

Wrinklies at Work

Why do we think early retirement is sacrosanct?

BY IRWIN M. STELZER

“Hi ho, hi ho, it’s off to work we go” cheerfully sing Snow White’s diminutive friends as they head out for a day of toil. And they’re 71 years old. So why do so many of us less vertically disadvantaged worry about the talk of extending by a few years beyond age 62 or 65 or 67 the date on which we can more or less afford to say goodbye to work?

Well, for some it is the sheer drudgery of their work. I am reminded of an old Red Skelton sketch in which he works in a Post Office, repetitively hand-cancelling stamps. Always with his eye on the clock. And when it hits 5 P.M., if he is in mid-downward stroke with his cancellation stamp, he returns it to the rack rather than complete the task.

Most jobs are not that tedious. But some are. And those who hold them have every right to watch the calendar with the same intense attention that Skelton watched the clock. So, too, with the remaining jobs that involve back-breaking or dangerous work, the sort that made men—almost all were men—long for that 5 o’clock whistle. When the 65-year-old retirement age was enshrined in law, there were tens of thousands of such difficult jobs, and it should be no surprise that rather than die in the traces, many looked forward to slicing their birthday cake at age 65 with such strength as remained in their arms, and then doing whatever it is they had been dreaming about for the few remaining years they expected to be around.

That was then and this is now. Life

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expectancy at age 65 has gone from 77, when the Social Security system was established, to 87 today. Not all of the additional years are golden ones, of course, witness the rise in health care costs—which put some of the gilt on the golden years—as individuals age, some with infirmities that make work impossible. But work has become less tedious for many, and less physically demanding for many others. Still, opposition to raising the retirement age is thought to be so fierce that no politician dares speak the name of such a policy.

With some reason. A casual look at Labor Department data provided by an expert in these matters, my Hudson Institute colleague Diana Furchtgott-Roth, shows that for much of the post-World War II period a larger and larger portion of people over the age of 65 chose not to participate in the work force. In 1948, almost half of all men over 65, and 9 percent of women, worked. Thereafter, the portion of older men who worked declined steadily until around 1995, when only 17 percent of those over the age of 65 chose to continue in the work force (the portion of women declined only ever so slightly).

But then a funny thing happened. The trends reversed. Now, 22 percent of men in this age group, and almost 14 percent of women, remain at or return to work. And remember: anecdote should not be allowed to trump data in a matter such as this. Television provides the anecdotes: interviews with oldsters (I rather prefer the Australian word, “wrinklies”) who have been forced by the decline in their 401(k)s to return to the work force. The Department of Labor provides the data, which show that the trend for older people to remain at work emerged more than a decade

before the current collapse in asset values—during the boom years of the 1990s, in fact.

An even more interesting statistic is this one: The percentage of men 75 years and older who are counted as participants in the workforce is soaring, from 7.1 percent in 1987 to 10.6 percent—a 50 percent increase in two decades. As for women 75 years and over, many of whom have work experience and skills once not readily available to them, 5.5 percent now choose to work, more than doubling the 2.4 percent who made a similar choice in 1987. And none of these numbers include the older people who do unpaid volunteer work.

Could it be that even the joys of flat-screen, high-definition television sets and the multiplication of sporting events cannot offset reasons to eschew the couch for the workplace? Or that as Earl Weaver, manager of the Baltimore Orioles, once claimed, his wife married him for better or worse but not to have him home for lunch? Or that the thought of being trapped for 24 hours every day with a spouse but no new experiences to report makes many men and women flee to post-retirement jobs?

George Will has admonished us scribblers not to commit sociology, so I leave such speculation to the professionals on the *New York Times* op-ed page. Let's concentrate on the economic factors that might explain the increased willingness of older people, around the age reached by Snow White's pals as they merrily put picks on shoulders, to keep their noses to some grindstone. One reason we see more people at work past the age of 70 or 75 seems to be that mechanization has replaced most picks (with the possible exception of those wielded by young immigrant workers), and there are fewer grindstones: Work just ain't what it used to be. Whether it is writing computer programs, or even bagging groceries, the need for a physique akin to that shown in posters extolling the Soviet Union's Stakhonovite workers is no more.

Nor is the physical condition of the aged what it once was. They are

healthier than ever, even those whose body parts have been borrowed and whose joints have been replaced. They may not be the bionic men and women of science fiction, but most Americans over the age of 70 lend credence to the saying, "70 is the new 50." Surely that is true of the upper echelons of the worlds of business and finance: Warren Buffett, Kirk Kerkorian, Henry Kissinger, Rupert Murdoch, Sumner Redstone, and Paul Volcker, to name only a few of the perpetually youthful titans, hardly have to drag themselves out of bed in the morning to go to the

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office. On the contrary, they can hardly wait to get there, to climb the next mountain. And the same seems to be true of wrinklies who are taking part-time jobs everywhere from Wal-Mart to your local supermarket. Furchtgott-Roth points out that it is relatively easy in America "to find a job that fits the time you want to work."

True, there are others in the upper-age group who work out of a necessity created by rising health care costs (many reflecting the cost of the huge improvement in medical technology), or who want to supplement their retirement incomes with a bit of additional purchasing power, or to add something to the stash they will leave behind for children and other heirs. Their motives are pecuniary. But they are able to work, and they do work. In increasing numbers.

All this despite a major tax incentive to stay at home. For by earning current income they reduce the after-tax value of their Social Security benefits. A nation that needs its experienced and trained workers to continue to contribute to its prosperity instead

has created an incentive for them to languish on the bench rather than enter the game. Odd, that.

Odd, too, the notion that any effort further to extend the age at which Social Security payments begin would cause a huge backlash. True, we have a social contract with those in the retirement system to deliver a certain amount of money at a certain time in their lives. We did break, or perhaps only bend, that contract when we decided to tax the Social Security income of those who chose to continue working, and to inch up the retirement age. But society should not make a general practice of breaching its contracts. Nothing, however, prevents it from making a new and different contract with those entering the retirement system. For them, the deal could be a higher retirement age, perhaps in return for more sensible tax treatment of their retirement incomes.

After all, when Bismarck, then 74, initiated the idea of state responsibility for its elderly population, he chose 70 years as the proper retirement age. Only decades later did Germany lower that to 65. Surely when the idea crossed the ocean to these shores Franklin Roosevelt had it wrong and Bismarck had had it right. But it's never too late to recognize that, unlike many other countries in which work is seen as an unfortunate but necessary predicate to retirement, America is a place where people like to work. It's what we do best. If you doubt that, consider this: Only 3 percent of French men and women aged 65-to-69 remain at work.

Furchtgott-Roth chuckles when recalling that European policymakers who visited her when she was chief economist at the Department of Labor asked, "How do you get your old people to work?" They didn't understand, she says, that given our low taxes, flexible work patterns, and national psyche, government didn't have to "get them to work"—the older folks want to work. Which might, just might, explain our persistent place at the top of international productivity and competitiveness tables. Another example of American exceptionalism. ♦