

AGEING AND EMPLOYMENT POLICIES

Some key questions

by

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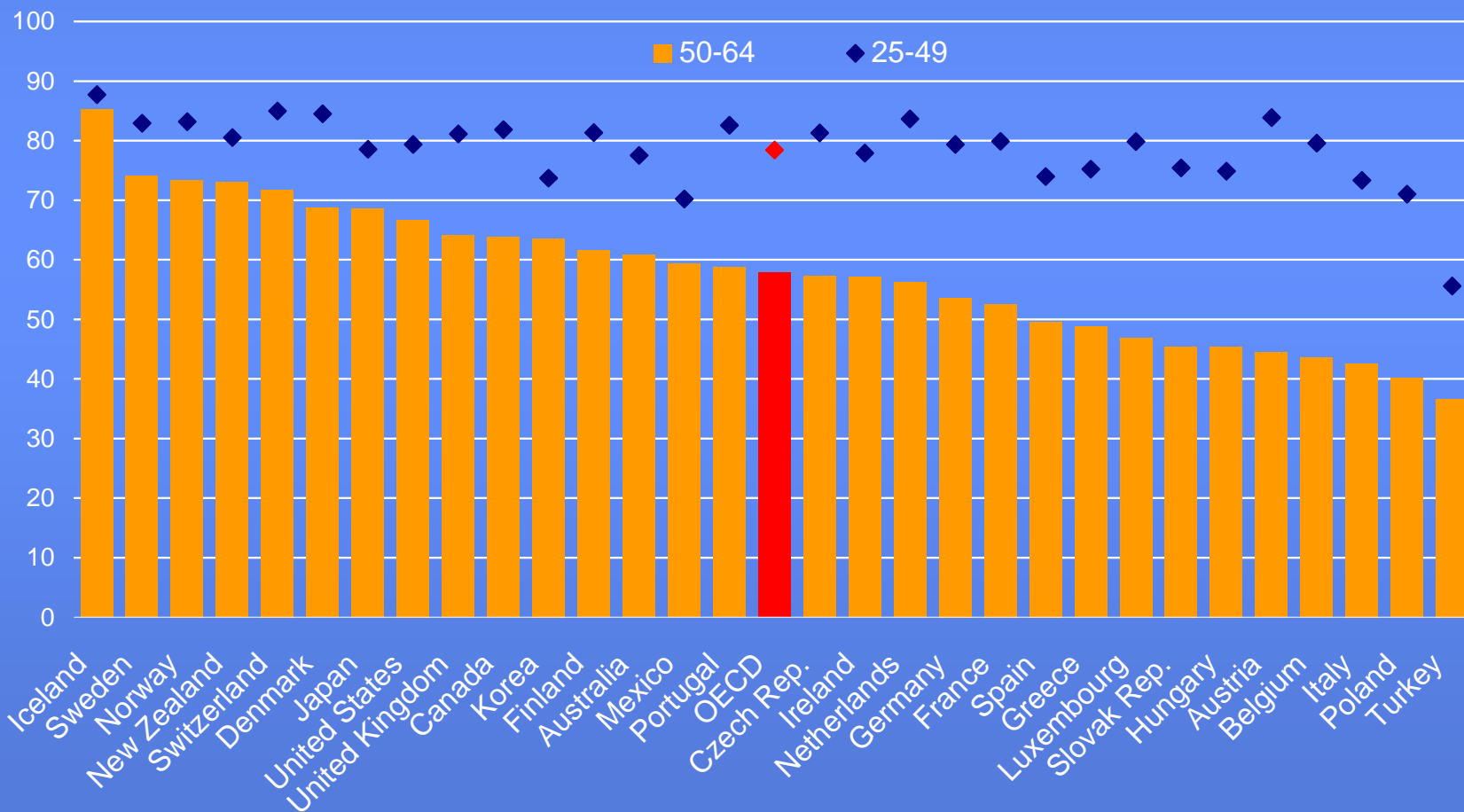
- Must bear in mind that countries are in different situations vis-à-vis population ageing:
 - different starting points ★
 - facing different speeds and sizes of ageing populations and workforces

- Detailed country - specific recommendations have been made in all 21 reports with different balances /trade-offs
 - Will not repeat them

- Focus here on some cross-cutting issues underlying a comprehensive strategy ★

Countries are not in the same boat as regards employment rates for older workers

Percentage of the population who are employed, 2004



Three key barriers to working at an older age

Financial disincentives

Public pension rules
Private pension rules

Formal & informal early
retirement schemes

Few options for
phased retirement

EARLY EXIT
FROM LABOUR
MARKET

Employer barriers

Negative attitudes

High labour costs

Strict job protection rules

Weak employability

Obsolete skills

Inadequate help for older
jobseekers

Unsuitable work
conditions & poor health

How to reduce incentives to retire early and offer more choice in work/retirement decisions?

- Much reform activity has concentrated on changing work/retirement incentives in public pension systems
 - But, how to keep up with rising life expectancy?
 - Little progress on developing successful flexible work-to-retirement schemes. What can be done on this front?
 - Success in closing down explicit early retirement pathways, but how to close off other pathways as well?

How best to enhance older workers' employability?

- ❑ Hard to make training an attractive proposition for older workers or their employers
 - So how to increase investments in mid-career age groups to prepare them to be more adaptable OWs?
- ❑ Should ALMPs devote much greater efforts and resources to helping older unemployed workers find new jobs? What are good practices here?
- ❑ What can governments do to encourage unions, workers and employers to invest more in adapting workplace conditions/practices for OWs?

How to best persuade employers to view their older workers as a valued resource rather than a burden?

□ Possible reforms:

- Legislation vs voluntary guidelines/dissemination of good practices
- Modify wage-setting practices to lessen role of seniority
- Ease too-strict employment protection for older workers
- Pay financial incentives to employers to hire/retain older workers

□ What are the policy trade-offs here?

Implementation Issues

- ❑ Reforms to promote working longer and greater choice over work-retirement are often unpopular with electorates and often involve difficult trade-offs
- ❑ How can one sell such reforms to electorates, especially ageing ones?
 - Appeals to intergenerational solidarity?
 - Fairness for our children and grandchildren?
 - Need to sustain economic growth and living standards?
- ❑ How can the social partners be encouraged to play a constructive role in reforms?