million for SOS programs in FY '70.

There are no data available on unemployment among older workers in poverty areas.

## ITEM 2. U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EXHIBIT A. A PROJECT STUDY ON EMPLOYMENT REFERRAL, BY THE  
ADMINISTRATION ON AGING

## THE ACTION

Older citizens in Norwalk, Connecticut, create an organization to help other elderly people get jobs.

## THE DESIGN

Early in January 1966, a group of retirees in Norwalk decided to do something about a situation faced by millions of older people in communities all over America—the problem of finding employment.

Calling themselves the Senior Personnel Placement Bureau, Inc., they obtained a charter as a nonprofit organization from the State of Connecticut. They were not theorists, but hard-headed businessmen including a retired manufacturer, a banker, and an advertising executive. All had experience in civic work such as community fund, YMCA, men's club, and Boy Scout activities.

They had no money, but their corporate charter authorized them to "obtain public and private contributions" to carry out their corporate purpose of seeking jobs for older people.

Their first contribution came from the Norwalk Chamber of Commerce, which provided office space, supplies, a telephone, and even some staff assistance. The second was cash from the president of the new corporation, a 71-year-old retired businessman. This paid for operating expenses, including such items as stationery, printing, and postage.

Posters, like the one reproduced here,\* were printed, asking older job-seekers to register and employers to list job openings with the Bureau. With the aid of stores, churches, libraries, and the chamber of commerce, posters were displayed all over town. Local newspapers and broadcasting stations provided additional publicity.

Volunteer interviewers and clerks, all older people themselves, manned the Bureau. Originally the minimum age for registration was 60, but it was soon found that many persons 55 or even younger wanted work. The Bureau now lists all "senior" applicants, with no specified minimum age limit.

## METHOD OF OPERATION

All applicants are interviewed personally at the Bureau, and complete card record made on each. Data includes date, name of interviewer, client information starting with name, address, age, sex, telephone number, health, social security number, past experience. It also includes preferences as to type of work and pay, part-time or full-time, night or day, whether client has own transportation, how he happened to register, and any confidential information he may wish to supply. These cards go into one file.

In another file are cards listing job opportunities by type of work and names of prospective employers. These are obtained by solicitation, newspaper, and radio appeals. These cards list date, name of person taking data, the name, address, and telephone number of employer and person to contact, job particulars, including day or night work, full-time or part-time, pay, how employer came to list his needs with the Bureau, and any confidential information the employer may wish to include.

Sometimes a client is referred to an employer on his first visit to the Bureau. Otherwise, his card file is checked against job opportunities as they occur. When one turns up which he might fill, he is promptly notified by telephone to go after it.

By February 9, 1966, the Bureau had a list of 16 job-seekers. They included nine men wanting work as janitor, butcher, second cook, and accountant. Experience of the seven women applicants ranged from baby-sitting to service as a fashion consultant in a big New York store and ownership and operation of a dress shop.

This list was circulated by the Chamber of Commerce to employers, with a covering letter stressing mutual advantage in getting a qualified worker and providing a job for an efficient and reliable older person. The Chamber em-

\* Retained in committee files

phasized that all clients had been interviewed and screened as to their capabilities.

The Chamber's letter also stressed that older workers could be hired on a contract basis without complicating existing insurance or other company benefit programs, if mutually agreeable. Fear of such complications frequently deter employers from considering well-qualified older employment-seekers.

A GOING CONCERN BUT—

By June, Norwalk's Senior Personnel Placement Bureau found itself definitely a going concern. It had found jobs for 60 people and was being asked how to do it by people in other communities, who were aware of the job placement problem for older people but didn't know how to tackle it. Norwalk provided information about its program.

At the beginning, the Norwalk volunteer on duty kept a daily record, or log, listing all calls, visits, interviews, and other business handled, so that the volunteer taking over next day—frequently a different person—could quickly bring himself up to date.

This system was found satisfactory to a degree, but revealed the need for operational continuity through one paid person to staff the office daily, even on a part-time basis.

Also, the Chamber of Commerce, while supporting the project generously and completely, found its own activities required use of the office space allotted to the Bureau. To accommodate the needs of its hosts, the Bureau had to shift its own office hours to afternoons. This was found unsatisfactory.

So on June 4, 1966, through the Connecticut State Commission on Services for Elderly Persons, the Bureau applied for an Older Americans Act grant to set up its own office.

A grant of \$5,810 was approved. The largest part is \$1,200 for rent, \$2,605 for a paid clerk-typist working four hours a day five days a week, and funds for telephone service, postage, printing and office supplies. Local contributions of personal services by volunteers are valued at \$7,876, or nearly 60 percent of the first year's project cost.

The Norwalk Bureau sums up the need for its type of service as follows:

Today's older American is living a longer and more active life. Work means much to him. In some cases, paid employment means a higher income and a better standard of living. In others, it is the opportunity to continue to use skills and knowledge purposefully. On the other side of the coin is a community's need for the skills, experience, knowledge, patience, and dependability of the older worker.

"Discounting any job service the Bureau may offer, the idea that someone cares and takes the time to talk the job problem out with a client has brought about an increased feeling of contentment and security."

EXHIBIT B. SOCIAL SECURITY ADMINISTRATION, LETTER FROM ROBERT M. BALL,  
COMMISSIONER, TO SENATOR RANDOLPH, DATED JANUARY 22, 1970

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
SOCIAL SECURITY ADMINISTRATION,  
*Baltimore, Md., January 22, 1970.*

DEAR SENATOR RANDOLPH: Thank you for your request to comment on the working paper prepared for the Special Committee on Aging. I welcome the opportunity to do so.

As the working paper indicates, a large proportion of people are claiming reduced retirement benefits before age 65. The Administration is particularly concerned about the large number of men—generally the primary earners in families—who have been coming on the benefit rolls before age 65 and getting low benefits. Benefits of all men awarded reduced benefits are, on the average, much lower than those awarded unreduced benefits. For example, for those awarded benefits in 1968 (after the effective date of the 1967 social security amendments) the averages were about \$99.50 and \$131.50, respectively.

To alleviate somewhat the problem of low benefits for men who retire early, the President has recommended a proposal to compute benefits for men (as they are now computed for women) up to the year of attainment of age 62 instead of age 65. Under present law, retirement benefits are payable to men and women beginning at age 62, and the reduction rates applicable where benefits

are taken before age 65 are the same for men as for women. Eligibility requirements and benefit amounts for men, though, are computed over a number of years equal to the period up to the year of attainment of age 65, while for women they are determined over 3 fewer years. This means that 3 more years of low or no earnings must be included in computing benefits for a man than are included for a woman.

There are several points which should be made in connection with the proposal made in the working paper for delayed retirement credits. First, many people do get higher social security benefits as a result of earnings after 65. A man's retirement benefit is based on his average monthly earnings over a specified number of years—generally, 5 less than the number of years elapsing after 1950 and before the year in which he reaches age 65. If he has earnings after age 65, earnings in these years can be substituted for lower earnings in years before that age in figuring his benefit amount. This provision is especially helpful when the maximum amount of annual earnings on which social security contributions are paid and which are creditable for benefit purposes is increased after a man attains age 65. In 1968, for example, the amount of earnings which can be used for social security purposes was increased from \$6600 to \$7800. As a result, a man continuing to work after age 65 for earnings of more than \$6600 a year can substitute earnings in these years for earnings of \$6600 or less that were creditable in previous years. Also, it is possible for a person to qualify for social security benefits solely as a result of work after age 65.

Nevertheless, it is true that a person who continues working but does not have higher creditable earnings after age 65 than he had before gets benefits no higher than they would have been if he had retired at 65, and this fact has given rise to a number of complaints of inequity. Consideration has been given to two possible modifications in the law, either one of which would help meet these complaints. One would be to provide a refund of contributions paid, with the refund to be handled on the Federal income tax form. Because of the number of people who, as described above, benefit from having their earnings past 65 credited to their account, this refund approach poses a problem. If contributions are refunded, it would be difficult to justify the crediting of the wages, and if the earnings did continue to be credited, the financing of the program would be affected since there would be a decrease in income without a corresponding decrease in outgo.

Alternatively, one might consider a small increase in benefits for each month after age 65 for which a person who is eligible for benefits does not get them. In this way every beneficiary who foregoes benefits for a period of time after age 65 would be sure to get a somewhat higher benefit when he starts to get payments than he would have gotten if he had started getting benefits earlier.

There are arguments which can be made on both sides of the question of a benefit increment on account of delayed retirement. Perhaps the strongest argument in favor of such a proposal is that it would increase public acceptance of the program by avoiding the appearance of unfairness that results when a potential beneficiary foregoes benefits for a period of time and yet gets no higher benefit when he ultimately retires.

The argument for providing a delayed retirement increment as a matter of equity carries weight only when it is used in relation to two people of the same age who began working under the program at the same time. Not all people who continue to work after age 65 have contributed for a longer period than those who stop work at 65. For example, with a delayed retirement credit, a person whose job was first covered under social security in 1956 would get additional benefits if he worked after age 65 even though he had worked under social security for only a relatively few years. A person of the same age who had contributed to the program since 1937 but who retired at age 65 would not get any additional benefits.

It is argued by some that the payment of higher benefits to people who retire late would provide an incentive to continued work after age 65. This incentive effect is probably not of much significance. As a general rule, people who work beyond age 65 do so because they are able to work and need the more substantial income that regular employment provides or because they want the personal satisfaction that work brings. It is unlikely that a delayed

retirement credit would add much to the relatively powerful incentives to work that now exist.

Cost is always an important consideration in any social security change, of course. If a delayed retirement credit were large enough to compensate in full for the benefits that would have been paid if the worker had retired at age 65, the cost would be the same as eliminating the retirement test (the provision in the law under which benefits are not paid in full to people under age 72 if their annual earnings exceed \$1680) at age 65—some \$2½ billion dollars a year now and more in future years. And a delayed retirement credit or a provision to refund social security contributions after age 65 would increase costs for the sake of paying higher amounts to people who are already, by reason of the fact that they have been able to work past 65, better off than others who are eligible for benefits.

The Department of Health, Education, and Welfare has not taken any position on the desirability of these two alternatives. Both proposals are among the area to be considered by the Advisory Council on Social Security, which, as you know, is currently studying all aspects of the social security program.

Turning now to the retirement test itself, a problem with the test in its present form that concerns us greatly is the effect the test has on incentives to work for beneficiaries who earn above \$2880 in a year, the level at which \$1 in benefits is withheld for each \$1 of earnings. Since benefits are tax-free while earnings are taxable, under present law a beneficiary who earns more than \$2880 may actually have less spendable income (that is, social security benefits after application of the retirement test, plus earnings after taxes) than he would if he restricted his earnings to that amount. The President, in order to remedy this situation and to avoid disincentives to increased employment, has proposed that only \$1 in benefits be withheld for each \$2 of earnings above the annual exempt amount \$1680 in present law) regardless of how high the earnings might be. With this change, the more a beneficiary earns, the more spendable income he will have. To reflect increases that have occurred in general earnings levels since the annual exempt amount was set in 1967, the President has also proposed that the amount be raised from \$1680 to \$1800.

There is one specific comment I need to make about one of the figures used in the working paper. The second paragraph on page 3 states that "a large proportion of these more than six million men are not retired on adequate retirement incomes. . . ." It appears that the universe of men which is referred to here is composed of the men currently getting social security retirement benefits that are reduced because of retirement before age 65. If this is the case, the 6 million figure is too high. The number at the end of 1968 was only 2.2 million; at the end of 1969 it was 2.5 million.

I am enclosing the information you requested about the number of people who start getting benefits before age 65, the cost of liberalizing and eliminating the retirement test, and the number of people who would be eligible for Medicare if it were extended to the disabled.

Sincerely yours,

ROBERT M. BALL,  
*Commissioner of Social Security.*

[Enclosures 3]

NUMBER OF PEOPLE ELECTING TO RECEIVE SOCIAL SECURITY  
BENEFITS AT AGE 62-64

In 1968, the latest full years for which data are available, 673,000 retirement benefits were awarded and paid to workers below age 65. The 673,000 reduced benefits awarded represent 61 percent of all retirement benefits which were awarded and paid in 1968.

COST ESTIMATES PERTAINING TO THE RETIREMENT TEST

The attached table gives the estimated level cost (based on benefit levels effective beginning January 1970) as percentages of taxable payroll of alternative proposals for liberalizing the retirement test by increasing the annual exempt amount from the present level of \$1680 and of eliminating the test.

**COST ESTIMATE<sup>1</sup> FOR SELECTED RETIREMENT TEST CHANGES UNDER PRESENT LAW AND WITH PROJECTED 5 PERCENT AND 10 PERCENT BENEFIT INCREASES**

| Annual exempt amount | Monthly measure | Adjustment for earnings above exempt amount   | Present law (percent) | 5 percent benefit increase | 10 percent benefit increase |
|----------------------|-----------------|---|-----------------------|----------------------------|-----------------------------|
| \$1800.....          | \$150           | { \$1 for \$2 for first \$1,200 (to \$3,000)..... }<br>{ \$1 for \$1 above \$3,000..... } | .04                   | .04                        | .05                         |
| \$2100.....          | 175             | { \$1 for \$2 for first \$1,200 (to \$3,300)..... }<br>{ \$1 for \$1 above \$3,300..... } | .14                   | .15                        | .16                         |
| \$2400.....          | 200             | { \$1 for \$2 for first \$1,200 (to \$3,600)..... }<br>{ \$1 for \$1 above \$3,600..... } | .25                   | .26                        | .28                         |
| \$3000.....          | 250             | { \$1 for \$2 for first \$1,200 (to \$4,200)..... }<br>{ \$1 for \$1 above \$4,200..... } | .47                   | .49                        | .52                         |
| \$3600.....          | 300             | { \$1 for \$2 for first \$1,200 (to \$4,800)..... }<br>{ \$1 for \$1 above \$4,800..... } | .61                   | .64                        | .67                         |
| Infinity.....        |                 |   | .66                   | .69                        | .73                         |

<sup>1</sup> Estimated level costs as percentage of taxable payroll under present law with maximum taxable earnings of \$7,800 per year.

**NUMBER OF DISABLED PEOPLE WHO WOULD BE ELIGIBLE FOR MEDICARE PROTECTION**

The latest information available shows that an estimated 2.54 million social security disability beneficiaries would have health insurance protection in 1970 if the recommendations of the Advisory Council on Health Insurance for the Disabled were in effect.

EXHIBIT C. OFFICE OF EDUCATION, LETTER FROM ALBERT L. ALFORD, ASSISTANT COMMISSIONER FOR LEGISLATION, TO SENATOR RANDOLPE, DATED JANUARY 29, 1970

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
OFFICE OF EDUCATION,  
*Washington, D. C., January 29, 1970.*

DEAR SENATOR RANDOLPH: Commissioner Allen has asked me to thank you for the opportunity to comment, from the viewpoint of the Office of Education, on the Working Paper, "Employment Aspects of the Economics of Aging" which was prepared by the National Institute of Industrial Gerontology for use of the Subcommittee on Employment and Retirement Incomes.

On page 12, the report states: "... there are effective ways of training and retraining mature workers if we have the will to do so." The report then cites the work of Meredith Belbin in England and private vocational schools in the United States and observes that "Government training programs should take these techniques into account." We will limit our comments to this portion of the report, which is of direct concern to the Office of Education.

As you know, the Division of Manpower Development and Training in the Office administers institutional training programs under the Manpower Development and Training Act (MDTA). Since this program began in 1962, it has amply demonstrated that mature workers can be trained and retrained. In this program, as in others, they are prepared for a wide range of employment opportunities, some of which are as demanding as almost any in our economy.

Of the 848,400 who have been enrolled in MDTA institutional training since 1963, 93,324 or 11 percent have been over age 45. Of 135,000 trainees in Fiscal Year 1969, 10 percent were over age 45. The training time for these mature trainees has been no longer than that of younger trainees and their rate of job placement is the same. Approximately 75 percent of those completing training secured employment.

State programs funded by the Office under the Adult Basic Education Act have also gained considerable experience with the enrollment of mature workers. As you know, this grant-in-aid program imparts basic literacy and emphasizes its provision in conjunction with skill-training programs, so that educationally handicapped workers may be prepared for better jobs. Of those enrolled in this program in Fiscal Year 1968, more than 63,000 (16 percent) were between age 45 and 54, more than 33,000 (8 per cent) were between age 55 and 64, and nearly 15,000 (4 percent) were age 65 or older.

Finally, we would like to point out that the long-established program of vocational education, which is supported by grants-in-aid from the Office of Education, is not limited to youth of school-age but also includes a very large number of adults enrolled for part-time or short-term training programs

for upgrading or retraining. In Fiscal Year 1968, for example, almost 3.0 million adults were enrolled in federally aided vocational education programs, of whom more than 1,000,000 were preparing for jobs in various trades and industries, and more than 400,000 for office occupations. Unfortunately, we do not have the age distribution of these enrollments, but we are assured by those familiar with this program that a substantial proportion of the adult students are over age 45.

On the basis of experience in these programs, we can state that middle-aged and older workers can be trained or retrained for employment. The necessary techniques, insofar as different methods are required in the case of older workers, are well-known to adult and vocational educators in this country.

We appreciate this opportunity to comment for the record of your Subcommittee.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,  
*Assistant Commissioner for Legislation.*

ITEM 3. SMALL BUSINESS ADMINISTRATION, LETTER FROM HILARY SANDOVAL, JR., ADMINISTRATOR, TO SENATOR RANDOLPH, DATED DECEMBER 23, 1969.

U.S. GOVERNMENT,  
SMALL BUSINESS ADMINISTRATION,  
*Washington, D.C., December 29, 1969.*

DEAR SENATOR RANDOLPH: This is in response to your letter of December 5, 1969 in which you requested our views on the report entitled "Employment Aspects of the Economics of Aging" and information on our SCORE program.

The report was very informative. The problem of early retirement and resultant "new poor," in a time of inflationary prices, is a real problem—one in which SBA may offer some assistance. Through the SBA SCORE program some of these talented individuals can be productive citizens in counseling their fellow businessmen.

SCORE is a volunteer program that utilizes the talents of retired persons with business management experience by assisting small businessmen with their problems. This program provides an outlet of interest to the volunteers, who serve without pay, as well as a service to the business community. Organized into SCORE chapters, the volunteers maintain contact with each other and manage their own chapter affairs under the general guidelines prescribed by SBA. Currently, there are 150 SCORE chapters and 3,600 volunteers.

Enclosed are several reprints from magazines,\* a SCORE fact sheet and the SBA SCORE pamphlet.\* These describe the program and its accomplishments.

In addition to SCORE, many senior citizens start new businesses at retirement or prior to retirement. SBA can assist with the start-up problems of management as well as provide loans. There is no forced retirement as the owner of a small business. Further, many of the senior citizen-owners employ other senior citizens providing employment opportunities.

If we can be of further service, please let us know.

Sincerely,

HILARY SANDOVAL, JR.,  
*Administrator.*

[Enclosures]

SCORE (SERVICE CORPS OF RETIRED EXECUTIVES) FACT SHEET—DECEMBER 1, 1969

In April 1964 the Small Business Administration (SBA) announced its intention to create a corps of retired executive talent available to advise small businessmen. The press quickly picked up the story of the Service Corps of Retired Executives (SCORE) and spread it from coast to coast. One article in *Parade* brought applications from hundreds of volunteers and requests for help from small businessmen.

In July 1964, the first pilot-operation of SCORE was inaugurated in Washington, D.C., followed by a pilot in Boston concentrating on the team approach. Both were immediately successful.

\* Retained in committee files.

On October 5, 1964, SCORE became a national program with 60 meetings that day throughout the nation. By December 1964 there were 1,000 volunteers on board.

Currently, there are over 3600 volunteers on the national SCORE roster. Nearly 68,000 small business owners have been assisted by SCORE since the program started.

The SCORE roster includes retired retailers, production analysts, office managers, lawyers, engineers, accountants, economists, bankers, advertising and public relations men, sales managers, wholesalers, controllers, plant managers, scientists, and former owners of small businesses of every description.

The special expertise of these volunteers are matched by the SBA field offices with the needs of the ailing businesses who request SCORE assistance.

Two hundred and twenty (220) SCORE chapters have been organized since 1964. District of Columbia SCORE Chapter No. 1 was started in January, 1965, and the 220th chapter was launched in Brunswick, Georgia, last April. Because several have consolidated, there are 150 chapters in operation at present, located throughout the nation.

There are approximately 85 women on SCORE rosters. More women are needed because they make unusually good counselors in beauty parlors, restaurants, tea rooms, ladies' apparel shops, ladies' departments in stores, and other kinds of small businesses.

SCORE is a volunteer organization. The counselors work free. SBA asks only that the businessman who uses SCORE reimburse the SCORE volunteer for his out-of-pocket travel expenses.

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ITEM 4. OVER-60 COUNSELING AND EMPLOYMENT SERVICE, LETTER FROM MRS. JAMES H. BAXTER, CONSULTANT IN EDUCATION, TO SENATOR RANDOLPH, DATED JANUARY 7, 1970

OVER-60 COUNSELING AND EMPLOYMENT SERVICE,  
OF THE MONTGOMERY COUNTY FEDERATION OF WOMEN'S CLUBS, INC.  
*Chevy Chase, Md., January 7, 1970.*

DEAR SENATOR RANDOLPH: I appreciate the opportunity to review and report to you of my comments on the working paper, "Employment Aspects of the Economics of Aging," prepared for the United States Senate Special Committee on Aging. My comments will reflect voices from the "grass-roots level," as a result of the daily personal contact we have with those who are actively seeking employment through our Over-60 Counseling and Employment Service of the Montgomery County (Maryland) Federation of Women's Clubs, Inc. I want to quickly add that we vigorously applaud the work of your Subcommittee on Employment and Retirement Incomes for stimulating national level dialogue on the true need for the older worker to be able to have alternatives under decent conditions.

My comments will not be in conflict with statements in the working paper, but supporting the findings. I'll limit my remarks to three topics (1) an acute problem created by the so-called "retirement test" under Social Security; (2) our increase in number of applicants seeking employment—and at markedly older ages—showing need for and possible value of a bill providing *continuing support* of comprehensive programs of employment service (including those in non-profit volunteer agencies); and (3) some findings on a relevant subject—the 3-year follow-up research study on our "Good Neighbor" Aide Training and Placement Program for Older Women.

In connection with the "retirement test" under Social Security, I want to report a fear that we hear expressed by our older applicants—the fear of the delay period involved in adjustment of the Social Security payment whenever earnings have gone above the \$1,680 ceiling. For some of our applicants *this period when no monthly check comes* has ranged from 5-8 months. Where there is no financial backlog, knowing that the adjusted check will come months from now does not in any way multiply available pennies for existence this month and the next. In comparison, extra income from sources other than work does not prevent the more fortunate "retired" persons from collecting their Social Security regularly, in full. With an awareness of this complicated problem, our Board of Governors voted unanimously in favor of having it called to the attention of your committee on behalf of the human dignity of our quiet, struggling old Americans.

Last summer we noted a very marked increase in the number of applicants, and among them an increasing number of persons in their 70's. According to the applicants, their need for income had become more crucial because of the ever-climbing cost of living, and *more of them heard about Over-60 Service* as a result of our campaign for public service announcements on television stations. Telephone lines became clogged. Many came from miles away and literally waited for their turn to be interviewed. None were turned away, but the terrific overload on the limited staff meant less time for the individualized job-searching so necessary in helping older workers. We felt forced to limit television publicity.

We believe this example highlights a need for more comprehensive employment service agencies for older workers. A bill (possibly S. 4180) providing grants for beginning programs plus the possibility of *longer-term continuing support for on-going* successful programs, such as Over-60 Service (a non-profit voluntary agency), could "stretch-the-dollar-savings" in cost with the use of local matching funds plus volunteer assistance.

Since you also asked for thoughts on other relevant subjects, I believe you will be interested in some of the findings in our "Three-Year Follow-Up Study of Good Neighbor Aide Training and Placement for Older Women." You may remember from my earlier testimony before your committee that this pilot program in Over-60 Service was our attempt to elevate the status of work in the home—making a job opportunity and meeting an urgent community need for companions for the elderly and mother-substitutes for children. (I conducted the study in 1969 under the guidance of Dr. M. N. Rashid, as part of my graduate study in The George Washington University, School of Education.)

The study included the first 107 trained in the Good Neighbor Program. As to their former job level, the range was from "not having been employed for pay" to that of school teacher. Twenty-six percent were 70 years of age or older; 18% had a grade school education while 24½% had a year or more of college education. Four expressed dissatisfaction with the program.

Seventy-four percent of the women were living alone at time of training (11% unmarried; 16% separated; 47% widows). On income status of the widows in particular, 72% were dependent on Social Security and 20% had *no income* when they came into the program.

The questionnaire gave each participant the opportunity to describe "in her own words" what the program had meant to her. Their expressions were heart-warming, such as, "The Good Neighbor Aide Program has helped me, not only financially, but my mental well being. It has given me a sense of being needed."

The findings seemed to support the hypothesis of the study: To the degree that the community based job-development program is able to enhance the image of the job then to that degree the program is able to recruit and place the worker over 60 years of age. We think the study may have broader implications.

Sincerely yours,

MRS. JAMES H. BAXTER,  
*Consultant in Education.*

ITEM 5. AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, LETTER FROM BERT SEIDMAN, DIRECTOR, DEPARTMENT OF SOCIAL SECURITY, TO SENATOR RANDOLPH, DATED JANUARY 16, 1970

AMERICAN FEDERATION OF LABOR  
AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,  
*Washington, D.C., January 16, 1970.*

DEAR SENATOR RANDOLPH: Thank you for the opportunity to comment on the report "Employment Aspects of the Economics of Aging." The report is another example of the high caliber of material from the Senate Special Committee on Aging and its Subcommittees that have made the Committee a respected forum of expert opinion and an accepted advocate for our older people.

In general, we agree with the major observations of the report. We strongly support its two primary recommendations that "the study of institutional and other arrangements giving rise to involuntary retirement called for by

Section 5 of the Age Discrimination in Employment Act be undertaken promptly," and that "a Middle-Aged and Older Workers Full Employment Act, similar to that introduced in the Senate last year (S. 4180), be passed and adequately implemented. . . ." The AFL-CIO was one of the strongest supporters of the Age Discrimination in Employment Act and since its passage has repeatedly urged vigorous enforcement and full implementation. The AFL-CIO supported S. 4180 and we expect to push for and support similar legislation in the future.

Though we agree with the general thrust of the report, there are several points in it on which I would like to comment since our position differs to some degree. The first concerns vesting of pensions. The report indicates support for compulsory vesting for all pension plans. In multi-employer plans, where an employee transfers pension rights from employer to employer in an industry, a vesting standard appropriate for single employer pension plans is not necessary or appropriate. We feel, therefore, that the total vesting standard that this report seems to contemplate is not appropriate for multi-employer plans. We agree, however, with the general intent expressed to provide greater vesting protection for workers in their pension plans.

The report implies that the retirement test in the social security law should be eliminated and overstates the importance of the retirement test as a barrier to working by social security beneficiaries. A large majority of aged persons are unable to work because of poor health or lack of employment opportunities and for them, there needs to be a greater stress on more adequate social programs, particularly improvements in the social security law. The high cost of eliminating the retirement test could be used more wisely to improve the social security law for this majority who, by and large, do not have significant sources of other income. I am enclosing for your information a brief policy statement setting forth the AFL-CIO position on this matter.

The report in its discussion of forced retirement should have placed more emphasis on development of flexibility in our retirement systems. Obviously, when a worker should retire depends on many interrelated factors that vary greatly from one individual to another. For example, because of physical demands of the job, the retirement decision of a laborer or coal miner may differ substantially from that of a white collar worker. During the later working years, many older workers find the pace of their jobs beyond their physical ability. Large numbers of them also suffer from chronic ill health.

There are a number of changes that could be made in the social security law that could help resolve this problem. A substantial social security benefit increase coupled with provisions allowing retirement at age 60 at less than a full actuarial reduction and permitting older workers to the right to receive disability benefits if unable to engage in their usual occupation would, in effect, establish a realistic zone of retirement after age 60. This approach, by improving benefits and introducing a greater degree of flexibility, would facilitate coordination with private pension arrangements so retirement problems unique to particular industries could be more easily resolved. It would also allow older workers more rational choices in retirement decisions: based on their own individual circumstances and would avoid compulsory retirement at earlier ages in private industry that would tend to develop if a lower but specific age of eligibility for full social security benefits were incorporated in the Social Security Act.

We strongly endorse the report's stress on full employment. The greatest advance that could be made toward employment opportunities for older and retired workers would be full employment opportunities for everyone. However, we feel the report neglects one important facet of the problem—the creation of a national community senior service corps. This approach, by utilizing the creative energies of retirees through useful part-time employment, would give greater meaning and dignity to their lives. Important services could be performed that are badly needed in communities across the nation and would be a means by which the elderly could modestly supplement their too often inadequate incomes even though they are unable to compete in the normal labor market.

Thank you for the opportunity to comment on this report and I hope these observations will be of help to you.

Sincerely yours,

BERT SEIDMAN,  
*Director, Department of Social Security.*

[Enclosure]

## EXHIBIT A. AFL-CIO POSITION ON RETIREMENT TEST

The retirement test is one of the most controversial and least understood provisions of the Social Security Act. This test provides that Social Security benefits are payable in full if a person's earnings remain below \$1,680. If earnings exceed that amount, the social security benefit is reduced dollar for dollar for earnings in excess of \$2,880. A full benefit is permitted for any month in which earnings do not exceed \$140 regardless of annual earnings. Persons over 72 are not covered by the retirement test.

## WHY A RETIREMENT TEST

The AFL-CIO opposes abolishing the retirement test for what we consider very valid reasons. The Social Security program is an insurance program that insures against loss of income from work and that pays benefits when that loss occurs. In other words, the purpose is to provide insurance against the loss of earnings due to retirement, disability or death of the worker. Like other forms of insurance, the program insures against specified risks and it does not pay benefits unless the risk against which it insures actually occurs.

It is true that the retirement test applies only to earned income. By paying benefits regardless of other financial resources, social security serves as a base on which other forms of protection such as investments, savings, insurance, etc. can be built. Withholding benefits because of resources other than nonwork income would reduce incentive for savings and would make it impossible for most people to make provision for a more financially secure old age than would be possible by social security benefits alone. It would also jeopardize the eligibility of private pension recipients to receive social security benefits. It might also increase the danger of the introduction of a means test for social security recipients.

The AFL-CIO has always supported changes in the Social Security law that were aimed at meeting social purposes rather than the convenience of a minority. Repeal of the retirement test would increase the cost of the Social Security program by \$2.5 billion a year now and more in future years. This cost would be sufficient to finance more than a 7 percent across-the-board increase in social security cash benefits. But only 1.8 million—about 8 percent of the 17.9 million people age 65 and older have any benefits withheld under the retirement test. Its elimination would benefit primarily those 800,000 persons who are working full time and not drawing any social security benefits.

The large majority of aged persons are unable to work because of poor health or lack of employment opportunities. Obviously, this a group for which full time work cannot be expected to be a satisfactory means of supplementing social security benefits. More adequate cash and medical care benefits are what is needed.

The AFL-CIO realizes that the retirement test earnings exemption must be adjusted from time to time in accordance with increases in wages and prices and that there may be need for some liberalization. But priority must be given to a substantial increase in benefits which would help all beneficiaries including the large majority who do not work after retirement and would not be helped by elimination or undue liberalization of the retirement test.

EXHIBIT B. AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS POLICY RESOLUTION ON PROPOSALS FOR FEDERAL LEGISLATION TO REGULATE HEALTH, WELFARE, PENSION AND PROFIT SHARING PLANS, ADOPTED, DECEMBER 1967

Because of the stimulus of collective bargaining, collectively bargained and non-bargained employee benefit plans have had a spectacular growth. From modest beginnings dating from World War II, about 50 million employees now have life insurance coverage, about 130 million employees and dependents have some health insurance coverage and nearly 30 million wage and salary employees are covered by private pension and profit sharing plans.

Employer-employee contributions to health, welfare and pension and profit sharing plans now exceed \$20 billion annually and benefit payments approximate \$13 billion. In contrast to health and welfare plans, private pension plans accumulate vast funds in order to finance retirement annuities at a future date. The assets of private pension and profit sharing plans approxi-

mate \$100 billion and are increasing by about \$8 billion a year. These assets will exceed \$200 billion by 1980.

While the issue of fiduciary responsibility relates to health and welfare plans as well as to private pension and profit sharing plans, the vast aggregates of money in pension and profit sharing plan reserves present special problems. At a minimum, serious conflicts of interest may arise where employers directly or indirectly control both the assets of a pension or profit sharing plan and a business enterprise in which they can be invested without regard to the interests of plan participants. Seventy-seven percent of all pensions and profit sharing plans are unilaterally administered by employers, 20 percent are jointly administered through a joint labor-management board of trustees and only 1 percent are administered by unions.

Where retirement benefits under private pension and profit sharing plans originally represented a relatively modest supplement to social security, some plans now provide a retirement annuity greater than a worker can expect to receive from OASDI program. Private pension and profit sharing plans provide, therefore, a significant and growing part of the retirement income expectations of workers.

Unfortunately, these expectations too often do not materialize. Some employers have failed to administer pension and profit sharing trusts for the exclusive benefit of the beneficiaries and have used plan reserves for corporate expansion and for other corporate purposes. There is some question whether state trust laws, which greatly vary in their provisions, are sufficiently applicable to pension plans which are unilaterally administered by the employer. Many workers fail to qualify for a pension because of their inability to meet length of service or vesting requirements established under private pension and profit sharing plans. Workers have also lost their rights to a pension because of business failures, mergers, and acquisitions.

Because of business failures, as well as plant shut-downs in firms continuing to operate, a small but significant proportion of employees covered by private pension plans have lost not only their jobs but also their earned rights to pensions. Others have been similarly victimized when their employers have been delinquent in making previously stipulated contributions to pension funds thereby seriously jeopardizing the soundness and stability of the trust. Still others have lost their pension rights when run-away employers, often encouraged by plant piracy through tax-free industrial bonds, have moved their operations to other communities.

In contrast to Social Security, pensions financed under the private system involve inherent risks which are not applicable to the nearly universal public Old Age and Survivors Insurance Program. Under Social Security, OASDI credits continue to accrue to the employee regardless of the frequency of his job changes. Social Security taxes are held in one pooled trust fund for the exclusive benefit of the beneficiaries. It is a soundly financed system backed by the credit of the United States. The goal of an adequate retirement income for most working people would best be met by substantial improvements in Social Security that would truly meet the retirements needs of American workers. Private pension plans can significantly supplement, but they are not a substitute for, an adequate Social Security System. Private pension plans will therefore continue to play an important role in the aspirations of American workers for an adequate retirement income.

A number of proposals to regulate health, welfare, pension and profit sharing plans are under consideration by both the Congress and the Administration. The AFL-CIO is prepared to consider each on its merits and to lend its support to legislation which would enhance the security of employees in their rights to benefits. However, any legislation which might be enacted by the Congress must take into consideration the great diversity of employee benefit programs, the wide variation of conditions under which these plans have been established and the substantial and varying impact on costs which such regulations might entail. Any Federal standards should not be so restrictive as to discourage the spread of new plans or inhibit the growth or impose substantially higher operating costs on existing plans.

The pension credits of workers covered by a multi-employer plan are portable as between different participating employers. Whether financed by employer contributions, joint contributions or solely out of union dues, such plans provide continuing coverage for workers remaining in the plan's jurisdiction regardless of where they work. Moreover, the bankruptcy of one employer in a multi-employer plan does not affect the solvency of the pension

trust. Thus, a multi-employer plan continues to protect the rights to benefits of workers who may lose their jobs because of the shut-down or failure of their participating employer but who continue to be covered by the plan through employment with another participating employer. Because of these built-in safeguards in multi-employer plans, standards of vesting and funding required for single-employer plans are not appropriate for multi-employer plans. Therefore, be it

**RESOLVED:** That the AFL-CIO favors a Federal fiduciary statute, enforceable through the Federal courts, which would pre-empt State law and which under appropriate safeguards would give plan participants, beneficiaries or their representatives the right to bring suit with appropriate civil remedies for violation of the law. Such a statute should apply uniformly to all health, welfare, pension and profit sharing plans whether self-administered or insured. It should specify that every organization, corporation or person who exercises any substantial control or authority over such a plan is a fiduciary and should be held accountable for his actions and duties with respect to the plan which he should fulfill with the same degree of care and skill as a man of ordinary prudence. Such fiduciary standards should not be so stringent as to restrict or inhibit the investment, either at home or abroad, in socially useful projects. If investigatory powers are granted to the U.S. Department of Labor to enforce standards of fiduciary responsibility, such powers should not be so broad as to allow fishing expeditions or unwarranted investigations. Undefined and unrestricted investigatory powers can lead to abuse of Federal authority and unnecessary harassment of health, welfare and pension plan administrators. There should also be appropriate safeguards against nuisance suits or civil actions of a frivolous character.

Persons convicted of crimes involving corrupt or fraudulent financial activity, such as theft, embezzlement, grand larceny, extortion or bribery, should not be allowed to hold positions of trust or administration in a health, welfare, pension or profit-sharing plan. However, prohibitions against persons holding office should not be so broad as to include a wide variety of offenses not involving the element of fraudulent financial practice. And be it further.

**RESOLVED,** The AFL-CIO favors the inclusion in any Federal statute regulating health, welfare, pension and profit-sharing plans of a provision for imposing appropriate civil and criminal remedies upon employers who fail to comply with their financial obligations to an employee benefit trust. Where employers go bankrupt leaving unfulfilled obligations to the trust, the employee benefit plan should have a prior claim, after wages, against any assets of the employer. And be it further

**RESOLVED,** The AFL-CIO favors the inclusion in private pension plans of adequate and appropriate vesting and funding provisions. To provide adequate safeguards to workers covered by single-employer plans we favor Federal legislation establishing minimum requirements of vesting and funding. Because multi-employer plans, whether financed by employer contributions, joint contributions or solely out of union dues, contain built-in safeguards for the pension rights of workers covered by them, any such legislation should exempt multi-employer plans. And be it further

**RESOLVED,** That the AFL-CIO re-affirms its policy position in favor of pension reinsurance adopted in the 1963 and 1965 Conventions and calls upon Congress to pass legislation providing at reasonable cost protection to workers against the loss of pension rights.

**ITEM 6. SENIOR PERSONNEL PLACEMENT BUREAU, INC. LETTERS FROM LAWRENCE HOCHHEIMER, PRESIDENT, TO SENATOR RANDOLPH, DATED DECEMBER 15, 1969, AND JANUARY 23, 1970**

SENIOR PERSONNEL PLACEMENT BUREAU, INC.,  
*Norwalk, Conn., December 15, 1969.*

**DEAR SENATOR RANDOLPH:** Our organization consists of 25 volunteers, largely people retired from their professional and business careers, and our sole purpose is to find gainful employment for elderly people in our area. We have one paid employee, a secretary, and our office is open from 9:30 to 1:00 five days a week. Our project has been in operation for nearly four years, during which time we have found jobs for 640 people.

With this experience it is inevitable that we should be conversant with the obstacles to the employment of the elderly. Foremost we would place the current operation of the Social Security Act. Many commercial and industrial concerns in these days of scarcity of labor will not object to employing elderly people per se, but the Social Security Act is a stone wall that often blocks our road.

People come to us and ask us to get them jobs for a few hours a week at a rate that will bring them just under the \$1680 annual figure. We can seldom find such work for them. Quite often we have \$5000 jobs going begging. A man fully capable of doing the work will refuse it for fear of losing his Social Security payments. We go over the arithmetic with him and show him how much better off he would be taking the job and paying his Social Security deductions and income taxes, but he will have none of it. The thought of losing his regular income is so alarming to him that he will not entertain it, while admitting the correctness of our figures.

We emphatically agree with the paragraph on Page 4 of the Working Paper you enclosed headed up "A Growing Dependency Ratio":

"We are concerned about the degree to which Americans of working age will accept a growing dependency population which they must directly and indirectly support. Furthermore, strictly from the standpoint of economics a growing "dependency ratio" can reach a straining point. Even a country like Sweden with its reputation of being a "welfare state" has come to recognize the need for a more rational approach to this dilemma. Indeed it is possible to argue that "rational" and "humane" considerations are frequently mutually reinforcing. Many older persons want to continue to be employed as a major condition for income and life satisfactions. We are using the economics argument here to buttress humane motives for maintaining a high level of employment for older Americans."

We believe that a way to arrest this cancerous growth lies in the elimination of earnings tests in the Social Securities Act.

On this subject we have been in correspondence with several people in the Department of Health, Education and Welfare. Mr. John B. Martin, Commissioner on Aging, writes "There is strong sentiment throughout the country in favor of elimination of liberalizing the earnings limitation."

Mr. Russell R. Jalbert, Assistant Commissioner for Public Affairs has very kindly gone to considerable pains to explain the position of the S.S.A. He writes in part: "Under the method provided by the Congress for financing the social security system, the program is wholly self-supporting and all benefits and administrative costs are paid from the income derived from the social security contributions paid by employees, their employers, and the self-employed. The estimated cost of the program and the contribution rates needed to finance it take into account the fact that some people will continue to work beyond the age at which retirement benefits can first become payable and will not get benefits while they are working. The present schedule of contributions in the social security law is designed to provide enough money to meet benefit payments now provided in the law to people who can be presumed to have suffered a loss of earnings from work as the result of the retirement, disability, or death of a worker. By paying benefits only to people who do not have substantial income from work, the program makes the most effective use of the limited funds available to it. We agree that the retirement test should be changed. A problem that concerns us greatly is the effect that the test has on incentives for people to work."

Mr. Robert J. Myers, F.S.A. estimates that "elimination of the earnings test would result in additional outgo of \$2½ billion in the first year of operation and more in future years."

All of this correspondence is of course available to your Committee. However, we feel that this should not be the final consideration. Concepts that were valid in 1935 when the SSA was established and work was scarce do not apply today. The idea that SSA is merely an insurance company like any other we believe to be no longer acceptable. The SSA should be considered as one of the functioning agencies of our government. The test should be rather how the elderly people can best be served and whether the finances of the government would be adversely affected."

We think there is unanimity of opinion that elimination of earnings test would stimulate interest in the elderly to engage in gainful employment.

Now, how about the effect on the Treasury? More people would pay

to Social Security. How much would that be? More income would be taxable. How much would that bring in? Through simplification, there should be saving to the SSA. What would this amount to?

These are questions we are certainly in no position even to guess at. Has actuarial study been done on these questions, and if not, can it be done? Unless these estimates are made, it is hard to see how an intelligent conclusion can be reached.

We advocate the removal of earnings limitations by the Social Security Administration. We do not advocate an increase in payments. We do advocate consideration of revision in the basic law.

Some of the concepts of the Social Security Act passed in 1935 are today obsolete.

1. In 1935 a scarcity of jobs existed, and one aim of the Act was to spread the work available. Today this scarcity does not exist.

2. The 1935 Act was framed to establish the functioning of Social Security Administration in the same manner as a commercial insurance company, i.e., that its disbursements should not exceed its premiums. This concept is false in a government project. The financial criterion should be whether the Treasury of the United States shows a profit or loss on the operation.

We recommend the consideration of the elimination on the limitation of payments to social security recipients because of outside earnings on the following grounds:

1. The law establishing 72 as the age when these limitations are removed is arbitrary and discriminating. Since payments are begun at 62 for women and 65 for men, it is unjust to penalize recipients in this manner until they reach 72.

2. It has been our experience that many people are loath to accept employment that will bring their earned income over \$1,680. The usual reason is that social security payments are so necessary to their very existence that they dare not jeopardize them even with better than good chance of increasing their net income.

3. By elimination of the limitation these results would follow:

a. More people would be on the payrolls, therefore social security payments would be increased.

b. Incomes of those people between 65 and 72 would be higher, thereby increasing income tax payments.

c. With the increase in employment the Gross National Product would rise.

d. Labor by the Social Security Administration would be reduced. We find no records whatever available as to what saving this would be, but of necessity it must be a considerable amount. This work now requires adjustment of the records of each individual involved.

4. Last, and perhaps most important, is the harm done to the individual. By putting a premium on idleness, it tends to make him even more introspective, more of an isolate. In these last years it is all-important that the elderly be kept in the stream of life. The elimination of the limitation on outside earnings will be a long step in the right direction.

Therefore we urge consideration of the amendment of the Social Security Act by the elimination of the earnings test.

We thank you for this opportunity to present our convictions.

At this time we would like to express our appreciation of the work being done by the Special Senate Committee on Aging. The booklet on Part I of the Survey Hearing date June 7 and 8, 1967 we find very valuable, and is often referred to at our conferences.

Very truly yours,

LAWRENCE HOCHHEIMER, *President.*

SENIOR PERSONNEL PLACEMENT BUREAU, INC.,  
*Norwalk, Conn., January 23, 1970.*

DEAR SENATOR RANDOLPH: Since writing our letter of December 15th to you, we have had additional correspondence with Mr. Robert J. Myers, F.S.A., chief actuary of Social Security Administration.

We sent him a copy of this letter, and on December 22nd he replied, in part: "I simply can see no reason whatsoever for eliminating the earnings test. How many pension plans are there where the individual receives his full salary and his full pension? Moreover, elimination of the earnings test would create more severe problems for persons passing from complete employment

after age 65 to complete retirement, because it would be an even sharper drop in income—then from income of earnings plus benefits to income of only benefits, whereas now the drop is only from earnings to benefits.”

This not being clear to us, we wrote asking that he explain what he meant. On January 13th he replied, in part:

“Let us consider a worker with moderately high earnings, such as \$10,000 a year who reaches age 65 and continues working at the same job for several years. Suppose that he could draw his full Social Security benefits at age 65 and that these (including the wife's benefits) amounted to \$3,000 per year. Then while he was working after age 65 his gross income would be \$13,000 per year, so that there would be a much sharper stepdown—to \$3,000—when he did finally retire. Of course, one should say that under these circumstances, the individual should put aside the \$3,000 a year of Social Security benefits to use for the “rainy day” when he does retire, but unfortunately, what would probably happen instead is that he would increase his standard of living to a \$13,000 level and so would have a much sharper drop to deal with when he retired at \$3,000 than if he had \$10,000 a year until retirement and then \$3,000 a year.”

In the light of our experience in working with the elderly this seems completely unrealistic. People in the age brackets we are speaking of are not likely to live that recklessly, squandering their slim resources while aware of what they are facing. Moreover, there is no reason why they would have to reduce their earned income from \$10,000 to zero—they could taper off to any degree they wished. Our experience indicates that a minimal fraction would be forced to make such a drastic adjustment.

(There is still another facet to this problem. We find that one reason why it is hard to get gainful employment for the elderly is that employers have found too often that the elderly man or woman works up to an income of around \$1,600 and then quits. The employer, having trained his personnel to a point where their work is effective, finds this upsetting to his organization and to his production, and as a result is loath to employ others from the ranks of the elderly.)

Mr. Myers states that the estimated savings in administrative expenses of the S.S.A. by elimination of the earnings test would amount to about \$35 million a year, and that additional contributions to about \$50 million. The estimated cost to S.S.A. is put at 2½ billion dollars.

To us, this is merely begging the question. To sum up, we should revise the entire concept of the Social Security Administration.

By elimination of the limitation these results would follow:

- a. More people would be on the payrolls, therefore social security payments would be increased.
- b. Incomes of those people between 65 and 72 would be higher, thereby increasing income tax payments.
- c. With the increase in employment the Gross National Product would rise.

How much would all this increase the income of the U.S. Treasury? Cannot actuarial work by the Treasury Department be done to provide us with a figure? We think we must consider the effect of such legislation as your Committee is investigating on the United States Treasury—not on Social Security.

Yours very truly,

LAWRENCE HOCHHEIMER, *President.*

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ITEM 7. STATEMENT OF MELVIN A. GLASSER, DIRECTOR, SOCIAL SECURITY DEPARTMENT, INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE, AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

COMMENT ON “EMPLOYMENT ASPECTS OF THE ECONOMICS OF AGING”

Because early retirement has been linked to individual histories of under-employment, low earnings and low incomes, it is appropriate that the paper “Employment Aspects of the Economics of Aging” draws attention to the negative aspects of enforced early retirement. The aging process ultimately transforms the working poor into the retired poor. Clearly, any comprehensive anti-poverty policy must deal not only with poverty in retirement, but must also include preventive measures to assure maximum income and employment opportunities prior to retirement.

In recent years, however, the growth and development of early retirement provisions in private pensions plans have introduced the element of meaningful choice to individual retirement decisions. Only in the context of the availability of an assured retirement income of reasonable adequacy, both before and after the culturally determined "retirement age" of 65 does such choice have any substance.

Recent experience of the UAW is illustrative of the critical importance of retirement income adequacy in the timing of individual requirements. The dramatic increase in the percentage of retirements taking place before age 65 among automobile workers beginning in 1965 is shown in the following table.

TREND TOWARD EARLIER RETIREMENT UNDER "BIG THREE" AUTOMOTIVE PENSION PLANS 1953-68

| Year                    | Total age retirement <sup>1</sup> | Percent of total occurring at |           |               |
|-------------------------|-----------------------------------|-------------------------------|-----------|---------------|
|                         |                                   | Age 68 or over                | Age 65-67 | Before age 65 |
| 1953 <sup>2</sup> ..... | 4,592                             | 50                            | 45        | 5             |
| 1954 .....              | 4,618                             | 42                            | 54        | 4             |
| 1955 <sup>2</sup> ..... | 5,183                             | 36                            | 58        | 6             |
| 1956 .....              | 6,053                             | 30                            | 62        | 8             |
| 1957 .....              | 5,905                             | 25                            | 64        | 11            |
| 1958 <sup>2</sup> ..... | 6,737                             | 21                            | 68        | 11            |
| 1959 .....              | 6,949                             | 18                            | 63        | 19            |
| 1960 .....              | 6,274                             | 19                            | 64        | 18            |
| 1961 <sup>2</sup> ..... | 6,236                             | 18                            | 60        | 22            |
| 1962 .....              | 7,876                             | 12                            | 53        | 35            |
| 1963 .....              | 6,757                             | 12                            | 55        | 33            |
| 1964 <sup>2</sup> ..... | 4,352                             | 21                            | 48        | 31            |
| 1965 .....              | 17,643                            | 4                             | 28        | 68            |
| 1966 .....              | 13,624                            | 4                             | 24        | 72            |
| 1967 <sup>2</sup> ..... | 9,129                             | 5                             | 24        | 71            |
| 1968 .....              | 10,570                            | 5                             | 21        | 73            |

<sup>1</sup> Excludes disability retirements and former employees claiming deferred vested pension benefits.

<sup>2</sup> Denotes year of negotiation or contract reopening. For specific retirement provisions, see negotiated contracts.

<sup>3</sup> Does not add to 100 percent due to rounding.

<sup>4</sup> Increased percentage may reflect, in part, 1961 Social Security Amendment which introduced reduced OAB for men ages 62-65.

While the table shows a gradual increase in the frequency of early retirement prior to 1965, the sharp rise evident in 1965, and maintained in subsequent years, can only be attributed to the early retirement benefits negotiated with the automobile companies by the UAW. Under these agreements, workers with 30 years of service have been able to retire since 1965 as early as age 60 with monthly pensions of up to \$400. Given significantly improved levels of retirement income, it is clear that substantial numbers of automobile workers in recent years have chosen early retirement in preference to continuing industrial employment. This conclusion is consistent with the major findings of a University of Michigan Survey Research Center study of both auto worker and national experience. According to that study,

"... financial factors—primarily expected retirement income—are of principal importance in the retirement decision, with attitudinal variables having less influence, though usually operating in expected directions. For both national and auto worker respondents, there was found a 'threshold' level of retirement income which most people seem to consider necessary to insure a reasonably adequate post-retirement living standard. Currently,<sup>1</sup> this level is about \$4,000 per year; it is likely though, that \$4,000 is not an absolute figure, but one which reflects a current consensus about the minimum income necessary to provide reasonably comfortable living after retirement. Thus, the 'threshold' level may shift upward over time as living standards generally rise—and this upward movement should be all the faster if price level increases are not kept within reasonable bounds."<sup>2</sup>

<sup>1</sup> This reflects attitudes current at the time of interviewing, summer of 1968, since which time it is likely that the movement of prices would have caused respondents to raise the "threshold" significantly.

<sup>2</sup> Barfield, Richard and Morgan, James, "Early Retirement the Decision and the Experience." Survey Research Center, Institute for Social Research, The University of Michigan, Ann Arbor, Michigan, 1969.

Thus, it appears that, apart from health reasons, early retirements are induced by two sets of widely divergent economic circumstances. On one hand, workers are driven to early retirement from irregular and/or poorly paid employment. For them, retirement is, as the working paper suggests, a form of disguised unemployment rather than a conscious choice to leave the labor market. On the other hand, for those, such as many auto workers, with a measure of assured income, security, these retirements, generally reflect deliberate decisions to forego the higher incomes available through continuing employment, as well as the somewhat higher post retirement incomes that would probably have accrued by delaying retirement.

The decisions of this latter group reflecting, as they do, real choices, are entirely appropriate and desirable in a free society. For them, one must conclude that one or more of the positive values of retirement—leisure, the escape from an arduous or disagreeable job, the opportunity to pursue hobbies or to undertake new careers, the ability to become involved in community service activities and the like—outweigh the value of the additional income available through employment. From the standpoint of community well being, we in the UAW believe our retirement program has also made a positive contribution in opening up significant employment opportunities for younger workers.

The interest in early retirement among auto workers is not a temporary phenomenon. Although, some choose to continue working to 65 and beyond, early retirement unquestionably has wide appeal among the Union's rank and file many of whom are especially articulate in expressing their distaste for remaining in the plants during their advanced years. They are firmly convinced that long service earns them a right to a retirement of modest comfort before age 65 and they are determined to have it. Indeed, it seems likely that the demands for still more liberal terms and conditions of early retirement will grow more insistent.

While the experience of auto workers may currently be somewhat unique among industrial workers, it is unlikely to remain so, and similar opportunities for early retirement will probably become available to other worker groups in the economy. Public policy concerning employment and retirement, therefore, must be sensitive both to the needs of persons who are now driven to retire by a lack of opportunity for gainful employment as well as of those who can afford to choose retirement over employment.

We share the views of the authors of the working paper concerning the need to maximize suitable employment opportunities for older workers. That does not mean, of course, publicly sponsored recruitment of a new source of cheap labor for dead end, low wage jobs; it does mean decent jobs at decent wages and reasonable working conditions. Indeed, the obligation to foster such opportunities is inherent in the historic Employment Act of 1946, the objective of which is to promote such opportunities for all Americans. Accordingly, we endorse the working paper's specific policy recommendations, to many of which the UAW has previously given its warm support.

It is no less important, however, to shape public policy in ways that will minimize the incidence of dependency in retirement. While levels of retirement incomes, from both public and private sources are undoubtedly the major instrument for the prevention of dependency, there is also a need to protect workers from loss or diminution, of retirement benefits arising out of economic circumstances over which they have no control. Measures to accomplish such protection should include:

(a) *Private pension plan reinsurance.*—For a variety of reasons—business failure, removal of an operation to a new location, corporate mergers with attendant plant shutdowns and the like—unforeseen and often abrupt terminations of private pension plans can occur at a time when the accrued assets are insufficient to guarantee the earned benefit rights of affected workers. These plant closings and pension plan terminations can mean both loss of a job and the wiping out of substantial prospective pension rights at a time in life when job opportunities may be limited and the ability to earn further pension benefit entitlement has all but vanished. We believe that it would be feasible and desirable for Congress to enact legislation reinsuring pension rights against loss of this kind in much the same way that bank deposits and home mortgages are protected.

(b) *Preserving Social Security benefit entitlements.*—Because of the method used in determining the amount of an individual's Social Security monthly

benefit award—essentially on the basis of average covered earnings starting with 1951 and continuing retirement, excluding the 5 years of lowest earnings—some workers may be unduly penalized by periods of involuntary unemployment. Those likely to be hardest hit are the workers pushed towards early retirement by low earnings, irregular employment, technological displacement, and reduced working capacity. President Nixon's 1969 proposal to Congress to permit male workers to retire at age 62, without the penalty against their benefits of counting the period from age 62 to 65 as years of no earnings, was a constructive one. We believe, however, that additional protection is required to minimize the effects of unemployment and low earnings. For this purpose, we feel it would be desirable to provide for computation of benefits on the basis of the worker's 5 or 10 years of highest earnings.

(c) *National Health Insurance.*—While a universal, national health insurance program to finance personal health care services through a recognized delivery system would be desirable for all Americans, it would be particularly valuable for the persons who are the main concern of the working paper. Workers vulnerable to underemployment, unemployment and premature forced retirement are among those least likely to have adequate private health insurance coverage, if any. When they become acutely ill, the chances are good their dependency increases. But even when not ill, their employability may be limited by generally poor health and disabling conditions of varying severity. Timely access to decent health care made possible by a national health insurance system, however, could make a major contribution to restoring and enhancing their ability to compete in the labor market.

Finally, while the UAW favors reconsideration of the Social Security "retirement test" for the purposes of updating current earnings limits and making certain that no one suffers a greater benefit loss than the amount of his net earnings, we believe such reconsideration is peripheral to the basic issues of maximizing employment opportunities for older workers and assuring adequate incomes in retirement. We question the value of adding substantially to the cost of the Social Security by unduly liberalizing the retirement test when about 80 percent of our older population is, in fact, fully retired and in need of far higher Social Security benefits than provided for in the recently approved 15 percent increase.

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ITEM 8. STATEMENT PREPARED FOR THE PUBLIC HEARINGS CONDUCTED ON WAYS AND MEANS, UNITED STATES HOUSE OF REPRESENTATIVES ON SOCIAL SECURITY AND WELFARE PROPOSALS, NOVEMBER 10, 1969 BY DR. JOSEPH H. BUNZEL, PROFESSOR OF SOCIOLOGY, STATE UNIVERSITY OF NEW YORK, COLLEGE AT BUFFALO

My name is Joseph H. Bunzel. I am Professor of Sociology at the State University of New York, College at Buffalo. However, I do not represent the school, its officers or faculty or any other person or organization; rather I do feel compelled by the grave responsibility resting on all of us at this time to offer the fruits of my study and experience.

Permit me, Mr. Chairman to make one personal remark which may not be amiss in view of the recommendations I wish to make; I am not only an academic person, but even before receiving my doctorate from the University of Vienna in 1932 and all through the thirties I worked for private insurance companies in a variety of responsible, partly policy-making positions. Thus, I hope to bring to these hearings more than just the viewpoint of a concerned intellectual, but also some practical business experience in the field of insurance.

The focus of these hearings, if I understand correctly, Mr. Chairman is to discuss proposals to amend the social security laws and propose such changes as may relate to welfare and certain medical provisions of the social security act as amended, all of these intended to provide the elderly with more adequate benefits under our social security system.

I am aware of Congressman Gilbert's remarks in the Congressional record of September 17, 1969, H 8015-8019, arrived at, as I gather from a press release, in consultation with the National Council of Senior citizens and with the technical assistance of the economics staff of the AFL-CIO. I am also aware of the efforts of the Legislative Council of the American Association

of Retired Persons and the National Retired Teachers Association as reported in *Modern Maturity* (June-July issue, 1969).

Not for one moment would I dare to pretend that I can equal, much less surpass these persons and organizations in expertise; however, I do feel that all of these most commendable and laudable efforts and proposals do not go far enough because they—as well as proposals of the spokesmen for the administration as far as I can determine from a variety of press accounts—do not take sufficiently into account the attitude of the law givers of the thirties, when passing the original social security legislation, nor the disposition of approximately one-fifth of the population of the United States, which I consider to be suffering from gerontophobia.

The burden of my remarks will be based on this concept on which I have worked for many years before finally presenting it for the first time in April 1965 at the meetings of the Midwest Sociological Society in Minneapolis. I am taking the liberty Mr. Chairman of attaching this document as an appendix to this statement and I trust I may be permitted from time to time to refer back to it.

#### THE CONCEPT OF GERONTOPHOBIA

This concept of Gerontophobia was criticized by eminent gerontologists at that time who felt that great progress had been made and that concepts such as this might endanger any solution to the problem. Some social workers felt, that even unsatisfactory Medicare provisions would be preferable to none at all. I did, and do disagree with such criticism for socio-political reasons. Half measures tend to take the wind out of the sails of urgent needed reforms.

You will note, Mr. Chairman, on page fourteen of the section on footnotes and documentation in the attachment submitted a listing of desiderata. A number of provisions, e.g., inclusion of the drug services has been suggested at that time and is being suggested with ever increasing frequency to this day.

It is obvious that a great number of exceptions and special considerations make the administration of this of this as well as any legislative act rather difficult. Much of the criticism and incidentally, also much of increased cost of welfare programs in general stems from these burdens.

To these technical difficulties must be added the attitudinal differential which, in our youth-work-and-health conscious society relegates the elderly, unemployed, and frequently sick persons to the scrap heap.

Fortunately we were able to make a number of small studies in Grand Forks, North Dakota (1964-5), Saint Cloud, Minnesota (1965-6 and 1966-7) and in Buffalo (1967-8 and 1968-9) by students within the framework of my teaching and research responsibilities. These studies have shown, with almost complete unanimity, one fifth of the population to be manifestly gerontophobe, that is to say, to exhibit an unreasonable fear and hatred of the elderly; an even larger proportion was found to be latently gerontophobe on ground of both extensive interviews and check lists.

Gerontophobia, the unreasonable fear and/or hatred of the elderly may be observed in all fields of social life. The eminent British scientist Dr. Alex Comfort, published (*Medical Opinion and Review*, Vol. 3, No. 9, September, 1967) an article precisely with this title. He did not consider gerontophobia as a total social pathology, but rather as a "fear and dislike" of those "who deface the image" of our youthful normalcy. However, Dr. Comfort point his barbs, basically at the relationship of the physician and the geriatric patient, thus restricting himself to what we would call medical gerontophobia.

In our work, we have distinguished, not only medical but also legal, social, and eventual architectural gerontophobia. In so doing we contend that in addition to a large number of carefully thought-out rationalizations, we are dealing with a general attitude of the population which influences Congress, precisely because it is representative of the people.

It would lead too far to attach copies of the actual instruments which were used in these, as yet unpublished studies. Differences with regard to age, sex, education, race, and national origin could be observed; they were significant on the 0.05 level.

For the purpose of these hearings, however, detailed description of the methodology does not seem essential. Rather do we wish to evoke the image of a social pathology strong enough to permeate the thinking of a large percentage of the American people.

## HISTORICAL CONSIDERATIONS

At the time of the passing of the first social security laws in this country the consequences of the depression were still deeply felt. These laws reminiscent of the European laws passed after the first world war, were conceived with several principles in mind which do not apply today.

One of the motives in passing these laws was to get the older worker out of production because of the terrifying unemployment. Another was that Social Security was conceived as a floor and as a self-supporting system and in the words of one of the survivors of this era, compared to a "three-legged milking stool." These three legs were individual investment, private pension plans and Social Security, supplementing the two so as to keep the workers off the relief rolls.

Thus, the purpose was to guarantee the elderly an adequate retirement income relating the benefits to wages. The social security act was, and is contributive. It thus presents great difficulties to the attitudes of the lawyers and the recipients alike.

Permit me Mr. Chairman, to connect the gerontophobic concept to these considerations. We have here a steadily increasing group of persons about whom we wish to know as little as possible. We do not wish to let them starve or freeze to death and we do not wish to crowd the relief rolls. Thus, we supply what has frequently been called too little to live and too much to die. Satisfying our humanity it flatters at the same time in a subtle way the disturbance found in our attitude toward the elderly. With regard to medical care, Dr. Comfort puts it thus: "People who work in geriatrics do so, whether they realize it or not, with the deepseated wish to banish the knowledge that they themselves will age."

These basic attitudes have not changed since the thirties but technological developments as well as socio-economic factors have greatly influenced the American people. They have mitigated toward considerable improvement in the mechanics and dollar amounts of Social Security but they have not rid themselves of the basic idea that Social Security is a supplement, a last resort a frequently unpleasant duty.

In pointing to this inter-connection, I venture to suggest Mr. Chairman, that what is needed at this juncture, and for which this Congress has a magnificent opportunity, is a re-evaluation of our own feelings toward the elderly, and therewith a reappraisal of our position. In the following, I will adhere to Mr. Gilbert's outline as indicated in his speech on September 17, 1969, H 8015ff.

## BENEFIT INCREASES

Social Security payments provide an ever eroding floor for the great mass of beneficiaries, in spite of private pension plans and other regular income. In 1968 the poverty line for the elderly was reestablished at \$1650 for the individual and \$2100 for a couple. By this definition 25% of the elderly were on a below the poverty line. Today the poverty line for the total population is considered \$3000 for the family of four.

I submit, Mr. Chairman, that these computations are not quite realistic. Only in fairy tales and The Fantasies of young love can two live as cheaply as one. This is even more true for the elderly couple which needs the same amount except for rent that can be shared. It is totally unrealistic—and I submit further evidence of our gerontophobic attitude—to assume that the elderly need less than the middle aged adults; nor can it be said that, with our distributive system, there are essential regional differences.

In fact, a good case can be made that the elderly in general and especially the elderly poor will need more money for additional food, drugs, medicine (about which later), medical and household care than do their younger contemporaries.

I find it significant for our attitude toward the elderly that we can speak of benefits and beneficiaries rather than of claims and claimants. As usually, language gives away the latent attitudes which in our case is clearly gerontophobic.

Inflation even if checked at a future date, has eroded the investments as well as the pension plans that form the milking stool, as may be seen from the following letter printed in the Buffalo Evening News of October 19, 1969.

## WIDOW TIRED OF BALLYHOO ON SOCIAL SECURITY RAISE

I am tired of the ballyhoo about the 10 percent increase in social security which will mean \$5.50 a month for me.

I was past 70 when I worked three years for a baby sitting agency so I could add to my railroad widow's pension. When I was given \$55 social security my pension was cut to \$89 minus medicare. This barely covered my rent and telephone.

Now our President says medicare reductions will be "substantially" increased so what will be left after a 10 per cent raise? As it is I can't live and dress and pay the necessary expenses that everyone has without drawing on my savings.

Why do other receive thousands more to cope with the cost of living and they get it immediately. Mr. Nixon can wave his arms about his proposed generosity to the elderly but it doesn't mean a thing. Steady increases in living costs will take whatever little increase we have.

No one should get as little as \$55 a month social security and my railroad pension shouldn't have been cut. My only reserve is my husband's small insurance. The elderly are treated badly and our President couldn't care less. With three mansions, \$200,000 a year and everything free he has nothing to worry about.

No one except the needy elderly know what it means to go without everything but the barest necessities.

E. M. W."

## RECOMMENDATION

It may seem unrealistic perhaps to increase the minimum Social Security benefits as sharply as \$250 per month with appropriate increases taking into account the contributions made by the worker, but I feel Congress and the American people can not do less, not out of generosity or charity but in the well-understood self-interest of the nation. Permit me Mr. Chairman, to submit that we cannot tolerate and in fact afford, more than ten percent of our population to live on the constantly eroding rim of an abyss.

These amounts should be automatically reviewed and for each percent in the cost of living increase, increased by  $7\frac{1}{2}\%$ . No one including the Bureau of Labor Statistics is truly happy with the computation of the index. The principal shortcoming from our point of view, however is that the cost of living is computed on the average four person relatively healthy family with little or no regard for the problems the elderly living on a fixed income are subject to.

Moreover, the elderly should not only be protected against the ravages of inflation, but should share in the improved living standard of the Nation.

## RETIREMENT TEST

Increases in wages and prices have occurred since the last change in the retirement test was made. It is my considered opinion that the whole question of the test is entirely and gerontophobically outdated. The original point apparently was that Social Security was to provide a floor under income and therefore this income should be deducted if the floor allegedly was not needed. Not only has the inflationary spiral tended to erode this income making it necessary for the Social Security beneficiary to earn additional amounts but also an essential unfairness has been overlooked: namely that the widow of a millionaire, for instance—and I know of such an instance—receives Social Security checks because her income is not earned, whereas the retired elderly taxi-driver can not supplement his meager allowance to the best of his ability.

A further point, made frequently, should also be mentioned here, namely that the killing of the incentive to work may have grave psychological and even physiological consequences. In a study of retirees of the city of New York which was made for the Mayor's Advisory Committee for the Aged in 1951-52, it was found that only two of the six groups of retirees wanted work, the male teachers and the charwomen. The former because their professional attitude and ambition would not be satisfied by mere retirement; the latter because they needed the money.

The over-riding reason however, why the retirement test should be done away with or—if that should not be feasible—increased to \$25,000, is the

essentially contractual character of the Social Security system. The individual beneficiary has paid his contribution and is thus entitled to the return regardless of whatever earnings he may be able to command. An additional social policy dividend is to be found in the increased tax-paying ability of the beneficiary.

#### DISABILITY PROVISION

Social Security disability benefits should be sharply divided between (a) the totally and permanently disabled, (b) the permanently but not totally disabled, (c) the not permanently and not totally disabled, and (d) the totally but not permanently disabled. With regard to (a) they should be treated *regardless of age* with respect to all benefits under our Social Security system and the medicare or medicaid provisions. With regard to (b) the not totally but permanently disabled should receive such individual adjustments, again without regard to age as correspond to their contributions. The waiting list for groups (c) and (d) should be proportionately cut. If I may quote from Mr. Gilbert's bill, "The need of the totally disabled widows below age 50, for benefit protection is at least as great as that of the widow between age 60 and 62."

#### COST OF LIVING INCREASES

There is little doubt that a great shift in the national economy has taken place since the first Social Security laws were written. As indicated before, a sliding scale of benefits should be introduced regardless of the base line amounts.

However, the percentage of increase in the benefits should be geared not to the general cost of living index, but rather to the special needs of and considerations for the elderly. Whereas the general index of living in the last ten years has increased 29.3%, the increase in Medical costs, specifically physicians, hospitals and drugs have increased 56.8%. It goes without saying that the elderly as a group will make more use of these services than the population as a whole. Therefore, the increase in benefits should probably be between 7.5% and 10% per year for each 7% increase in the general cost of living index.

#### INCREASE AND ADJUSTMENT OF WAGE BASE

In line with my suggestions as to the gerontophobic nature of our treatment of the elderly, I wish to call your attention Mr. Chairman, to the generalized character of the need for an effective, healthy Social Security system.

Ever since the thirties, the actuarial necessities demanded an ever larger increase in the contribution and benefit base. I feel that the basis for the contribution to Social Security should be the total income from wages or salaries of the wage earner, or if that should not be possible, should be limited to \$100,000. Such a measure would strengthen considerably the Social Security fund and make for a smaller contribution from general revenue. I am mindful that such measures would entail a change in the national policy from the strictly actuarial to an independent social national policy. However, I believe that a strict balancing out of monetary factors is not to the average of either the elderly or to the community as a whole.

#### MEDICAL PROVISIONS

Improvements in the Medicare Program both in its legislative and administrative aspects are not only desirable but absolutely essential. If I may again refer to my analysis before the Medicare law was passed, Mr. Chairman, it may be seen that many of the present administration's proposals as well as those other experts in the field run parallel to the trend indicated many years ago.

The ever-increasing costs of medical care spearheaded by the ever-increasing demands of the physician—but by no means exclusively his province—practically guarantees that within the next five years 90% of the population will be *medically indigent*.

Without even referring to fraud, organized medicine (physicians, dentists, hospitals and all other health-related professions and semi-professions) has

made use of the provisions of the Medicare Act to its own advantage. After first opposing Medicare, predatory people have put the cost of adequate medical care far out of the reach of the average person not covered by exorbitant insurance.

Moreover, private insurance companies stepping in where Medicare and Medicaid leave off, take a big toll. Again I do not wish to refer to instances of fraud which are numerous in almost every State, but to simple everyday occurrences within and without the hospital.

Attempts of an individual to protect himself by a cluster of insurance policies, are being foiled by clauses and practices which forbid or prevent the policy holder from claiming the same illness on two or more policies. Legally, of course, the individual who has made several contracts with several companies should be entitled to collect on each claim, because he has paid his premium. The companies, however, try to pay only one claim, at best supplementing the original hospital or laboratory and doctor fees.

This practice works particular hardship on the elderly patient for whom a bout with illness entails a great many costs in addition to the actual doctor's or hospital expense, such as the need for homemaking services, special food, non-prescription drugs, increasing light, gas and transportation bills and others. Not until a general national health insurance system will have been worked out, will it be possible to receive total coverage for his illness. Moreover, the insurance contracts of national organizations of the elderly contain the same escape clauses which make insurance contracts illusory. Private companies can not be blamed for this state of affairs, however; they simply can not stay in business insuring against all claims possible.

I realize that this is neither the time nor place to offer specific suggestions for legislative action in this regard. Permit me to say however, Mr. Chairman, that it should be possible to engage these companies on the re-insurance principle, making either them or the government re-insurers. This principle is being used extensively in Marine Insurance for instance.

The important point to be remembered is that private insurance just as little as private medical care can do the job unaided. Health care, to paraphrase the wise word of Clemenceau is far too serious a national concern to be left to the health care dispensers even if well-intentioned; and we all know where that road leads to.

#### SUPPLEMENTARY PAYMENTS FOR SERVICES

Not without regret it must be noted that our present Medicare program, so full of bright principles and tremendous hopes has not entirely lived up to the expectations of those who have for many years labored to make it a reality. Among the provisions, particularly burdensome both to the beneficiaries and the administrators of the program, is the fact that medical insurance must be supplemented by the claimant.

It would be simpler and in line with our suggestion of raising the wage base if the two were combined as provided for in Mr. Gilbert's bill. We also believe that the methods of reimbursement should be reconciled under one general Medicare program.

Such a program should include hospital and extended care facilities; thus eliminating the plethora of exceptions, in which unscrupulous nursing home operators for instance, may find financial advantages. It should include also services not heretofore covered so as to form a complete umbrella under which the health of the people can be improved upon and protected.

#### DISABILITY PROVISIONS UNDER MEDICARE

If there is any consensus with respect to necessary improvements, I believe Mr. Chairman, it is in the area of extending complete health insurance protection to the *disabled regardless of age*. This is especially true for the totally and permanently disabled. Study upon study has shown that a disabled person incurs devastating health costs at the time of stringent income deprivation.

Moreover, the day can not be far in which these provisions are being extended to the whole population, regardless of age and in fact regardless of their physical and financial condition.

We are increasingly mastering chronic disease to the extent that a patient who formerly might have died after one or two years of diabetes

for instance, can now live to a fruitful old age with appropriate management. Whatever disadvantages may be connected with prolongation of life, per se, it is quite obvious that we are increasing considerably the length of life, if not necessarily the life-span, of a person.

Thus, disabilities acquired in the early part of life must be taken into consideration for decades to some and consequently guarded against. Even where the disability remains static, costs are likely to increase, because of changes in the life of the disabled person. Moreover, few disabilities do remain truly static; there are frequent, sometimes hardly perceptible changes in the condition of the patient, finding their expression in increased costs of care and *materiel*.

#### DRUGS AND MEDICATIONS

Paramount among health care costs are bills for drugs and medications. Therefore complete coverage of all prescription drugs and, in fact, those non-prescription drugs which are essentially not self-administered, for instance rubramin shots, are a simple necessity.

Continental practice in these cases is a flat fee of a purchasing value of approximately 25 cents for each prescription. Frequently, non-prescription drugs, as for instance aspirin, are prescribed by the physician, attesting to the need for the medication, rather than the financial need of the individual. These drugs and medications are prescribed generically, thus saving millions for the government.

The physician would decide whether additional vitamins, for example, are of therapeutic value, in which case they would be prescribed *by the physician and paid for by the system* or whether, following the trend of the American public, they might constitute a personal luxury in which case the patient would have to pay for them.

Certainly, broad provisions such as these will invite abuse. British and Continental experience attest to this. However, it seems to me Mr. Chairman, that the population as a whole must be protected, rather than that individual abuses may be forestalled; one does not stop delivery because some letters went astray.

In considering Mr. Gilbert's bill the findings and experiences of other committees of Congress will certainly be utilized. The principle, however, should be that Medicare should cover all drugs and medications as well as prosthetic devices of every description.

#### MEDICAID PROVISIONS

If the experience of Medicare in some instances has been less than happy, the various Medicaid programs have given rise to even more serious misgivings. Organized medicine in the form of physicians, dentists, optometrists, hospitals, and a whole host of health-related professionals and semi-professionals, has benefited by the programs to the detriment of even the richest states.

An attempt to Federalize Medicaid may not reach the pinnacle of popularity at this time; however, several pertinent observations may be made:

(a) As has been pointed out before, it will be only a matter of time—a very short time at that—until Medicaid must be extended to everyone because everyone will be medically indigent.

(b) In the interest of their citizens, the states can not be trusted with the administration of Medicaid provisions based on Federal subsidies, the so-called "New Federalism."

We may recall the sad example of the Social Security Amendments of 1965, providing retroactive benefit increases, headlined throughout the nation as "The \$885 million Social Security Windfall." This money was not splurged on luxuries or hoarded, it was simply an opportunity to catch up on debts and meet the rising cost of living.

You will recall Mr. Chairman, that the states promptly took advantage of this retroactive payment. The story is too well-known to need further elaboration.

Only last week the states again showed how strongly determined they apparently are to take advantage of Federal money for their purposes. It seems that after Congress provided ample funds for the education of the children of the poor, these monies had been diverted into adventures which

only by a wild stretch of the imagination can be considered educational and certainly contrary to the will of the law-givers.

(c) Even if the states could be relied upon to assume their full responsibilities, regional differentials in the computation of the benefits would take their toll and again work to the disadvantage of the disadvantaged.

The present system of administrative complexities provides the possibilities for potential abuse. The weaknesses in the detection of these abuses and the evaluation of medical care are common knowledge. The idea of having fraud and abuse in the health field checked at the local level by committees of physicians, dentists and other professionals strikes us as hilariously naive. If the states can not be trusted with the policing, self-policing professionals can be trusted even less.

Several years ago I ventured to predict that the health-corps of the country will be regarded as the enemy of the people, not because foreign or domestic agitators tell them so, but because the corps will have been responsible for gross devaluation of morals, ethics and common human decency.

#### MEDICAL ETHICS

Medical ethics apparently in its present form in the United States regulates mainly the relationships between physicians, or between physicians and insurance companies, but only rarely does it seem to apply to the patients. The much vaunted doctor-patient relationship, if it ever existed, is a thing of the past. Specialization and hyper-professionalization may be to blame. It is true that many medical schools make an effort to develop heart in addition to the mind and the lab; but shortly after the young intern leaves school and schooling—all too frequently in debt for his education—he falls into the money making pattern of his elders.

In the Medicaid field, the cost sharing plans advocated and in fact enacted by state legislatures have worked against the best interest of the patients. The recent experience of physicians having assigned their claims at 90% value to a factoring company may be a case in point.

Even at reduced rates Medicaid has served to increase the fees of medical services to such an extent, that the uncovered individual can not possibly afford the rates agreed upon by the state. Consequently, young physicians, for instance may build their practices around Medicare and Medicaid patients without either the experience or the insight into or empathy with the problems of the elderly and chronically sick.

Contrary to exaggerated public opinion American health care is neither qualitatively the best nor even qualitatively adequate. Says Roul Tunley in his *The American Health Scandal*, (Harper and Row, 1966), "We are the only country left that believes medical care is a *privilege*. All other countries hold it to be a *right*." (Author's italics). Conditions have drastically worsened since this book was written.

Based on the atavistic fear of the medicine men of old, modern shamans in white frocks, degree-crowned and wampum-conscious will only have themselves to blame when the people, at the risk of endangering their own health, attempt to preserve their human dignity, chasing them from the temple.

For the present Mr. Chairman, it is simply impossible to see how the splintered, transitory Medicaid system can exist without its inclusion in the Social Security system as part of an enlightened national policy.

#### FINANCING

Historically, the policy of economics of the depression demand a low contribution rate for the Social Security system. It is probably true that a flat rate of 7% would have been necessary even at that time. However, the benefit bases as well as the benefit amounts have been increased over the years, until they reached the present contribution rate schedule indicated in the summary. In order to finance the considerable cost of the present proposals, general revenue would have to be relied upon, particularly in view of the considerable increases necessitated by the extreme medical provisions outlined above.

Taking advantage of the current favorable actuarial surplus, it may be possible to increase the contribution and benefit base as pointed out by Mr. Gilbert in his statement of September 17. If however, all of our ideas

would be incorporated in the final bill, resulting from these hearings, one-half of the total cost of the program would have to be met by gradually increasing governmental contributions.

Nor does it seem unrealistically hopeful to assume that such provisions may be enacted. There is no doubt that wages and income will continue to rise, even allowing for a deflationary spiral, because the Gross National Product will continue to rise in any event.

Based on these deliberations the suggestion may be not too far-fetched that the OASDI and health insurance contributions could be increased to ten and five percent, respectively, to cover the increase in general health insurance. This after all is only twice the flat rate originally considered necessary and not too far from Mr. Gilbert's carefully worked out schedule for 1987. We are simply pre-poning his benefit base and rate schedules by seventeen years because of present, desperate financial and medical situations.

One word with regard to the dates of enactment and actual beginning of increased benefits. We have been told that because of computerization, April 1 would be the earliest date at which the new rates could be effective. I would like to refuse to believe that the computers have already reached policy-and-decision-making status. It may be necessary to provide for the period from January to April in a lump sum. But the new increased benefits, whatever they are, should take effect as of January, 1970. The inflationary spiral does not wait and each month will bring further hardship to millions of claimants.

Today Social Security covers nearly half of the population. All that is needed Mr. Chairman, is to make the transition from the thinking of the depression to the feeling for the future. We do not deal anymore with emergency measures designed to protect the poor and the weak. Rather we are concerned with the economic, the physical, the mental and in fact the spiritual welfare of the Nation. The problem confronting us probably defy prompt and easy solutions. It is not the victory but the struggle that counts. In this fight the deliberations of your committee Mr. Chairman, will be in the forefront of our hopes and our fervent wishes.

#### SUMMARY AND RECOMMENDATIONS

The proposals made in the foregoing statement may be summarized as follows.

The basic benefits for the worker should be increased to \$250 a month minimum regardless of the earning base by January 1970 (and not later).

Proportionate increases would be related to earnings; however, the range should probably be far smaller than at present.

Benefits for dependents and survivors should be increased proportionately. All benefits under the law should be automatically adjusted taking into account the cost-of-living increases; however, the increase in benefits should be disproportionately higher for reasons indicated in the text.

There would be a smaller actuarial reduction for workers who retire prior to age 65.

The widow and widower's benefits should equal 100% of the benefit that should have been payable to the deceased spouse. Such benefits should be payable regardless of the age of the disabled widow or widower.

Special payments at age 72 should be increased proportionately to the increase proposed above.

The lump-sum death payment limit should be increased to \$1,000.

Computations of benefits should be figured over shortened periods. Most importantly, no benefits should be withheld on earnings of \$25,000 or less.

With respect to disability provisions the waiting period should be reduced from six to three months, and permanently and totally disabled workers of any age, if unable to engage in substantial, gainful activity in their regular work should receive full disability benefits.

With regard to medical provisions, supplementary medical insurance premiums should be eliminated.

Medicare should be extended to persons of any age after establishing total permanent disability.

All expenses for drugs should be covered under the Medicare Act whether provided for within or without the hospital.

Moreover, prescription as well as non-prescription drugs (under certain conditions) should be provided for on an out-patient basis

Medicaid should be included in the Social Security system as part of national policy and extended to the total population.

Contribution and benefit base should be increased to \$100,000 after 1970.

The contribution rate schedule should be increased in 1970 to 10% for OASDI and 5% for health insurance.

Contributions from general revenue should be increased over a five year period to cover an amount equal to one-half the cost of the program, if necessary.

These recommendations are based on the recognition that Social Security is a contractual right in the interest of the whole Nation and should be divested of its gerontophobic content, recognizing the elderly, and weak and infirm as part of the fabric of life rather than as a social problem.

| Item 1                                      | Existing law 2   | Desiderata   |
|---|--|--|
| <b>1. Benefit amounts:</b>                  |  |  |
| (a) Basic amounts.....                      | Benefits for a worker beginning at age 65, or when disabled before age 65, range from \$55 to \$218. Benefits for dependents and survivors are based on these amounts.   | Benefit amount for the worker to be increased to January 1970, \$250 minimum; proportionate increases related to earnings. Benefits for dependents and survivors to be increased proportionately.  |
| (b) Automatic adjustment. No provision..... |  | Benefit amounts automatically adjusted annually for each 1 percent or more of increase in the cost of living between 7½ and 10 percent in benefits.  |
| (c) Actuarial reduction.....                | Benefits for workers, and their wives or husbands, who start getting benefits before age 65 are payable at reduced rates. The benefits are reduced to an amount that will on the average give the same total life time benefits that would have been paid if the benefits had not begun until age 65. A worker's benefit at age 62 is 80 percent of the benefit he would have gotten at age 65; a wife's or dependent husband's benefit is 75 percent of the amount payable at age 65. | Smaller reduction; a worker's benefit at age 62 to be 86 percent of the unreduced amount; the same for wife or husband.  |
| (d) Widow's and widower's.                  | Benefits beginning at or after age 62 are equal to 82½ percent of the benefit amount that would be payable to the deceased spouse.<br><br>Disabled widows and widowers can get benefits at or after age 50. Where benefits begin before age 62, the benefit amounts are reduced.   | The amount payable to equal 100 percent of the benefit that would have been payable to deceased spouse. Benefits beginning before age 65 to equal 86 percent of the benefit of deceased spouse.<br><br>Benefits payable to disabled widow or widower at any age.   |
| (e) Special age-72 payments.                | Certain people who reach age 72 before 1972 and who have not worked under social security long enough to get regular benefits can get special payments of: \$40 for an individual; \$60 for a couple.  | Special payments to be increased in proportion to increase under (a).  |
| (f) Lump-sum death payments.                | Equal to 3 times the worker's benefit amount but not more than \$255. Range: \$165 to \$255.   | Limit to be increased to \$1,000.  |
| <b>2. Benefit computations.....</b>         | All social security amounts are based on the insured worker's average monthly earnings. Nearly all benefits are now based on average monthly earnings after 1950-figured over 5 less than the number of years after 1950 and up to the year the worker reaches age 65 (62 for women), becomes disabled, or dies.   | The number of years used in figuring the worker's average monthly earnings would be reduced by ½ beginning in December 1970, and to his best 10 years out of any 15 consecutive years beginning in December 1972. The average monthly earnings figured over the shortened periods would be adjusted to take account of the length of time the person worked under social security. |
| Earnings test.....                          | No benefits are withheld on annual earnings of \$1,680 or less. For earnings up to \$1,200 above \$1,680 (i.e., \$2,880), \$1 is withheld for each \$2 of earnings, and for additional earnings \$1 is withheld for each \$1 of earnings, except that no benefits are withheld for any month in which a person does not earn more than \$140 in wages nor render substantial services in self-employment. No provision for automatic increases.  | No benefits would be withheld on earnings of \$25,000 or less.<br><br>Automatic increases proportionate to (b).  |

| Item 1   | Existing law 2  | Desiderata  |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
|--|---|---|-------|----|-------|-----------|------|------|------|--------------|------|-----|------|--------------|------|-----|------|--------------|------|-----|------|--------------|------|-----|------|---------------------|------|-----|------|---|
| 4. Disability Provisions:<br>(a) Definition of disability.   | Benefits cannot be paid until after a 6-month waiting period, and are payable only if the disability is expected to last for at least 12 months or to result in death.  | The waiting period would be reduced from 6 to 3 months, and the requirement that the disability must be expected to last 12 months or to result in death would be eliminated. Permanently and totally disabled Workers of any age if unable to engage in substantial gainful activity in their regular work to receive full disability benefits.  |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| (b) Alternative definition for older workers.  | Workers must be unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment.   |   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| <b>MEDICAL PROVISIONS 3</b>  |   |   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 5. Medicare:   |   |   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| I. (a) Financing both hospital insurance and supplementary medical insurance on the basis of payroll contributions and general revenues. | Hospital insurance if financed by contributions from employers, employees, and the self-employed. Supplementary medical insurance is financed by monthly premiums paid by enrollees and matched by the Federal Government. Moneys are deposited in, and benefits and administrative expenses are paid from, 2 separate trust funds. Eligibility for hospital insurance is based on eligibility for cash benefits (except for a special transitional provision) while medical insurance is available to virtually all those over 65.   | Eliminating supplementary medical insurance premiums and provide for financing both hospital and medical insurance programs through contributions of employees, employers, and the self-employed, and a matching contribution by the Federal Government. All moneys would go into a combined trust fund, which would pay the benefits and administrative expenses of both programs. Eligibility requirements for both hospital and medical insurance would be identical to that required under existing law for hospital insurance. |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| I. (b) Medicare for the disabled   | Medicare is available only to people age 65 and over (without regard to disability).  | Medicare extended to persons of any age after establishing total and permanent disability.  |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| I. (c) Coverage of drugs.....  | Generally, drugs are covered only if they are provided in a hospital or an extended care facility. Drugs are covered on an outpatient basis only if the drug is one which cannot be self-administered.  | Coverage extended to out of hospital prescription drugs out of insurance program. Also such nonprescription drugs as can not be self-administered, or, urged by a physician.  |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| II. Medicaid or similarname.   | Medicaid administered through Public Assistance System of the States.   | Extend to total population and include in social security system, as part of national policy.   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 6. Contributions and benefit base.   | The amount of annual earnings on which social security contributions are payable and that can be counted toward benefits is \$7,800.<br>No provision for automatic increases.   | Amount of annual earnings to be increased to \$100,000 in 1970. After 1975, the earnings amount to be automatically increased if appropriate.   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 7. Contribution rate schedule.....   | <b>EMPLOYER-EMPLOYEE, each (percent)</b>  |   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
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| Year   | OASDI   | HI  | Total |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1970.....  | 4.20  | 0.60  | 4.80  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1971-72.....   | 4.60  | .60   | 5.20  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1973-75.....   | 5.00  | .65   | 5.65  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1976-79.....   | 5.00  | .70   | 5.70  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1980-86.....   | 5.00  | .80   | 5.80  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1987 and after.....  | 5.00  | .90   | 5.90  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
|  | <b>SELF-EMPLOYED (PERCENT)</b>  |   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
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| Year   | OASDI   | HI  | Total |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1970.....  | 6.30  | 0.60  | 6.90  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1971-72.....   | 6.90  | .60   | 7.50  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1973-75.....   | 7.00  | .65   | 7.65  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1976-79.....   | 7.00  | .70   | 7.70  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1980-86.....   | 7.00  | .80   | 7.80  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 1987 and after.....  | 7.00  | .90   | 7.90  |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |
| 8. Federal contributions.....  | No provision.....   | General revenue contribution increasing over a 5-year period to amount equal to 1/2 of the cost of the program.   |       |    |       |           |      |      |      |              |      |     |      |              |      |     |      |              |      |     |      |              |      |     |      |                     |      |     |      |   |

<sup>1</sup> Using Mr. Gilbert's summary in Congressional Record September 17, 1969; H 801-18 and 19.

<sup>2</sup> Item added by J. H. B.

[From the Humanist, July/August 1969]

EXHIBIT A. GERONTOPHOBIA—SOME REMARKS ON A  
SOCIAL POLICY FOR THE ELDERLY

(By Joseph H. Bunzel)\*

## I

If it is true that the greatness of a civilization can be judged by the way its women are treated, it is even more true that the humaneness of a civilization can be judged by the way in which its elderly are regarded. The manner in which a civilization treats its aged is indicative of the degree of its responsibility for human life.

Ours is a society that values youth, health, and work. It is sharply problem-oriented, and tends to seek victories, overcome obstacles, and solve problems. There is, however, an unfortunate product of our youth orientation that is often ignored; that is the prevalence of gerontophobia, or fear of the aged. Indeed, this condition raises serious ethical problems.

The position of the aging has changed markedly in the United States in the last decades. This country, once one of the youngest, has aged considerably in spirit and in fact. As usual, technology has outrun semantics and sociology; the aging person of today, his position in society, and his feeling of self have suffered increasingly strident strictures. Nothing less than the ethics of aging stands in question.

Why is legislation regarding the elderly beset with conditions and prerequisites?

Why is sexual behavior of the elderly—courtship and marriage, which is encouraged at other ages levels—a source of derision and ridicule?

Why do housing and living arrangements for the elderly exclude, if not expel, them from the mainstream of life?

The answers are neither simple nor unequivocal.

## II

There are, at present, about 19 million people 65 and over in the United States, and their numbers are rapidly increasing. Of these, in the younger age group (65-74) there are 125 women for every 100 men; in the older age group (85 and over) there are 160 women for every 100 men. It should be pointed out here that we are well aware of the arbitrariness of setting 65 as the beginning of old age. However, social security and other laws and regulations concerning retirement have made age 65 a convenient and almost inevitable starting point. Obviously, for specialized occupations—airline hostesses, baseball players—old age starts far earlier. Many Federal, state, and local agencies specify 62 as the starting point of old age for women. More than one-half of the 11 million women are widows. Of the older men, more than 70 per cent are married, and 10 per cent of the older men and women were either never married or were divorced.

Ninety per cent of the older men and almost 70 per cent of the older women live in their own households either as heads or wives of the heads. The vast majority of households, the heads of which are male, have a wife, but many of these wives are under 65 years of age. Only 4 per cent, or 800,000 persons, live in institutions. Approximately 13 million live in family environments, whereas 3.5 million women and 1.5 million men live alone or with nonrelatives.

## III

In view of an increasing number of laws on the Federal and state level, there is no doubt that the situation of the elderly, taken as a group, has improved considerably. There is no doubt that a large number of the elderly have more money, more secure incomes, better housing facilities, and easier accessibility to medical facilities than ever before in the history of this nation. With the passage of Medicare, the 30-year fight for national health insurance, at least for the senior citizen, was at least partially won. The

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Social Security amendments of 1965, which made the Medicare program a reality, and other historic legislation enacted by the 89th Congress, including the Older Americans Act of 1965, marked the longest step forward in social legislation since the enactment of the Social Security Act in 1935.

The Older Americans Act of 1965 created the Administration on Aging, designed to stimulate a nationwide program of community planning. Amendments to the Manpower Development and Training Act, as well as the Vocational Rehabilitation Act, have helped older workers and the physically and mentally handicapped among the elderly. The Economic Opportunity Act of 1966, the civil-rights program, the development of model cities, and Title I of the Demonstration Cities and Metropolitan Development Act of 1966 provide for a far-reaching new program to improve the social, economic, and physical conditions in selected slums and blighted neighborhoods. Rent supplements, neighborhood facilities, the Home Rehabilitation Grant Program of 1965, and the Housing Act of 1965 have been and are now helping the older person as well as his younger counterpart. However, closer scrutiny shows that the Medicare Program (so bitterly fought against by the American Medical Association) and the Medicaid program in certain states (New York, California, etc.) are full of administrative snares and loopholes.

#### IV

Yet in spite of an increase in the number of aged in the United States and some significant social gains in their behalf, there exists a widespread phobia against them. The word "phobia," to quote Paul Friedman (in *The American Handbook of Psychiatry*) "is derived from the Greek word *phobos*, meaning flight, dread, panic, or fear. When a fear becomes attached to objects or situations that objectively are not a source of danger—or more precisely, are known by the individual not to be a source of danger—we designate it as a phobia. The patient, as a rule, realizes the irrationality of his behavior but feels compelled to avoid these specific situations which expose him to overpowering anxiety." Phobias are derived from an association of ideas and "are *par excellence* the neuroses of childhood. Indeed, there is scarcely a human being who has not, at some time in early life, experienced fear of a phobic nature" (Friedman quoting Freud).

As in all other phobias, we find that gerontophobia can be explained and illustrated on the basis of the types of defense mechanisms involved:

(1) Repression—the total exclusion of an idea from consciousness, and displacement. The old man or woman feared is displaced in ways that are affected by the subsequent choice of the phobic object.

(2) Identification—one adopts or patterns behavior after an image or ego-ideal whose behavior he admires. The gerontophobic person, out of guilt, perhaps, identifies with the elderly. Frequently, this is just as irrational as repression; the gerontophobic person leans backward to "undrestand" the elderly.

(3) Rationalization—the antagonism toward the elderly expresses itself in such statements as "Older workers are all absentees."

(4) Over-Compensation—what the old one can do I can do 10 times as well.

(5) Withdrawal or denial—let's not have anything to do with the elderly; or, together with rationalization—let's build a nice nursing home or retirement village outside of the city because "they like to be with their own kind."

(6) Projection—the displacement of one's fears and wishes upon another. This is the most unhealthy and dangerous of all defense mechanisms, and plays an important part in all gerontophobic manifestations. "Projection was described originally in clinical psychoanalysis as pertaining to psychoses in particular and to certain neurotic defenses generally, and to some 'normal' maturational processes. . . . In the case of true projection we are dealing . . . with an ascription of feelings and sentiments which remain unconscious in the service of defense (and) which are unacceptable to the ego and are therefore ascribed to objects of the outside world" (Leopold Bellak, *Projective Psychology*, Grove Press, New York, 1953).

#### V

So far, research in the field of gerontology has been mainly problem-oriented. It concentrates on the attitudes of the elderly but not on society's attitudes toward the elderly and the aging. Perhaps this is because society in the

United States has been geared to the adjustment of the individual to society and has reacted with anything from cold indifference to flaming indignation to the suggestion that perhaps society should be adjusted to the individual. Individuals are pushed into frustrating and therefore anxiety-arousing situation. If repressed, this can, and frequently does, lead to a stiffening of attitudes from stubborn denial to violent projection—to gerontophobia. How widespread is gerontophobia?

In order to study the existence of such attitudes, a testing method recently was devised and applied in varying forms in Grand Forks, North Dakota; St. Cloud, Minnesota; and Buffalo, New York. Recognizing the changes brought about by medical and technological advances, the studies were based on the twenty-forty-sixty method, by which respondents of varying ages were exposed to the same stimulus. Though a respondent may not have been distinctly and overtly gerontophobic, the opportunity to speak freely and at length about old age gave him or her, not infrequently, a vent to reveal latent gerontophobic attitudes. One example was provided by a young matron, when she said, "Well, I guess this is the way I am supposed to answer these." The conclusion of the study was that a large number of the respondents were either overtly or covertly gerontophobic, varying only slightly with age and sex.

What should by now be clear is that restructuring of our attitudes towards old age is essential. One remedial approach would be, frankly, semantic. Value-laden words such as "aging," "leisure time," and "retirement" might usefully be replaced. The effect of these words is one of futility and terminalism. We might substitute in their place "free time" for leisure time and "post-employment" for retirement.

We can divide life into three almost equal periods: pre-employment, employment, and post-employment. The ever-increasing emphasis on long, formal, expensive education makes a period of work-study almost imperative. Therefore, the pre-employment period is in a state of transition. In the post-employment period, which is also in transition, a similar work-study development should occur. Social Security payments are not high enough to prevent serious income deprivation, and it is another gerontophobic aspect of our legislation that only a limited amount of money may be earned. Not only for need, but also and even more so because of intellectual and spiritual gratification, it should be possible to obtain respectable part-time or temporary employment. Although there may be a few success stories, these are not the expression of society's generally wholesome attitude toward aging and the aged, but the exception. Both periods, pre- and post-employment, should be recognized as legitimate parts of the life-and-work process, since our values are still largely determined by a Protestant ethic and the spirit of capitalism.

Another remedial approach may be in planning policies toward the aged with the recognition that there exists gerontophobic attitudes. Policy-makers must take this into account in developing new policies. A new old-age policy must be based not merely on the concept of meeting needs, not even on the paternalistic wish to fulfill individual desires, but on the recognition of the forces of the collective subconscious and the societal forms of prejudice that they take. Only in this way can we hope to improve the lot of our senior citizens.

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#### ITEM 9. STATEMENT OF RUDOLPH T. DANSTEDT, ASSISTANT TO THE PRESIDENT, NATIONAL COUNCIL OF SENIOR CITIZENS, INC.

##### RESPONSE OF THE NATIONAL COUNCIL OF SENIOR CITIZENS TO THE WORKING PAPER "EMPLOYMENT ASPECTS OF THE ECONOMICS OF AGING"

The National Council of Senior Citizens welcomes this opportunity to present its observations on the paper "Employment Aspects of the Economics of Aging" issued by the U. S. Senate Committee on the Aging in December 1969.

Our experience supports the key observation in this paper that "Much of the retirement taking place in our economy and society is counter-productive, arbitrary, inflationary and possibly dysfunctional to the individual". We would add to this, however, the observation that retirement is not the natural state of man the day he becomes 65 or some other arbitrarily set

age. Certainly it is not for the professional man—particularly doctors, lawyers, scientists and politicians.

The National Council of Senior Citizens holds that the right to make a productive and useful contribution to society continues without regard to age until health and personal circumstances dictate otherwise. The tentative observation of Sidney Cobb, M.D. referred to in the Working Paper suggests that there may be an explicit casual relationship between the state of a man's health and his feeling of worth as reflected in his increasing inability to get and hold employment because of factors beyond his control.

We have a hunch from the experience of our Senior Aides project which employs 1200 individuals age 55 and over in 20 widely scattered communities, that the opportunity to be employed in services projects not only has contributed to the community but has improved both the mental health and the physical health of our Aides. While only a relatively small proportion of these Aides are in the age group of 55-64, these are individuals who have suffered the particulary devastating experience of being considered hard-core unemployables.

We support the Working Paper's position that we need to establish a full policy for the middle aged and older worker that maximizes the opportunities and the means whereby with advancing years an individual is enabled to continue to contribute productively and creatively until he gracefully and with a sense of security chooses leisure.

We object decidedly to the paper's classification of elderly citizens as a "dependent population". Individuals have laid aside resources through pensions and social security designed to give them a substantial degree of "independence." These retirement resources like savings or investments are not denying resources to any other sector of our population. The elderly retired coupon clipper can hardly be called "dependent."

This is not to deny that too many of our senior citizens are poor because they have been denied a level of employment and inadequately protected through pensions and social security. They are unfortunately dependent upon welfare, veterans pensions and other forms of income supplementtion, but it is the firm resolution of the National Council to achieve independence for all senior citizens.

Again our fundamental thesis is that at this time in our nation's history we need the services of all able and willing to contribute to our general welfare regardless of age. Three years ago the National Commission on Technology, Automation and Economic Progress found that there is a nationwide need for at least 5.3 million jobs in the public sector—parks, schools, playgrounds, hospitals, libraries and other governmental and voluntary public service agencies. This demand is still largely unfulfilled. Our Senior Aides project has demonstrated that our senior citizens are not only eager to perform these essential community tasks but eagerly sought by the community service agencies employing them.

The National Council in the words of the Working Paper is "for a society and economy in which the individual worker can (regardless of age) have choices and alternatives under decent conditions which is the essence of freedom". It follows from this that we are against forced retirement.

Finally, the National Council of Senior Citizens questions the Working Paper's recommendation that the retirement test under the Social Security law should be re-examined.

We are concerned about this because abolition of the Social Security retirement test would add \$2.5 billion to the cost of Social Security and benefit a relatively small group of seniors, including those who have not yet retired such as doctors, lawyers and other professionals least in need of additional income.

Instead of distributing this huge amount largely among the "haves", the National Council of Senior Citizens insists, if such an amount should become available, it be used to improved Social Security and Medicare benefits for the great majority of elderly who are "have nots."

The accompanying marked article in the January issue of the National Council's newspaper, *Senior Citizens News*, documents our organization's position on the Social Security retirement test.

[Enclosure]

[From Senior Citizens News, January, 1970]

### NCSO SOCIAL SECURITY RETIREMENT TEST STUDY SHOWS WHO GETS HURT

There are many bills before Congress seeking to remove the Social Security retirement test—that is the ceiling on what a senior may earn without loss of Social Security benefits.

Many seniors have written the National Council headquarters protesting the retirement test provision of the Social Security law.

Removal of restrictions on what a Social Security recipient may earn without loss of benefits sounds plausible enough until there is a clear understanding of what is involved.

A newly completed study, headed by Nelson H. Cruikshank, National Council President and an authority on social insurance, reveals that:

Removal of the Social Security retirement test would cost \$5.5 billion.

The bulk of this money would go to a relatively small group of seniors such as business executives, professional persons and other elderly men and women who have not yet retired.

Instead of distributing this money largely among the "haves," it could be used to much better advantage improving Social Security and Medicare benefits for the great majority of the elderly who are "have-nots," the study shows.

#### ORDERED BY CONVENTION DELEGATES

The Cruikshank study was made in compliance with a mandate of the 1969 National Convention. Delegates incorporated this directive in the NCSO Convention Social Security resolution:

"The National Council of Senior Citizens' Legislative Committee and the National Council officers should make a comprehensive study of the retirement test (determining the amount a Social Security recipient may earn at gainful employment without loss of benefits) looking to the possibility of improvement."

The Social Security retirement test, the Cruikshank study points out, is a test to determine whether a person otherwise eligible for Social Security retirement benefits has in fact retired.

"The reason for such a test," the study report says, "rests on the fact that old age survivors and disability insurance provisions of the Social Security Act are designed to insure individuals and families against the loss of earnings due to retirement from work (either compulsory or voluntary retirement) or due to disability or death. . . ."

Confusion often results from comparing Social Security with a straight annuity program under which benefits are paid on retirement from employment regardless of earnings after retirement, the study report notes.

### ITEM 10. STATEMENT OF MARK ERENBURG, ASSISTANT PROFESSOR OF ECONOMICS, INDIANA UNIVERSITY, BLOOMINGTON, IND.

#### I. INTRODUCTION

It is a paradox that attention to the employment and income problems of Americans regarded as "older workers" has been practically eclipsed by our spiraling efforts to eliminate poverty. Certainly, employment and income data support the inclusion of a large proportion of older workers and their families within the poverty category but the severe economic problems and concomitant social and political pressures generated by the status of racial minorities, female-headed families, the "hard-core unemployed," and other clearly defined population subgroups have relegated our concern for the economic and social welfare of older workers to a residual position within the context of concern for the "disadvantaged." Hopefully, the efforts of the Senate Special Committee on Aging will serve to make more room for older workers in our common perception of the "disadvantaged" and afford them a greater measure of the research and program resources committed to the elimination of poverty. In this vein, I wish to point out one relatively unexplored area into which future resources and program efforts could be channeled.

(Note: My comments are directed specifically to the employment and income problems of older workers defined as workers age 45 to 64—those too young to retire but faced with rising unemployment rates and greater risks of long-term joblessness. Workers over 65 years old face similar and at the same time new employment problems (because of increased health problems, rules and requirements of social legislation, etc.). To the extent that the problems are similar, my comments are equally applicable to the latter group. For purposes of brevity and clarity, however, I will limit my discussion to those workers age 45-64, referring to them as older workers.)

Deriving from the strong work orientation of our society, research, policy recommendations and line programs involving older workers have been directed toward increased employment and employability as the predominant means for improving the relative income of this group (aside from social legislation designed to aid the physically and/or mentally handicapped). The recommendations for full employment of the middle-aged and older worker contained in the working paper on employment aspects of the economics of aging are exemplary:

"... there are a number of things that can be done which would at least equalize the older worker's opportunities for employment with those of others in the work force. The Nation can produce a climate that avoids the welfare-dependency approach that we are drifting into today.

"First of all, there are ways of training and retraining mature workers if we have the will to do it.

"Second, we think Congress should consider incentives to industry to make training continuous in order to adapt to new technologies.

"Third, we need to encourage policies that will keep middle-aged workers effectively informed about the labor market.

"Fourth, a rapid increase in staff support to enforce the Federal age discrimination law is urgently needed. . . .

"A fifth recommendation relates to a bill to provide a comprehensive program of services and opportunities for middle-aged and older Americans. . . ."<sup>1</sup>

I do not quarrel with this orientation, only with its interpretation. Implicit in our efforts to provide employment with adequate remuneration for older workers is the assumption that this employment is to be full-time employment basically because our culture provides no clear distinction between work and full-time work. Granted that the long run goal of full-time employment for older workers is a desirable one, failure to carefully consider part-time employment as an intermediate step for currently or soon to be unemployed older workers neglects a viable short run means for avoiding the "welfare-dependency approach that we are drifting into today." Short run part-time employment may also provide an efficient means for maximizing the long run full-time employment of older workers.<sup>2</sup> Failure to adequately consider the potential of part-time employment may not deter us from our full-time full employment goal, but may increase the economic as well as the social and political costs of reaching it.

In the remainder of this paper, I propose to document the availability of part-time employment for older workers, comment on the relative lack of response by these workers to such employment opportunities, and outline the types of steps necessary to insure short as well as long run maximization of employment and earnings for older workers within a basically free enterprise economic context.

## II. THE AVAILABILITY OF PART-TIME EMPLOYMENT<sup>3</sup>

The demand for part-time workers has both a short run and a long run component. In the short run, during periods when the labor market is tight in the face of rising product demand, employers actively seek methods to increase output. Most common among these methods are the use of increased

<sup>1</sup> U.S. Senate, "Employment Aspects of the Economics of Aging: A Working Paper in Conjunction with the Overall Study of 'Economics of Aging: Toward A Full Share in Abundance,'" prepared by National Council on the Aging's National Institute of Industrial Gerontology for the Special Committee on Aging, United States Senate, Washington, D.C., U. S. Government Printing Office, December 1969, pp. 12-14, emphasis added.

<sup>2</sup> Definition of part-time employment as per U. S. Department of Labor: less than thirty-five (35) hours of work per week.

<sup>3</sup> Analysis based on thoughts gathered from Dean Morse, *The Peripheral Worker*, New York and London, Columbia University Press, 1969, especially Chapter IV, and Robert Avertitt, *The Dual Economy*, New York, N.W. Norton, Inc., 1968.

overtime work, the introduction of previously too closely technical advances which increase worker productivity, the use of extra shifts and recruitment of additional workers. Each method results in greater output for the firm, but each involves additional cost per unit of output in terms of higher labor and capital cost (overtime, new mechanics, premium pay for "undesirable" shifts) and/or decreased output per unit of input (diminishing returns due to increases in the length of the work day, increases in the size of the work force, or because of the hiring of less productive workers). Especially significant are the ramifications of an employer's desire to hire additional full-time workers in a tight labor market. Qualified workers might be obtained only by offering wages above the market rate. If qualified workers are available only at a premium rate or completely unavailable, less qualified workers with lower production potential and attendant costs of training or at least orientation may be hired at the market rate (or below). Given that hiring of additional full-time workers as well as the other methods commonly used to increase output involve an increase in cost per unit of output and additionally that these other methods have practical upper limits of effectiveness (just so many hours of overtime possible, etc.), employers will turn eventually to the untapped reservoir of part-time workers in order to increase output. When the cost of incremental output achieved through the methods mentioned rises above the incremental cost of hiring part-time workers (i.e., extra training, extra administrative cost, extra supervisory cost, etc.), there will arise a short run demand for part-time workers. With a continual sharpening of our monetary and fiscal tools and a commitment to full employment, short run demand for part-time workers may become more common.

Table I identifies the incidence of voluntary part-time employment by industry division.<sup>4</sup> It is apparent that part-time employment is concentrated in two industrial divisions: wholesale and retail trade, and finance and services. Very little falls within the manufacturing, and the transportation and public utilities divisions. This relationship is not surprising, given the difference in the market organization and production processes as between trade, finance, and service (service industries) on the one hand, and manufacturing, transportation and public utilities (heavy industry) on the other. Heavy industrial firms are generally capital intensive, making continuous operation desirable. The need for significant capital investment limits market competition, affording these firms a certain amount of market control. With a degree of immunity to short run market fluctuations not enjoyed by firms in more competitive industries, and in many instances producing inputs for other firms rather than products for final consumption, heavy industry firms enjoy a relatively long planning time horizon. Changes in output level can be made less frequently and in larger steps than is true for the more competitive firm. Day to day and week to week flexibility of production is not essential to heavy industrial firms, and, in many instances because of the relatively high degree of worker skill required, such flexibility is impossible. The use of part-time workers affords a high degree of production flexibility. Heavy industrial firms do not hire part-time workers because they do not want flexibility. Even if they did, acquiring highly skilled part-time workers would present difficulties.

Contrariwise, service firms are strongly labor intensive, requiring relatively small capital outlays which makes possible a more competitive, more uncertain, and more uncontrolled market situation. Facing the uncertainties of a market composed largely of final consumers, service firms must be able to exhibit a high degree of production flexibility. To meet short run demand fluctuations, they rely on a relatively large production of part-time workers, obtainable since skill requirements are generally below those of more capital intensive industries.

Table I also indicates that the proportion of part-time workers in the service industries has been increasing over time while the proportion in heavy industry has been declining. This observation is substantiated in Table II. Between 1960 and 1965, employment in manufacturing increased 7.5% and 0.8% in transportation and public utilities while employment in wholesale and retail trade increased 11.6%, 13.3% in finance, and 22.4% in service. More important, however, are the projections of employment in these industry divisions for 1975: manufacturing up 9.2%, transportation and

<sup>4</sup> Subsequent references to part-time work will be taken to mean voluntary part-time work since we are dealing with rational choice among alternative employment status.

public utilities up 13.5%, wholesale and retail trade up 26.7%, finance up 23.2%, and service up 42.5%. The relative employment growth in the service industries broadly defined implies an increased demand for part-time workers. The changing composition of product demand combined with the differential industry ability to employ part-time workers bespeaks a long run increase in the demand for part-time workers.

TABLE I.—NONAGRICULTURAL WORKERS ON VOLUNTARY PART TIME SCHEDULES, BY INDUSTRY GROUP, 1957-68

|  | [Percent] |      |      |      |      |      |      |      |      |      |      |      |
|--|-----------|------|------|------|------|------|------|------|------|------|------|------|
|  | 1957      | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
| Construction.....                        | 1.7       | 1.6  | 1.5  | 1.8  | 1.4  | 1.5  | 1.8  | 1.7  | 1.8  | 1.7  | 1.6  | 1.7  |
| Manufacturing.....                       | 7.4       | 7.1  | 7.5  | 7.4  | 7.5  | 8.0  | 7.7  | 7.2  | 6.7  | 6.4  | 6.4  | 6.4  |
| Transportation and public utilities..... | 2.4       | 2.2  | 2.0  | 2.1  | 2.2  | 2.0  | 2.3  | 2.3  | 2.2  | 2.5  | 2.7  | 2.7  |
| Wholesale and retail trade.....          | 26.8      | 26.2 | 26.0 | 26.3 | 25.0 | 25.3 | 26.2 | 25.9 | 27.4 | 29.0 | 29.9 | 30.7 |
| Finance and service.....                 | 43.9      | 44.4 | 44.7 | 43.9 | 45.6 | 46.3 | 45.4 | 46.9 | 46.0 | 45.1 | 45.8 | 46.0 |
| Other industries <sup>1</sup> .....      | 2.2       | 2.4  | 2.3  | 2.8  | 2.5  | 2.4  | 2.4  | 2.3  | 2.2  | 3.0  | 2.7  | 2.6  |
| Self-employed.....                       | 15.6      | 16.2 | 16.0 | 15.7 | 15.8 | 14.6 | 14.3 | 13.8 | 13.8 | 12.3 | 11.0 | 9.9  |

<sup>1</sup> Includes public administration.

Source: U.S. Department of Labor, Statistics on Manpower, A Supplement to the Manpower Report of the President, March 1969, Table A-21.

TABLE II.—ACTUAL AND PROJECTED EMPLOYMENT BY INDUSTRY DIVISION, 1960 TO 1975<sup>1</sup>

|  | [Percent] |      |           |         |         |
|--|-----------|------|-----------|---------|---------|
|  | Actual    |      | Projected | Change  | Change  |
|  | 1960      | 1965 | 1975      | 1960-65 | 1965-75 |
| Manufacturing.....                       | 31.0      | 29.7 | 25.9      | 7.5     | 9.2     |
| Transportation and public utilities..... | 7.4       | 6.6  | 6.0       | 0.8     | 13.5    |
| Wholesale and retail trade.....          | 21.0      | 20.9 | 21.8      | 11.6    | 26.7    |
| Finance, insurance and real estate.....  | 4.9       | 5.0  | 4.9       | 13.3    | 23.2    |
| Service and miscellaneous.....           | 13.7      | 14.9 | 17.0      | 22.4    | 42.5    |
| Government.....                          | 15.4      | 16.6 | 18.6      | 20.8    | 40.2    |
| Federal.....                             | 4.2       | 3.9  | 3.6       | 4.8     | 15.4    |
| State and local.....                     | 11.2      | 12.7 | 15.0      | 26.8    | 47.8    |

<sup>1</sup> Projections revised 1968.

Source: Statistics on Manpower, table E-9.

TABLE III.—VOLUNTARY PART TIME WORKERS AS A PERCENTAGE OF FULL TIME AND VOLUNTARY PART TIME WORKERS; BY AGE, SEX, AND COLOR, 1957-68

|  | [Percent] |      |      |      |      |      |      |      |      |      |      |      |
|--|-----------|------|------|------|------|------|------|------|------|------|------|------|
|  | 1957      | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
| Older workers (45 to 64 years of age).....   | 2.4       | 2.4  | 2.5  | 2.6  | 2.6  | 2.7  | 2.7  | 2.8  | 2.7  | 2.8  | 2.9  | 3.0  |
| Women (less than 45 years of age).....       | 3.9       | 4.0  | 4.1  | 4.3  | 4.6  | 4.8  | 4.8  | 5.0  | 5.1  | 4.9  | 5.3  | 5.4  |
| Teenagers (17 years of age and younger)..... | 2.3       | 2.4  | 2.5  | 2.4  | 2.6  | 2.8  | 2.8  | 3.1  | 3.2  | 2.1  | 2.2  | 2.2  |
| Nonwhite.....                                | 1.1       | 1.1  | 1.1  | 1.1  | 1.0  | 1.1  | 1.2  | 1.3  | 1.2  | 1.3  | 1.3  | 1.3  |

Source: Derived from Statistics on Manpower, table A-21.

TABLE IV.—NONAGRICULTURAL WORKERS ON VOLUNTARY PART TIME SCHEDULES; BY AGE, SEX, AND COLOR, 1957-68

|                    | [Percent] |      |      |      |      |      |      |      |      |      |      |      |
|--------------------|-----------|------|------|------|------|------|------|------|------|------|------|------|
|                    | 1957      | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
| Older workers..... | 25.0      | 24.5 | 24.3 | 24.3 | 23.6 | 23.5 | 23.5 | 23.1 | 22.5 | 24.0 | 23.4 | 23.7 |
| Women.....         | 65.5      | 65.3 | 65.0 | 66.1 | 66.6 | 65.9 | 65.7 | 65.2 | 65.1 | 67.3 | 67.1 | 67.6 |
| Teenagers.....     | 24.3      | 24.4 | 24.6 | 23.4 | 23.9 | 24.3 | 23.9 | 25.5 | 25.8 | 17.9 | 17.5 | 17.1 |
| Nonwhites.....     | 11.5      | 10.7 | 10.5 | 10.5 | 9.4  | 9.9  | 10.5 | 10.5 | 10.1 | 11.1 | 10.6 | 9.9  |

Source: Statistics on Manpower, table A-21.

## III. OLDER WORKERS AND PART-TIME EMPLOYMENT

Part-time work may be an alternative to unemployment or not in the labor force (nlf) status for a number of population subgroups besides older workers: teenagers who have an exceptionally high rate of unemployment as a group, and nonwhites who also have an unemployment rate above the national average.<sup>5</sup> Women are also likely to seek part-time employment if full-time work is not available or might seek part-time employment as a first alternative if constrained by familial obligations. All three groups have skill and experience levels below those of other labor force groups, but acceptable in industries employing part-time workers.

The social status of women and to a large extent that of teenagers and nonwhites also acts to make part-time employment a viable labor market alternative. Society ascribes to members of these subgroups relatively low levels of status which may preclude them from full-time employment since full-time employment carries with it a relatively high status level. Part-time employment is inherently low status, presenting no social barriers to the employment of low status workers.<sup>6</sup> Of course, for the reasons cited above, part-time employment should also be a realistic alternative for older workers.

Data in Table III tends to support the hypothesis that although part-time employment should be a realistic alternative to unemployment or nlf status for older workers, the proportion of older workers employed part-time has increased at a slower rate than the proportion of some other subgroups so employed. Between 1957 and 1965 older workers as a proportion of all full-time plus voluntary part-time workers rose from 2.4% to 2.7%, peaking at 2.8% in 1964. Between 1966 and 1968 the proportion rose from 2.8% to 3.0%.<sup>7</sup> Only nonwhites showed less of an increase. Table IV looks at the data in another way. For each year 1957-1965, older workers as a proportion of all part-time employees has decreased while the proportion of teenagers has increased. The proportion of women and nonwhites employed part-time has also declined but less than in the case of older workers. (Gains were in the 18-24 year old group but are omitted from the tabulation.) Between 1966 and 1968 older workers and women as a percent of total part-time employment declined and then rose while the proportion of teenagers and nonwhites fell. It would be premature to attempt to explain these trends, but one hypothesis could be that the short run tightening of the market pulled nonwhites and teenagers into full-time employment (the line between voluntary part-time employment and part-time for economic reasons is elusive since part-time for economic reasons may well become voluntary part-time if the worker becomes convinced that future full-time employment is impossible) and pulled unemployed and nlf older workers and women into part-time work.

Why haven't older workers shared equally with other population subgroups in the secular expansion of part-time employment? The answer is partly in age discrimination (and racial discrimination probably accounts for a good part of nonwhite failure to share in the increase). But there are probably social-psychological reasons as well. In our society, the enculturation process begins at home, carries on through the school and into the workplace. In particular, our work commitment is sequentially formed through a familial-educational-employment continuum. The commitment is to full-time work.

Teenagers without employment experience are likely to have a weaker commitment to full-time work than do older workers. Only within the last twenty-five years have large numbers of women begun to establish a commitment to work other than home work. And because of home obligations, this commitment can easily be to part-time work. Because of differential home, school, and employment experience, I shall not attempt to specify nonwhite work commitment although the commitment to full-time work intuitively would appear to be less than that of older workers.

<sup>5</sup> 16-19 year olds 12.7% in 1968, and slightly lower for ages 14-15. Nonwhite unemployment rate in 1968 was 6.7%. Source: U. S. Department of Labor, "Statistics on manpower, A Supplement to the Manpower Report of the President," Washington, U. S. Government Printing Office, 1969, p. 19.

<sup>6</sup> Morse, *op. cit.*, pp. 74-76.

<sup>7</sup> Time series is treated discontinuously because of a change in the definition of the labor force introduced in October, 1966.

In summary, then, it is my contention that population subgroups who are likely to accept part-time work as a realistic alternative to unemployment or nil status have not been "socialized" to a full-time work commitment to the extent that older workers have. It is not surprising, then, that older workers are least likely to perceive part-time employment as a viable alternative and have, thus, not used this form of employment to the extent they could.

#### IV. WHAT CAN BE DONE

I began this paper with a plea not to overlook short run possibilities in the midst of efforts to approach long run goals. I have pointed to part-time employment as a possible alternative for older workers who might seek full-time employment with little success. The growing availability of this type of employment and the apparent lack of responsiveness of older workers to the opportunities have been noted. It is now time to ask what can be done to lessen welfare-dependency and to improve short run employment and income status of older workers while working toward a full-time full employment goal.

1. To the extent that age discrimination prevents older workers from participating in even part-time employment, increased enforcement of the Federal age discrimination law is needed.

2. To the extent that lack of information blocks part-time employment, policies to improve information dissemination (job bank, outreach, etc.) are needed.

3. To the extent that failure of older workers to take part-time employment rather than unemployment or nil status is due to their lack of perception of this alternative, a re-enculturation effort is needed. A program of worker education designed to reduce the stigma attached to part-time employment must be developed. Staff personnel dealing with older workers in whatever context and for whatever agency must be made aware of their own biases toward full-time employment. I do not mean to imply that efforts to promote full-time employment for older workers should be diminished, only that job development and placement be consciously expanded in scope to include part-time work.

4. To the extent that employers fail to consider part-time employment as a means for increasing output and meeting market fluctuations because they possess only a full-time employment orientation, efforts to change the perception of work must accompany the present efforts to promote actual changes in job requirements now envisioned as one way to increase older worker employment.

5. Finally, government—Federal, state, and local—should reevaluate its own employment policies. Table II indicates that the greatest projected increase in employment 1965-1975 will come in government, and especially state and local government. Yet, Table I shows a very small proportion of part-time employment in this division. The strong bureaucratic structure of government leaves little room for the flexibility provided by part-time employment even though of any service producing industry government, by definition, must be most flexible and responsive to the whims of the population. With some internal rearrangement, government could provide myriad part-time employment opportunities for older workers—and not as an employer of the last resort.

This entire paper has been couched in a free enterprise context. Economic support of older workers and other "disadvantaged" groups could certainly be accomplished through income transfers if we did not believe so strongly in the Protestant ethic. But we do, so that I have attempted to point out, within this value system, an often overlooked means by which dependency and its economic and social costs might be minimized on the road to long run self-sufficiency for older workers.

ITEM 11. LETTER FROM CHARLES V. SCHAEFER, JR., RIDGEWOOD, N.J., TO SENATOR WILLIAMS, DATED NOVEMBER 10, 1969

CHARLES V. SCHAEFER, JR.,  
Ridgewood, N.J., November 10, 1969.

DEAR SENATOR WILLIAMS: In one of your recent letters to constituents you referred to hearings in Bergen County by the "Special Committee on Aging." In one of our manufacturing plants we have been successfully hiring

employees, on a part time basis, who have been retired from other sources of employment. This has been very successful from an employer's standpoint and the most important reason for these men want to work is to have something constructive to do because their retirement has not provided them with sufficient activity.

However, most of them continue their employment earning only up to the limit provided under Social Security regulations because once they earn more than the limit their Social Security payments will either be reduced or eliminated.

Laws and regulations defeating productive motivation, particularly in periods of extremely high employment which has been prevalent in the last several years, and particularly during periods of extreme inflation, does not make any sense. This kind of policy is self-defeating. These people resent the limitation on earnings and feel they are being cheated out of Social Security benefits to which they have contributed in most cases during the majority of their working years.

With improvements in higher life expectancy perhaps the Committee on Aging would consider economic motivation and personal motivations for constructive effort among our Senior Citizens who are eager and, citing our own experience, quite capable, contributing productive effort rather than being solely recipients of socialized overhead.

These comments are offered in a completely constructive manner and I hope that our experience may be of some value to your Committee.

Sincerely yours,

C. V. SCHAEFER, JR.

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ITEM 12. STATEMENT OF LOUIS LEVINE, PROFESSOR OF  
ECONOMICS, PENNSYLVANIA STATE UNIVERSITY

LABOR FORCE PARTICIPATION OF OLDER WORKERS

Current definitions of labor force participation classified by various categories of the population, whether age, sex, race, or similar characteristics, are subject to considerable criticism.

Since labor force participation turns on such considerations as ability to work and availability for work, it is not easy to determine accurately, without considerable depth interviewing, whether an individual has voluntarily or involuntarily failed to participate in the labor force. This is especially true when discrimination, reflected in a variety of prejudices and biases, overt and subtle, influences job-seeking. The older worker is particularly subject to this influence. As a consequence, it is often difficult to determine whether an older worker has retired from the work force, or is in reality involuntarily unemployed, but because of long-time unsuccessful search for work has been counted as withdrawn from the work force.

The significance of labor force participation rates when related to age requires that some distinction be made between workers through age categories 45 through 54; 55 through 64; and 65 and over. This is not because chronological age has real meaning so far as occupational performance is concerned for most jobs, but because popular views expressed in hiring practices affect labor force participation differently for each of these age categories.

Indeed, it is questionable whether a routine household interview can adequately ascertain labor force participation status for older age categories without introducing a number of special questions not ordinarily used in household labor force surveys.

Even if more accurate labor force participation information were available for older workers, there remains a real question whether the information would be a satisfactory index to the role of the older worker in the labor market. This may be attributable to the need for differentiation in distinction of activity status applied to older workers. It also probably requires a reconsideration of the concept of work and employer-employee relationship when applied to older workers.

The crux of the matter turns on whether the economic status of the older person is voluntary or involuntary. More needs to be known about the extent to which compulsory retirement is really translated into involuntary unemployment.

It should be recognized that a declining labor force participation rate for older workers is not in itself evidence of failure in our society to provide for

full employment. When the pressure of economic need does not exist, or reasonable living standards for an older person can be assured, then withdrawal from the labor force reflecting a desire for "leisure" may well be commendable. In such instances society may be achieving long sought goals and satisfying important social values. The prime consideration involved in labor force evaluation is to recognize that despite the constant practice to regard all workers in a given age category as homogeneous, in fact each worker and his relationship to the labor force and the labor market must be examined individually.

#### LABOR MARKET COMPETITION FOR OLDER WORKERS

It is no service to older workers to fail to recognize the harsh realities of job competition in the labor markets of the United States. It is true that as the American economy has shifted from agriculture and mining, and even manufacturing, to service and trade, the physical requirements for many occupations no longer can legitimately stand as barriers to hiring older workers. By the same token, the shift from blue collar to white collar occupations with the consequent emphasis on formal schooling should eventually contribute to longer retention of older workers in employment.

The fact remains, however, that many older workers once displaced from jobs are subject to structural unemployment of long duration. When their skills are obsolete and their schooling is inadequate to meet contemporary hiring specifications for current job openings, new labor market approaches are necessary if older workers are to find employment.

Unfortunately, "improving employability" as defined in much of the manpower legislation of the 60's, or expressed in the implementation of legislation in contemporary manpower programs, places prime emphasis on youth—especially disadvantaged youth. Although federal legislation now prohibits discrimination in employment on the basis of age, *administratively*, opportunities to participate effectively in employment through occupational training and skill improvement are frequently denied to older workers in manpower programs in many localities.

Effective employment competition for older workers in the labor market requires improved understanding and assessment of the concept of employability. This requires highly individualized depth counseling of older workers not now employed but who wish to compete in the labor market, together with thorough diagnosis and guidance. Clearly, the kind and duration of training and occupational rehabilitation to improve employability will differ with each individual. One cannot reasonably expect that there will be heavy social investment in long duration training for older workers whose prospects for employment in the job market are of relatively short duration at best.

In addition to a reexamination of concepts of employability and improving employability for older workers, there is also a need to reexamine the concept of "work" in our contemporary society as it relates to older workers. In a pluralistic economy, such as exists in the United States, some question may be properly raised whether employment absorption of older workers must take place predominantly in the private sector of the economy.

With increasing emphasis on health services, educational services, social services, and recreational and leisure time services, there is greater opportunity for the non-profit, private portion of the economy, as well as the public sector, to wield more economic influences in terms of job opportunities. Too often people are inclined to think that employment in these fields under public auspices constitutes "make work." The fact is, however, that there is great need to redefine socially useful and economically necessary activities which do not lend themselves to private enterprise or initiative, but nevertheless provide employment opportunities which often will have particular significance for older workers.

The need for special adaptations and for a critical reappraisal of labor market practices to overcome traditionally restrictive actions with respect to employment of racial minorities, for example, is beginning to receive some acceptance. The same, unfortunately, cannot be said with regard to older workers.

#### WORKING PAPER RECOMMENDATIONS

Although the recommendations set forth in the Working Paper are designed to achieve full employment for the middle-aged and older worker and are generally sound, they unfortunately in some instances appear so broad and

general in character as to have little concrete meaning. They do not adequately take account of the ongoing labor market and hiring practices which have different implications for older workers in different age categories.

In the interests of advancing employment absorption of older workers, it is desirable to concentrate clearly on labor market opportunities for those who are over age 45 but under 60 or 65. Public opinion widely holds the view that persons over the age of 65 are concerned with retirement rather than work. To treat both age categories without distinction is to do a service to neither.

The Working Paper in its recommendations might well take account of the statement made by the President in early August 1969, with regard to problems of income maintenance; the relationship of employability to eligibility for welfare payments; and income supplementation for the working poor. These proposals have important implications for the employment aspects of the economics of aging. Indeed, various financial incentives directed to employers, whether through taxes or other means, designed to expand the employment of older people (subject to appropriate tests) may now have a new meaning.

The Working Paper perhaps understates the gravity of the employment situation confronting older persons in the labor force when it fails to take account of the fact that the United States for the past six years or more has enjoyed the longest continuous period of high-level economic activity.

Recent years have witnessed an increasing number of local labor markets characterized by manpower shortages. The excess of job openings over available labor supply and the increased number of occupations in which labor shortages exist have tended to hide the impact which age discrimination has on the hiring practices.

Older workers, particularly those protected by seniority provisions in collective bargaining agreements, are not the first to feel the effect of labor displacement. Once unemployment increases, however, and economic dislocations give rise to plant shutdowns and to various economies designed to reduce labor costs, including company mergers, older workers when displaced tend to become part of the hard-core unemployed.

The threat to older workers found in the current situation in which efforts to exercise control over inflation may give rise to increased unemployment needs to be recognized. By the same token, social and economic responsibility as it relates to older workers needs to be reexamined, particularly as it is reflected in the potential for employment absorption in the public sector.

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ITEM 13. LETTER FROM CHARLES TAYLOR, PROFESSOR OF HUMAN DEVELOPMENT AND PSYCHOLOGY, PENNSYLVANIA STATE UNIVERSITY, TO SENATOR RANDOLPH, DATED JANUARY 7, 1970

THE PENNSYLVANIA STATE UNIVERSITY,  
*University Park, Pa., January 7, 1970.*

DEAR SENATOR RANDOLPH: I should like to congratulate the authors of the working paper on employment aspects of the economics of aging prepared for the Special Committee on Aging of the United States Senate. It is persuasive and disquieting; and it poses a series of questions which need answers.

In only one or two areas does it seem to me to allow a different order of speculation. I should like to comment on them for the use of your committee.

It should not be ignored that for many people retirement, even with severe economic concomitants, may serve to terminate a work life which is unrewarding in any way except in wages. The irrefutable trend towards early retirement which reemerges again and again in different populations will not allow the earlier view of the work life as the center and focus of the life span. I would suspect that many persons deliberately trade increased economic distress for decreased emotional stress.

Secretary Gardner suggested that adult life might well be planned for three phases: early training, plus a period of productive work, then followed by a period of human service. The success of the Foster Grandparent program, so effectively meeting a human need, calls on skills quite likely to be available and unused in later life and not necessarily related to earlier career patterns. It is suggested that attention be given not only to retraining within industry

but retraining to meet urgent human needs. No one is at present impressed with our success in the systems devoted to urgent human needs, such as in education or health; new inputs are imperative. It is probably that many needed skills could be developed in persons past early adulthood.

Another comment concerns the fact that industry has largely ignored its more sophisticated component in attempting to keep employees productive for as long a period as possible: the personnel officers and their staffs. Their energies are largely devoted to hiring and placement. They may organize some efforts at orderly retirement. What is needed is a developmental strategy, which would anticipate personal change, not merely react to it. A pilot course devoted to such an effort was recently offered by the Pennsylvania State University to selected personnel officers in the Erie area. These officers were receptive and innovative, particularly since it was obvious that lessened turnover, greater job satisfaction, and a good level of productive output could be facilitated by interactions on a developmental schedule.

May I offer my sincere wishes for a productive and useful year in the work of the Subcommittee.

Sincerely yours,

CHARLES TAYLOR, Ph. D.,  
*Professor of Human Development  
and Psychology.*

ITEM 14. LETTER FROM SOLOMON BARKIN, PROFESSOR OF ECONOMICS, UNIVERSITY OF MASSACHUSETTS, TO SENATOR RANDOLPH, DATED JANUARY 16, 1970

JANUARY 16, 1970.

MY DEAR SENATOR RANDOLPH: I am sorry that I haven't been able to get to this matter before. These comments should be of value in the general review of the problem of employment opportunities for older workers.

The working paper "Employment Aspects of the Economics of Aging" sets forth the general problems and collects most pertinent data. I am basically in agreement with its analysis, findings and recommendations. It performs the important function of challenging us to reexamine many conclusions currently and widely held and policies which we pursue. I will seek to appraise our current situation in terms of the general assumptions from which we proceed.

The basic assumption on which we build our current provisions for the aged is that our social security system prevents poverty and need. We have learned otherwise. Experience indicates that the beneficiaries have also proceeded on this assumption; they have acted on the belief that the benefits would be adequate. Unfortunately, to their misfortune, they have found the pensions to be limited and the restrictions on their further earnings very harsh. The greater number of them are frozen into income levels below those currently defined as necessary to be above poverty. This tendency has been compounded by the provisions and pressures under our private and public pensions systems for early retirement. The lures of receiving benefits and giving up the struggle in the labor market have lead people to choose retirement without full cognizance of the consequences. We are learning that this branch of our social security system as well as others which were conceived during the depression need considerable revamping if they are to serve their original functions. The benefits are insufficient and what is worse they have opened up opportunities for retirement for many who should not have taken this course and have temporarily persuaded the American people that they had taken care of this problem. Unfortunately old age poverty, which our social security system was to answer, remains with us.

The second assumption is that the manpower policy system need deal only with the special and particular group of the disadvantaged in whom the public may have an interest at a given time. The manpower system in recent years has been primarily preoccupied with creating facilities and services for the young and early adults, to wrest them from the vicious cycle of poverty. Education, retraining, rehabilitation, maintenance, vocational guidance, and placement are the established course. This work is extremely important; our society must graduate these persons into the mainstream if we are to rid ourselves of our social sores. But this preoccupation should not lead to the subordination of activities for other groups in the population, particularly for the older and aged population. Recurrently, in the past, special

programs were directed to assist in the placement of older persons and the development of jobs for them but this group has lost its primacy. Funds for them in our manpower program are meager.

In calling attention to the unbalanced development of our manpower program respecting the older persons, we are, in fact, highlighting the need for the revival of our dedication to building a total all-embracing manpower program for all groups. If the justification for treating the special groups is that investments in a manpower program are both humanely imperative and socially productive and profitable, there is every reason to proceed on a broad front to implement these conclusions. This extended program should include services to the older and aged workers.

The narrow economic cost-benefit analysis which has hitherto prejudiced public action in favor of the young is misleading in determining priorities or the base for action. It reflects the quantification of limited number of cost and benefit variables. A wider range of considerations of social costs and benefits, some of which can only be qualitatively described and appraised would make it evident that the net gains from such productive services to all branches and groups in the society would be highly profitable. Of course, the services would have to be adjusted to the needs of each group. Among the social factors to be considered is the impact of such aids to the aged and older persons are the effects upon the individual, and national, local and family morale of preventing widespread dependence in old age.

The Townsend movement in the thirties largely forced the passage of the old age security program of that era. Our country should not have to suffer the costs of disruption, social tension, and frustration in order to create a necessary balanced and adequate manpower program.

The manpower program for the older workers should include provisions for vocational guidance, personal rehabilitation, maintenance, aids to family, education, job training, job redesign and job development.

We endorse the proposals contained in S. 4180 and urge that its provisions be included within the administration of the total manpower program.

A third assumption on which we have proceeded is that social costs which are not internalized into our enterprise or social accounting systems are no burden to the nation. We are not mindful that we pay a great penalty in lower productivity from poor health, poor housing, poor education, and unstable emotional life. We have corrected our accounting systems very slowly and sporadically through legislation, collective agreements and other means. Our private economy is currently forced to bear the costs of industrial accidents and diseases, unemployment, poor health, disability, unpaid holidays and other similar causes of losses in earnings and personal injury. As the agitation mounts against additional costs carried by individuals, we transfer the onus to the economy and thereby internalize these costs.

Currently, we are doing the same with other forms of despoilation of our human and physical resources and environment; we are compelling industry to an increasing degree to convert processes and products so that their injurious consequences for man and the environment be prevented or avoided. The costs of such action are being forced back upon the economy. We are recognizing that there are injuries and that they truly limit our economic growth and our national well-being and that we must assign costs to them and insure their minimization if not elimination.

The issue before us is even more challenging. Shall we continue to tolerate economic arrangement and accounting systems which allow our economy to shift the costs of its own inadequacies back to the individuals in the form of poverty, misery, frustration and disappointment? Shall we permit our system to despoil our human resources? Shall we allow it to force our manpower into idleness? We blithely announce that our society is dedicated to the advancement of man's well-being. We are making tremendous investment in our human resource. Shall we permit our economic arrangements to shed its responsibility for employing the people whom society has reared for active participation in the economy? At a time when the public costs are rising for the rehabilitation of physical and social environment and facilities, shall we permit this group to remain idle and deprive them of the opportunity to contribute productively to our economy?

We urge therefore the development of a program of selective employment measures which will offer job opportunities to the unemployed, underemployed and potentially employable. We have initiated such programs under

our drive against poverty. But the provisions are limited in scope and coverage. To use the jargon of the day, they are a mere "token" of what should be done.

American business has recognized its obligations in this field. But the efforts have been limited and largely voluntary. Some inducements have been offered for the employment of a limited number of disadvantaged. Should we not consider a general tax on our private economy so that it directly shoulder this burden and be further induced to develop its resources for this purpose, which is truly one of its fundamental functions? These taxes will be an immediate overt cost which business may resent; but the costs exist and are not shouldered by people less capable of doing so and upon whom it wreaks a great toll. Would it not be more equitable for the total economy to cover this cost, which will ultimately as a result be reduced and converted into a positive creative effort.

We endorse the proposal for extended unemployment benefits for those over 55 years of age as an immediate step. It would enable them to participate in complete programs for reorientation, retraining, rehabilitation and placement. Such a program would convert the unemployment benefit system into what it should be, an employment guarantee system. Workers who hold themselves available for work should be paid benefits until such time as they find employment or are provided such jobs by the public authorities. Norway has currently introduced such a system for those 60 years of age and over. It is appropriate that this country should also follow this system.

A fourth assumption underlying our present treatment of the aged is that retirement is the appropriate conclusion for a life of productive activity. That such a step is reasonable if voluntary and the benefits approximate the person's prior standard of living goes without saying. If both conditions are not met, the retirement is not the appropriate course of action. Since the vast majority of the aged are presently forced out of the labor market either by unemployment or pension systems and not in response of their own free choice, the present operations are unfortunate. Many persons capable of highly productive efforts and whose incomes are currently inadequate are currently forced into retirement.

The present situation has been aggravated by the operation of our pension systems. Whatever remorse may have previously existed, when aged people were forced to retirement is now absent. The obligations are considered fully discharged by the payment of the pensions however inadequate they may be. Similarly, the increasing disposition to force early retirement to solve internal enterprise personnel problems is another abuse of the pension system. Both practices must be fully reviewed in the light of the purpose of a retirement system which is to permit individuals voluntarily to withdraw from the labor market on conditions which will allow them to maintain adequate living standards.

Currently, we believe, that steps should be taken to permit people to remain employed while they so choose. A system of assured alternative employment opportunities should be established before early retirement is employed.

Immediately, we endorse legislation which would promote vested pension rights. We also believe that the "retirement test" should be liberalized so that pensioners would be enabled to achieve greater earnings than are now permitted. We do not believe that credits for postponement of retirement should enjoy any high priority in the reform of our social security system because the inducement for such continued employment where people are able to maintain their employments are sufficiently great that no additional incentives are needed for the purpose.

We conclude our statement by urging the adoption of an active manpower system for all groups of the population, including the older and aged workers; employment opportunities for all persons when the regular market does not offer them; unemployment benefits to be renamed "employment benefits" and paid to persons 55 years of age and over until they are placed in productive and remunerative employment; a manpower system which should offer a balanced program of service including guidance; rehabilitation, education, training, maintenance placement and job development; and a tax on industry to assure inducements for them opening up more job opportunities; selective employment projects to absorb the unemployed, underemployed and potentially employable.

Our nation is dedicated to developing for our population the opportunities for a full and productive life and we made large scale investments for that

purpose. We must correct all tendencies within our economy and society which waste and despoil our human resources and inhibit the realization of our goals. Welfare benefits are only a means of tiding over the period until our society devises techniques for assuring the attainment of these goals. Positive programs should make it profitable to our economy to offer productive employments to the older and aged persons. Retirement should occur only through personal choice and with benefits adequate to maintain the person's prior living standards.

I am submitting these conclusions for your earnest consideration.

Sincerely yours,

SOLOMON BARKIN,  
Professor of Economics.

ITEM 15. LETTER FROM JOSEPH W. STILL, M.D., WEST COVINA,  
CALIF., TO SENATOR RANDOLPH, DATED DECEMBER 26, 1969

DECEMBER 26, 1969.

DEAR SENATOR RANDOLPH: I have carefully read the working paper which you enclosed in your December 5th letter. My general reaction is that I fully agree with the analysis of the problem and am only sorry that it does not *advocate* some of the possible solutions which however are clearly set down in the paper. Though this is perhaps the sounder political approach, I can't avoid being impatient because I've been making the same basic arguments as the paper for over ten years and feel absolutely certain that it is very harmful to our society and economy to continue one day longer to *force* people into "retirement." Of course it is absurd to use the word "retirement" to describe the status of someone who has been forced into an undesired, unhappy and impoverished state of unliving.

I do suggest more discussion of the history of OASI and that the study and discussion of pensions and vesting should be much deeper. As I recall, when OASI was enacted it was *not* intended to provide an adequate income—a pension—for all oldsters. It was intended only to establish an income floor for all people who reached the retirement years. I think this philosophy should not be changed but:

(1) OASI should be extended to reach all Americans including farm laborers and housewives. And

(2) Though I oppose forced retirement for age alone, I think people should be free to begin withdrawing their OASI savings any time they choose to do so after say age 50 or 55. Of course, the earlier their withdrawals began, the smaller they would be. And they should be able to withdraw for a time, stop doing so and later withdraw again.

(3) Finally, I feel strongly that OASI should be entirely financed by employers and employees and not out of other revenues. It should be a compulsory annuity insurance plan. If this principle is rigidly followed, it will prevent the burden of OASI from being shifted to the income taxes of younger workers.

(4) As a corollary of this approach, it would seem to me to be wise to invest OASI savings in special bonds for long-term capital projects—bridges, public buildings and the like. These costs could then be amortized over say fifty to a hundred years time and the amortization payments would be paid out of income taxes. By doing this, young workers will constantly be reminded of the financial contributions that older citizens have made to *their* (the younger people's) welfare and at the same time the costs of social improvements may be distributed more equitably than at present.

Regarding the importance of pensions. In an earlier America, most middle and upper income people owned their own business or farm or were self-employed professionals. Their "pension" was often a share of the profits from the continued operation of their business, farm or office which continued to operate under the control of a relative or younger partner. Since this form of "pension" is no longer available for most people, it is imperative that adequate pensions become available to all people today. Unless this is provided, political pressures are likely to force Congress to turn OASI into a pension plan.

If this result is to be avoided, I think it imperative that:

(1) All pension savings be vested in the employee at the time of deposit and that;

(2) Adequate safeguards (including an insurance program such as FDIC provides) be developed to protect these pension funds. Far too often these funds are simply mingled with the assets of companies and are lost by bankruptcy or in other ways. Additionally, pension funds have often been mismanaged and even deliberately stolen on many occasions.

Two specific comments are these:

Last paragraph of page one. I regret the use of the word "trend." This creates at once the notion of a vague uncontrollable change. I am old enough to recall the kind of lives enjoyed by poor and middle-class people in my grandparents' generation (they died before OASI was enacted) and I am quite sure there was no "trend toward involuntary and early retirement" at that time. But this is only my impression. I suggest that the Committee's statistical studies on unemployment of older men be carried back to at least 1900. I think such studies would disclose that there has been a sharp downward trend in the employment of those over-65 only *since OASI* was enacted.

As you know, OASI was a depression-born law. It contained the pernicious proviso that in effect people over sixty-five be "plowed out of the labor market." Though the OASI was one of the great advances of the New Deal, it was sullied by this proviso put in at the insistence of organized labor. I'm sure the history of that legislation shows this. And organized labor still fights for this proviso. They do this even though laboring people, because of their generally limited educational backgrounds, are least capable of changing their life-style in order to adjust to full-time leisure.

If it can be shown that the rate of unemployment of over-65 men has increased much more rapidly since OASI was enacted than before, we would have strong evidence that OASI is at least in large part responsible for the increase.

A second important factor that works to cause unemployment but which is not mentioned is the transition of our society and economy from a rural-agricultural to an urban-industrial status. If you've ever lived on a family-type farm you will have observed, as I have, the fact that there are almost *no* unemployables there. Youngsters do "chores" from a very early age. The young, the crippled, the retarded, the old and even the (moderately) mentally disturbed are generally able to find jobs on a family farm in which their handicaps do not matter. Governments and industries should be encouraged to identify such jobs and see that youngsters, oldsters and other handicapped people are fitted into them.

If this group is too large to be fully absorbed by government and industry, we should build "sheltered communities" where handicapped people could live as near normal lives as possible protected from the need to compete with normal people. Such communities have been developed in Europe. They not only provide a humane solution to the problems of many kinds of handicapped people, but they also are cheaper than the social welfare approach.

Table on page seven. This should state "In percent of \_\_\_\_\_."

I hope these thoughts will prove useful and regret that I have not had the opportunity to present them personally and so to answer some of the questions they might evoke from you and your committee members.

Yours sincerely,

JOSEPH W. STILL, M.D., M.P.H.

ITEM 16. STATEMENT OF ROSS STAGNER, CHAIRMAN, DEPARTMENT OF PSYCHOLOGY, WAYNE STATE UNIVERSITY, DETROIT, MICH.

PSYCHOLOGICAL CONSIDERATIONS RELEVANT TO THE EMPLOYMENT OF AGING PERSONS AND TO NATIONAL POLICY ON THE ECONOMICS OF AGING

The economic problems of aging persons are indeed pressing, and I consider it praiseworthy that the Committee is concerned with developing legislative policy which may operate to relieve some of the pressures affecting our aging population.

As a professional psychologist looks at this problem, he is especially concerned with the fact that we observe wide individual differences among aging persons in our population. Some members of the labor force are, at 65, not only ready for retirement; they are not in a position to be benefited by or to offer productive services if offered employment. Others, at 70 or 75, are still mentally alert, vigorous and productive. While the Congress must legislate in general terms, I hope that flexibility can be incorporated

into legislation so that these marked differences in the aging population can be given due consideration by persons administering any program which develops.

A second point would be that policies relating to employment of our aging citizens must be coordinated with general economic policy. It is obvious, for example, that high aggregate demand (with consequent pressures upon employers for maximum production) offers maximal employment opportunities to those elderly workers who seek and can handle employment. Equally obvious is the fact that the related inflation of prices bears harshly on those elderly persons who, because of mental or physical handicaps, cannot enter even a tight labor market. I would therefore recommend against efforts which aimed to solve the problems of aging citizens by simply maximizing aggregate demands for goods and services.

A psychologist, looking at these aspects of the problem, must necessarily recommend a differentiated approach which takes into account the fact that some of our elderly citizens can be helped only by a guaranteed income approach, while others would prefer and can fit comfortably into an approach involving retraining for new emerging jobs in the economy, or for traditional jobs other than the one formerly held by this person.

It is true, as the working paper states, that "there are effective ways of training and retraining mature workers." It is not true that psychologists, educators or industrial trainers know just how to modify customary procedures in order to maximize results with an aging population. In other words, I see the necessity for some research on optimal techniques for re-orienting aged persons before a program is crystallized. Psychological studies have already shown that elderly persons can learn many new skills. We do not, however, know just what modifications of traditional procedures will optimize such skill learning.

Similarly, we have done less than we should in identifying those traits of the aging person which should be involved in a decision about new careers he ought to consider and those for which he is poorly equipped. I refer here to emotional and value-characteristics, not to intelligence or motor skills, where we have adequate data.

The legislative implications of the foregoing remarks are the following: (1) support for additional research on the aptitudes, emotional traits, values and interpersonal skills of our aging population; and (2) support for research on training techniques which will work most effectively with an aging population. In addition, of course, we need to explore the development of totally new careers for such persons which will make use of their special talents for the benefit of the entire American population. This would imply such roles as the "foster grandparents" project of the Merrill-Palmer Institute, companion therapists with the elderly person who is mentally ill, use of one age group to provide counseling and advisory service to others just younger than themselves, and so on.

There are many topics mentioned in the working paper which are specifically economic in character and have no implications on which professional psychology would have a bearing. I would comment that restrictions on social security income after retirement have negative consequences and should be alleviated. I would certainly endorse a far higher ceiling on income before social security benefits were reduced; e.g., persons over 65 might properly be permitted to earn up to \$5,000 per year before suffering *any* reduction in social security benefits. I see no rational justification for withdrawing earned benefits on the basis of socially useful activities. These persons, if employed, are contributing to the GNP, to the total flow of goods and services to our people. It seems to me elementary that they should not be penalized for doing this. It is also true (as seems to be implied by the working paper) that increased employment of those persons would be anti-inflationary in nature.

Finally, I would note that we have substantial evidence supporting the thesis that enforced retirement, at 65 or at 70, may be disruptive of many personalities. Thus, on top of unfavorable social consequences we must pile the tragic effects on many human beings who had maintained a satisfactory and even happy mode of life while employed. Certainly the human values of employment deserve consideration along with the purely economic aspects.

ITEM 17. LETTER FROM CECIL HEFNER, PALOS VERDES, CALIF., TO  
SENATOR RANDOLPH, DATED JANUARY 31, 1970

PALOS VERDES PENINSULA, CALIF., *January 31, 1970.*

DEAR SENATOR RANDOLPH: This letter is written to protest the present age discrimination against airline pilots.

My thirty two year career as an airline pilot ended two years ago when I became age 60, as retirement was mandatory under a unilateral ruling by the FAA administrator.

Having become age 62 this month, the following items have struck home to me the harm and unnecessary discrimination that has occurred against airline pilots:

1. I again successfully passed a first class airline physical examination and am competent to continue airline flying.

2. I applied for social security and was dumbfounded by the marked reduced amount I will receive because of:

a. Being unemployed for the last two years, hence no social security contributions during that time.

b. Being forced to take social security at age 62 rather than age 65.

It is indeed encouraging to know you are investigating this matter, and as one West Virginian to another (my home town is Bluefield, W. Va.) it is my earnest hope you will correct this unfair situation.

Yours very sincerely,

CECIL M. HEFNER.

ITEM 18. TELEGRAM FROM RAYMONT TANENBAUM, MATURE TEMPS,  
INC., NEW YORK, N.Y., TO SENATOR RANDOLPH, DATED JANUARY  
19, 1970

DEAR SENATOR RANDOLPH: The following are my comments that you solicited concerning the study and progress by the United States Senate Special Committee on the Aging.

1. The report I feel does not give sufficient consideration to the role that temporary employment services could play in solving the problem under consideration. The older person in many instances we find for a number of reasons finds temporary employment is the answer to his problem.

2. I cannot reemphasize sufficiently the need to eliminate or substantially revise the social security earning guidelines. You clearly point this in the report and it is clearly one of the major problems facing these people because these guidelines are unrealistic in terms of the 1970's and they are self defeating.

3. The report I feel does not cover sufficiently the plight of the overwhelming number of mature women in this "force retirement" problem. Our experience is the greater majority of older people seeking employment are women, single and widows.

4. The report clearly spells out a number of statistics concerning the relative health condition of mature workers as it affects their performance and absenteeism. I would like to point out to you that our experience with the older temporary employee in terms of absenteeism, lateness, etc., is far superior to the temporary employment service industry guidelines that are available to us.

5. I question the need as the committee suggest for grants to non-profit agencies to stimulate on a volunteer basis temporary employment when an organization such as ours, which is profit motivated, and has been serving the older Americans for close to 15 years is prepared to invest substantial funds in creating a national organization specifically directed to the employment of order.

I want to thank you for soliciting my comments.

RAYMONT TANENBAUM, *Mature Temps Inc.*

