Protect Gerontocracies Or Make A Path For The Young? A Sophiean Choice for the U.S. and Other Western Economies

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This paper examines the social and economic forces that created and sustained the mid-20th century evolution of an institutionally led retirement model and associated national government income security policies. Arguably, such forces have created an expectation that a financially strong retirement plan is an implicit right of workers (Sargent et al., 2013). However, closer examination of the mid-20th century pension models and income security policies combined with today's trends of older worker delaying retirement suggests that younger workers may now be increasingly restricted from early career entry into key industries. This in turn has negative implications for cross-generational economic income stability and country economic performance.

Introduction

The concept of old age retirement is relatively new to the U.S. tracing its origins to the late 19th century and pensions granted to Civil War veterans (Costa, 1998). The general practice prior to the 20th century was for an individual to work as long as possible, stepping out of the work role only at the last moment in response to physical decline (Sargent, et al., 2013). It was not until the advent of World War II as corporations, government, and unions struggled to ensure that every able-bodied adult (regardless of age or gender) was working in some way to contribute to the war effort (Costa, 1998) that the idea of pensions and other fringe benefits became mainstream compensation issues in the United States (Milkovich, et al., 2011).

Acknowledging the argument that the evolution of old age retirement in the industrialized West was motivated by an altruistic concern to reduce the risk of poverty in old age (Sargent et al., 2013), others (e.g., Hamilton, 2011; Ebbinghaus, 2001; Duncan, et al., 2000), argue that there was another motive: corporations, government, and unions colluded at the end of World War II to implement mandatory retirement of older workers who were not willing to relinquish their jobs. This strategy would then make room for younger workers returning from the war and would establish precedence for routine old age retirement allowing work opportunities for succeeding generations of younger workers (Phillipson, 2013). As a result, a young and vital labor force became highly prized across western countries in the decades after WW II. (Kite & Wagner, 2004). In the period of 1950 to 2000, the United States and other western countries enacted legislation that provided for publicly funded pensions or income security and promoted private pensions through tax breaks that reduced the cost to employers. Simultaneously, corporate efficiency plans encouraged older workers to depart in order to make room for younger workers (Alder, 2004) by embedding mandatory retirement at age 60 or 65 (if not earlier) in human resource policies (Macnicol, 2006).

The Problem: Perceived Rights of Older Workers versus Millennial Expectations

The raise of a Beveridgean model of retirement in which employer arrangements are the core of the system combined with federal and state pensions delivered to U.S. retirees a degree of economic security unknown at the beginning of the 20th century (Sargent et al., 2013). In 1975, over 70 percent of all Americans had pension plans offered by an employer (Hamilton, 2011), and these plans, like their European counterparts, frequently contained provisions to encourage early retirement (Phillipson, 2013; Maestas & Zissimopoulos, 2010). By the 1980's, one-half of all U.S. employer sponsored retirement plans wherein employers made commitments to employees regarding what benefits the plans would provide upon retirement (Maestas & Zissimopoulos, 2010) and these plans were protected by the federal government should a corporation go bankrupt (Hamilton, 2011).

Across the U.S. and other western countries, corporations, government, and unions sensed that retirement of older workers, especially early retirement, provided a solution to the need to find jobs for a large cohort of young workers (Phillipson, 2013) and advance the image of a young and dynamic workforce (Kite & Wagner, 2004). However, over a 50-year period characterized by increasing resources on which to retire, Hamilton (2011) observed that older workers were not always inclined to embrace the concept of mandatory retirement and step aside for younger workers. Thus, by remaining in the workforce beyond retirement age, older workers represented an obstacle to the desires of corporations, governments, and unions. Hamilton (2011) argues that there was an intentional surge of institutional and societal propaganda regarding the golden years and the joys of senior citizenship designed to entice older workers to remove themselves from the work force thereby discontinuing the sale of their labor and enabling young workers to become employed citizens. In short, seniors were bombarded with societal messages encouraging them to step out of the rat race, even when possible before the mandatory retirement date, and enjoy their leisure years.

Apparently, these messages achieved their intended purpose. Interpreting data secured from the Bureau of Labor Statistics, Maestas and Zissimopoulos (2010) noted a steady decline in labor force participation rates for U.S. men 65 or older from about 50 percent in 1950 to less than 20 percent in1990 and a rather flat participation rate of around 10 percent during the same time for women in that age group. Reflecting the increased opportunity for early retirement, a similar situation occurred in Europe. Phillipson (2013) reported that in Germany the labor force participation rate for men age 55-64 dropped from 77.8 percent in 1971 to 52.7 percent in 1995, in the Netherlands from 80.6 percent to 41.4 percent, in France from 74.6 percent to 41.5 percent, and in the UK from 88.1 percent to 62.4 percent, all in the same period of time.

Did such an exodus of older workers from the workforce enable generation of a young and dynamic workforce? In the U.S., at least, from 1950 to 1990 the participation rate for males 25-34 years of age remained above 90 percent and the rate for females in the same age group increased from 30 percent to over 70 percent (Maestaz & Zissimopoulos, 2010). While not an exact comparison, from 1963 to 1981 the participation rate of all youth ages 20-24 remained above 81 percent in Sweden, 72 percent in Germany, and 74 percent in the UK (Sorrentino, 1983). In light of such data, it is not unreasonable to argue that older workers in the U.S. and other western countries, on average, came to view modern retirement as a right, and that young people came to expect jobs and positions to be made available to them as the older workers exited the workforce to pursue their golden years.
For 78 million Baby Boomers in the U.S. who are now approaching the years when retirement and withdrawal from the labor force has been customary and the approximately 70 million younger workers commonly labeled as Millennials (those born between 1980 and 2004) seeking entry or advancement in the workforce, there is a growing sense of improbability for this type of future. As Blitzer (2012, p. 29) observed, "The future is not what it used to be."

Accounting for Older Workers Deferring or Avoiding Retirement

With nearly 25 million of the 78 million Baby Boomers reaching the customary retirement age of 66 years by the year 2013 (Social Security Administration, 2007), data from a Bureau of Labor Statistics report (2008) suggests that rather than exiting the workforce to pursue the institutionally propagated joys of retirement, an ever increasing percentage of older workers is remaining in, or will be returning to, the workforce. Since December 2007, the number of jobs in the U.S. held by people 55 and older has risen by 3.9 million (*U.S. News and World Report*, 2012, May 16),and workers older than 55 years of age are now the fastest-growing segment of the U.S. labor market, predicted to make up 25 percent of the civilian labor force by 2020 (Sedensky, 2013). In Europe, employment rates for workers 55-59 and 60-64 have increased since 2008 continuing significant gains that began in 2000, in some cases increasing 10 percentage points (Eurofound, 2012, May 24). Currently, 42

percent of the working populating in Italy is over 60 years of age, and this is expected to rise to 53 percent by 2020 (BBC, 2007). One must consider this question: What has happened to discourage older workers from pursuing the golden years associated with retirement that society has promoted for the past 50 years and thereby ensured opportunities for entry and advancement of younger workers in the workforce?

Legislation protecting older workers. Within the U.S., legislation has made it more difficult for employers to discriminate against older workers in the pursuit of a younger workforce as was possible in previous generations. With the passage of the Age Discrimination in Employment Act (ADEA) in the U.S. in1967, discrimination in terms and conditions of employment because of age is prohibited. It is noteworthy that the act was amended in 1978 to prohibit mandatory retirement in most private sector job before age 70 (Feder, 2010), and likely changed social perceptions of the normal retirement age (Maestas & Zissimopoulos ,2010).

While many such as Grossman (2005) have argued that compared to similar statutes aimed at race, religion, gender and disability the ADEA offers less protection, the financial costs of responding to an employee's claim under ADEA is not inconsequential. Grossman (2005) estimated that from the time a complaint is filed with the EEOC until it goes to court, employers spend an average of $100,000 in legal fees. Rupp, et al., (2005), citing *Employment Practice Liability*, reported that between 1994 and 2000 the median award in age discrimination cases was $268,926, and McCann and Giles (2002) noted settlements in ranging from $6.2 million to $58.8 million. Employers and their legal counsel are aware of such settlements, and this knowledge, across time, likely has dampened employer enthusiasm to constructively force older employees out of the workforce.
Across Europe, the legal situation is somewhat more fluid. Legislation prohibiting age related discrimination is rather recent and evolves from *The Framework Equality Directive of 2000*. While the Directive prohibits workplace age discrimination, it leaves open the possibility of direct discrimination on the grounds of age where it meets legitimate business objectives. Member states have adopted a number of different systems under which varying degrees of justification of direct age discrimination (including mandatory retirement age) are permitted (O'Dempsey & Beal, 2011).

Personal choice. Americans are living longer than ever before, and an increasing number of older Americans are working (Rodgers & Wiatrowski, 2005). Glover and Branine (2001) and Maestas and Zissimopoulos (2010) observed that as a consequence of industrialization and the emergence of technology, people are certainly living considerably longer than they did 50 to 100 years ago, and in the popular media there is a chic retort that 60 is the new 40 (Epstein, 2007). A study by Stark (2009) of a large U.S. database concluded that, in general, Baby Boomers in the U.S. possess adequate health to enable them to continue their participation in the labor force into and beyond their 7th and 8th decades of life. Further, compared to the generation following them (the Gen X cohort), U.S. Baby Boomers appear to demonstrate no discernable differences regarding the influence of health issues on work attendance or the amount of effort exerted while at work. In short, the physical ravages of old age do not appear, on average, likely to force the Baby Boomers to exit their jobs at the traditional retirement of age.

Given that physically demanding jobs are decreasing and cognitively demanding jobs are increasing (Rix, 2006), an increase in the number of older Americans working is especially noticed among educated employees who occupy knowledge jobs that are not physically taxing (Maestas & Zissimopoulos, 2010; *U.S. News and World Report*, 2012, May 16). On the other hand, perhaps "psychological chic" contributes to the number of Baby Boomers retaining employ beyond the customary age of retirement. A recent survey by the University of Chicago of 1,024 people over the age of 50 reported that, on average, people were not perceived as "old" until after age 72 (Sedensky, 2013). One might consider Hollingsworth's (2002, p. C-8) quote of Sara Rix, a senior policy advisor with AARP: "I am convinced more boomers are going to push back the age of retirement. They're never going to get old -- at least in their own minds -- and remaining employed is a sign to themselves of their eternal youth, as it were."

Increased life expectancy and improving health status of adults over 60 is a phenomenon visible across the western economies. The time individuals can expect to live after age 60 increased from 18 years in 1990 to 19 years in 2009 (WHO, 2012). As in the U.S., increased life expectancy and good health among older workers in most western economies likely delays the impact of physical and cognitive decline in the workplace that in the past have resulted in discontinuing paid employment (Sargent, et al., 2013).

The collapse of institutionally guaranteed retirement resources. A little noticed change in the U.S. tax code in 1978 created the 401K as a special benefit for top-level executives on top of their defined benefits plan. About the same time, employers realized that their retirement liabilities under defined benefits programs were increasing exponentially given that retirees were living longer, healthier lives. Thus, employers decided to reduce their liability under the defined benefits plan by using defined contributions plans to finance employee 401Ks. (Hamilton, 2011). Hamilton (2011) argues that the 401K was never designed to be a pension plan, but was designed to be a savings investment plan that provided a little extra for employees at the top. However, by 2006 a full 70 percent of corporate employees in the U.S. had 401Ks or defined contribution plans (Hamilton, 2011). The switch from defined benefit to defined contribution plans shifted the risk of poor investment performance from the employer to the employee and put the onus for retirement on the backs of their non-executive employees (Short, 2002). If the market rises at the right time, things are great. If it falls at the wrong time, a retiree can be wiped out, and many who had been looking forward to retirement or who were already retired were ruined in the crash of 2008 (Floyd, 2010).

For some 40 million U. S. workers still in a defined benefit plan (found in the private sector and concentrated in auto manufacturing, steel, and airlines), individuals are supposedly protected by the Pension Benefit Guarantee Corporation (PBGC) created by the Federal Government and financed by a tax on businesses even if their employers goes bankrupt. A seldom publicized fact is that the PBGC has been in the red for 31 of its 38 years of operation, and, at present, its liabilities total $119 billion while assets used to cover pension obligations total $85 billion (Gordon, 2012). Thus, even for those relatively rare workers anticipating a retirement with defined benefits, that future may appear shaky and insecure and can suggest the need to work well into old age.

One should note that the demise of U.S pension funds is not restricted to employees in private sector. The same economic crisis in 2008 that so devastated the 401Ks of private employees and retirees also reduced the value of the retirement funds of state, county, and municipal public employees. Bradford (2012) reported that the 100 largest public employee retirement systems in the U.S. experienced in 2011 their first year-over-year decrease in total assets since 2009. More disturbingly, Floyd (2010) reports a study of economists at the

University of Rochester and Northwestern University putting the level of underfunding of public employee pensions at $3 trillion for state governments and almost $600 billion for municipalities. Such underfunding has lead entities such as Central Falls, Road Island, Stockton, California, and Jefferson County, Alabama to declare bankruptcy and default on their retirement obligations to retirees. Further, given that most mandatory retirement age laws have been dropped, government agencies are increasingly encouraging employees to forestall retirement as long as possible, continue working, thus alleviating paying out promised , but under funded, retirement plans (Schieber, 2012; Miller, 2012).

In short, the great economic downturn beginning in 2008 has exerted a major influence on Baby Boomers approaching retirement. Sara Rix, Senior Policy Advisor for AARP provided an adequate summation of the situation: “The recession has had a devastating impact on individual’s financial well-being. Recovering some of those losses by remaining in the labor force is on of the few options over which they have some control” (Zarroli, 2012, n.p.). This observation is further supported in research by Brown (2012) reporting that 73 percent of workers ages 60-69 cited financial reasons as the primary motivation for working. More than 1 in 4 non-retired Baby Boomers perceive that their prospects for retirement have changed for the worse, and 52 percent of these individuals cited a worsening economy as the primary reason for their gloomy assessment (AARP, 2011). A more recent study by Munnell, et al. (2012) concluded that because of the economic crisis of 2008-2009, 23 percent of all U.S. households will need to work one to three years beyond age 65 to attain readiness for retirement, 17 percent of households will need to work four to six years beyond age 65, and 9 percent of households will need to work seven years or more.

While retirement systems in Europe have tended to be more “Bismarckian” (i.e., the state or quasi-state provides benefits based on worker and employer contributions) than “Beveridgean (i.e. employer arrangements being at the core of the system), as in the U.S., aging of the general population is placing a strain on the retirement system such that the capacity of private and public pension systems is being challenged. As a result, changes to tax and benefit systems are quickly closing off opportunities for early retirement (Flynn, et al., 2013), and given that mandatory retirement has not been abolished, numerous countries (e.g. Sweden and Norway) are increasing the default retirement age to reduce the strain on pension systems (Sargent et al., 2013).

Poor financial choices in the U.S. Finally, the Baby Boomers in the U. S., on average, have not shown any great concern in preparing for their golden years. After outrageous consumption of resources during the 1980s (Page, 1992) Baby Boomers at the beginning of the 21st century and at mid-career were responsible for over 50 percent of the bankruptcies filed in the U.S. (Sullivan, et al., 2000). Given that Baby Boomers constitute the largest single age cohort in the U.S., Dalrymple (2007) noted that while the nation-wide savings rate had been steadily declining for two decades, in 2006 the national savings rate dipped to the lowest level since the Great Depression. Prior to the great recession of 2008, Dalrymple (2007) further observed that other indices of preparedness for retirement did not look good given evidence suggesting that aging U.S. workers failed to place enough money into retirement accounts, carried massive amounts of credit card debt, and drew heavily on home equity values that have been drastically reduced by events in the home mortgage industry. Schramm (2006) pointed toward this situation in citing a study by the Employee Benefits Research Institute indicating that one out of three pending retirees reported that they did not save for retirement and the majority of those currently employed had saved less than $25,000 for retirement. A study by Stark (2009) suggested that anywhere from 15 to 23 million of the approximate 78 million U.S. Baby Boomers are likely to be forced to forestall retirement and remain in the workforce because of inadequate financial resources. The concept of retirement may soon return to pre-industrial age expectations, that is: working as long as one can and only in the last years of life stepping out of the labor force in favor of younger employees (Hamilton, 2011).

The Evolution of Workplace Gerontocracies

Within the total population, the number of people over age 55 in the U.S. has increased by 10 million or more, and the proportion of people age 55 and older having jobs is at a 42 year high (*U.S. News and World Report*, 2012, May 16). Gallup’s annual Economic and Personal Finance poll found that in 2012 the average working adult expected to retire at age 67, up from age 63 a decade and age 60 in the mid-1990s (Jones, 2012). Brown’s (2012) research revealed that 81 percent of current workers age 60-69 intend to stay with their current job until they stop working completely. The concept of retirement is being called into question across western economies as witnessed by the increasing employment of men age 55-64. For instance, labor force participation rates for this group in German increased 19 percent between 1995 and 2011, 27 percent in the Netherlands, and 6 percent in France and the UK (Phillipson, 2013). This dramatic upward age shift in workforce participation is undeniable and will likely continue for the next 20 years (Maestas & Zissimopoulos, 2010). In light of such a demographic trend, it is reasonable to anticipate the emergence of gerontocracies in the workplace characterized by increasingly aged seniors in leadership roles, entrenched deference to seniority, and restricted entry and upward mobility for younger workers due to diminished flow of seniors exiting the workplace.

Now, a study by Kalwij, et al. (2010) would make the case that the existence of such gerontocracies will not take jobs away from younger workers and that their study debunks the “Lump of Labor” theory which holds that in any economy there exists only a limited number of jobs. Their study of historical data advances the argument that because economies eventually grow, as more workers enter the workforce the demand for all goods and services increase as does the demand for all workers. A similar study by Gruber, et al. (2010) concludes that that there is no evidence of the claim that over time the young will move into a fixed number of jobs when older workers retire; instead, the employment of older and younger workers appear to move together in the long run rather than in opposite directions.

However, the conclusions put forth in both of these studies are conditioned by phrases such as “over time” and “in the long run”. Certainly, in the long run economic conditions vary and are characterized by periods of growth and decline, and perhaps there is an eventual regression toward an unseen mean, but evidence suggests that the U.S. and other western economies may be facing an economic reality not seen in the past 50 years and the “long run” may be much longer than past experiences. For instance, Zakaria (2012) estimates that at a minimum it will take five years, or more, to return U. S. employment to pre-2007 levels. Projections regarding the youth labor market are even more dismal. If the labor market for 16-24 year olds expands at the rate of the best year in the last decade, 2004, it will not likely reach the pre-2008 level until 2016, but if it grows at the 1990s rate, the longest recession in U.S. history, it will not reach pre-2008 levels until 2021 (O’Sullivan & Johnston, 2012).

A study by the Pew Research Center (2009) suggests that younger workers will likely pay a

greater economic penalty during this time than older workers. Counter to the Gruber et al. (2010) claim that employment for young and old move in the same direction, labor force participation rates for Americans 16 to 24 years of age fell from 66 percent in 2000 to 57 percent in 2009 at exactly the same time as participation rates for older workers increased substantially (Pew Research Center, 2009). Whereas throughout 2012 the national unemployment rate hovered around 8.2 percent, the unemployment rate for youth 16 to 24 stood at 16.5 percent in the presence of the disappearance of 2.7 million jobs that would have been available to youth in this age group in a better economy (O'Sullivan & Johnston, 2012). Seligson (2012) bluntly concluded that every way you cut it, by race or gender, with or without a college degree, young people in the U. S. are just not getting the job opportunities they need in the workplace. However, this situation is not restricted to the U.S. Across Europe, employment rates for older workers appear to be less affected by the 2008 economic crisis than that of younger workers because young people have suffered a much sharper rise in joblessness than older workers (Morsy, 2012; Eurofound, 2012, June 8).

Much has appeared in the popular press arguing that a lack of skills needed in today's market place (as opposed to a lack of job opportunities) plays a large role in today's youth employment. However, a study by Vaisey (2006) counters this argument by suggesting that over qualification (workers having greater educational attainment than a job requires) is increasing as opposed to under qualification or lack of appropriate skills, particularly among younger workers and workers with college degrees. Interestingly, a study by Manufacturing Institute (2011) reported that 54 percent of those firms responding to their survey said that they are having difficulty filling positions because job candidates are not willing to work for the pay that is offered. Now, given that labor is a market, one must question whether the growing number of older workers remaining or returning to the workforce is acting to drive down the wage rate for younger workers. In other words, are firms unwilling to pay enough to compensate younger workers with requisite education and skills when employers can defer such wages by relying on a growing pool of older workers?

A Staggering Toll on Younger Workers

The discussion thus far suggests a gloomy forecast for younger workers attempting to enter the job market. That bad forecast will likely have both financial and emotional consequences.

Financial Devastation

Peck (2010) noted that job offers to college seniors in the U.S. declined by 21 percent in 2009 and were expected to decline by another 7 percent in 2010. In such an environment, research by Kahn (2010) suggests that across young college graduates starting incomes could be expected to fall by as much as 6 to 7 percent, but the most unfortunate of these could expected to receive job offers of 25 percent less income than those who took their first jobs in better and more opportunistic environments. Even more thought provoking is Kahn's projection that 15 years after graduation these unfortunate individuals will still not have recovered from the economic impact of having their total wage income reduced by approximately $100,000 due to diminished entry wages and restricted opportunities for organizational advancement.

It is reasonable to assume that Kahn's research generalizes beyond college graduates. Given that two-thirds of real lifetime wage growth typically occurs in the first 10 years of a career (Peck, 2010; Pedulla, 2012), Kahn's (2010) research would suggest that young people who enter the job market in times of restricted entry and advancement opportunities are unable to shift fully into better jobs even when the environment improves. This observation is supported by earlier research by Mroz and Savage (2006) concluding that the negative effect of prior unemployment on future earnings is large, persistent, and slow to taper off over the years. Additionally, Farlie and Kletzer's (2003) research indicates that young unemployed workers suffer future earnings losses between 8.4 and 13 percent. Succinctly, the evidence suggests that today's young workers in most western economies will simply not gain back by working their way up through job hierarchies what they lost in the first ten years, and the consequences for their economic well-being will be more severe than for older workers for decades into the future (Pedulla, 2012).

Emotional Scars and Physical Damage

The effect of limited opportunities for jobs and advancement is not restricted to financial considerations. A meta-analysis by Paul & Moser (2009) of 237 cross-sectional and 87 longitudinal studies found, in general, a significant difference between the employed and the unemployed on indicators of mental health such as depression, anxiety, subjective well-being, and psychosomatic symptoms. Germane to a focus on younger workers, there is mounting evidence indicating that young people who cannot establish themselves in the job market within a year or two often become different, and damaged, people (Morsy, 2012; Peck, 2012). Work by Goldsmith, et al. (1996) suggested that joblessness among the young injures self-esteem, fosters feelings of externality and helplessness, and creates a psychological impact that persists for years. A longitudinal five-year study by Hammarstrom and Janlert (1997) of 1, 060 young people found a strong positive correlation between unemployment and changes in nervous complaints and depressive symptoms after controlling for psychological health and background factors. Peck (2010) discussed work by Krysia Mossakowski who found that people unemployed for long periods in their teens to early 20s are significantly more likely to develop a heavy drinking habit and depressive symptoms. Finally, studies by Sullivan and Von Wachter (2009) and Roelfs, et al. (2011) suggests that men, in particular, suffer an elevated risk of dying each year following an episode of unemployment. However, the younger the man, the more pronounced the effect on the lifespan with an effect as great as 1.5 years shorter life span compared to someone who never experienced unemployment.

A Sophiean Choice Urges the Need for Public Debate

In William Styron's novel, *Sophie's Choice*, the protagonist must make a terrible choice between two equally undesirable options. The U.S. and other western economies are facing a Sophiean choice. The image of older workers financially ill-equipped for retirement being turned out of the workplace is indeed morally repulsive because it violates our sense that justice is "just and fair" only to the degree that it protects the weakest and least powerful among us. On the other hand, it is equally repulsive to witness a future in which younger workers are scarred (financially, physically, and psychologically) throughout their working careers because of a backlog of legally protected older workers that severely restricts opportunities for natural entry and advancement in the workplace. Such a situation violates our sense that the our future rests with the potential of our country's youth, and damaging our youth places the country's future in jeopardy. The majority of Baby Boomers, both in the U.S. and

Europe will vacate the labor market and then pass away within the next 30 to 40 years. However, lacking a miraculous economic recovery that suddenly increases the demand for labor across the board, advising young workers to, "Be patient. Your time will come" appears to be a public policy that does not have the long-term interest of any country at heart.

There certainly are strong and rational arguments for rejecting any consideration of a return to mandatory retirement policies as a response to the current labor market situation. Not the least is a study by the Hong Kong and Shanghai Banking Corporation of a representative sample of more than one-half of the global population showing that 80 percent of those interviewed desired ending the practice of mandatory retirement (HSCB, 2005). O'Brian and Cushing (2005) noted that a return to mandatory retirement would have a negative impact on federal and state revenues as seniors are moved out of better paying jobs and into reduced retirement income and lower income tax brackets. Furthermore, for public employees, such a practice would undoubtedly increase the burden on already underfunded retirement plans.

However, abolishing mandatory retirement does not give older workers the freedom to choose to work longer. That is, making it possible for older workers to work longer because that is the only way they can survive does nothing to expand their options when it comes to retirement. As Sargent et al. (2013) observed (paraphrased), if current dialogue suggests that retirement should be filled with work or work-like activities, then aging comes to consist of doing "more of the same" and a diverse identity with all of its promise of alternative forms of social engagement enabled by a long life will be forfeited. Abandoning mandatory retirement means that workers without adequate pensions will never have the option of retiring (O'Brian & Cushing, 2005).

The absence of mandatory retirement ages encourages gerontocracies wherein leadership is dominated by older individuals, employee promotion is associated with seniority (Europe, 2003), and associated patrimonial practices that ensure only other older workers are able to access senior management positions, suppress pay rates among young employees while discouraging innovation and independent thought (*The Economist*, 2008).

Perhaps the strongest argument for revisiting the practice of a mandatory retirement age is to moderate the long-term impact of unemployment or underemployment on youth in the best interest of the nation. Here, Europe provides some direction here for the U.S. Whereas within the U.S., the Age Discrimination in Employment Act currently makes illegal a default retirement age for most employees, across the European Union the practice is given much more favorable consideration. European courts have found such a practice to be defensible within well-defined limits as a means to reduce unemployment among the young, which is otherwise difficult at a time of chronic unemployment. In a 2007 ruling (Case C-411/05), the European Court of Justice said that although discrimination based on age was illegal, mandatory retirement of workers at age 65 could be justified to promote social policies such as improving employment and labor markets (Bilefsky, 2007; Jurist, 2011). In 2010, the same court ruled in Rosenbladt vs. Oellerking Gebäuderinnigungsges that a collective bargaining agreement mandating retirement at age 65 was legally defensible because it was an appropriate means to facilitate employment of young people, plan recruitment, and allow good personnel management (*Eversheds*, 2010). In 2012, the Supreme Court in the United Kingdom ruled in Seldon vs. Clarkson, Wright, and Jakes that companies can dismiss older workers at age 65 to facilitate succession planning and have realistic expectations as to when vacancies will arise (Bell, et al., 2012).

Certainly, a degree of deference toward the subject of mandatory retirement such as demonstrated in Europe would also imply a greater need for ensuring an acceptable degree of financial security for older workers whose departure from the workforce could be mandated at a specific age, and this would point toward three rather radical shits in the employment relationship in the U.S. In the public sector, such a deference certainly suggests raising taxes on citizens at the municipal, county, state, and federal level to secure already underfunded retirement programs, but that action, in itself, should also provide a strong motivation for publicly elected leaders to demonstrate greater fiscal responsibility when negotiating with public employee unions rather than repeating the fiduciary negligence of the past. Furthermore, across the private sector, such deference would necessitate a retreat from defined contribution retirement plans and a return to something more akin to the defined benefit plans common in the not so distant past. However, that is not to suggest that employers should be expected to jeopardize the fiscal well-being of a firm because of legal mandates to provide unrealistic retirements benefits. Rather, employers should be required to ensure basic benefits, coordinated with federal programs such as social security and Medicare to enable retirees to avoid living their remaining years at a level of marginal existence. Finally, as responsible citizens of any nation, workers (young and old alike) should be expected to take personal responsibility for ensuring their well-being once they reach a date of mandatory retirement. This would imply taking responsibility for being debt free at the date of retirement, saving and investing toward creating personal wealth that enables living one's remaining years above the economic floor made possible from the basic benefits provided by an employer, and fully anticipating the limitations resulting from the combination of employer defined benefits, government programs, and personal wealth.

Conclusion

If we consider the economic and social future of the U.S. and other western economies in light of trending work demographics, those individuals currently 16 to 24 years of age will be challenged with maintaining their home country's wealth and security for 40 to 60 years in the future. One cannot escape questioning whether these younger workers will be handicapped in meeting that challenge by the presence of a legally protected gerontocracy that limits their job and career opportunities. Will 20 years of reduced earning power negate the potential for social betterment associated with reduced tax contributions to federal and state revenues during those 40 to 60 years? When will the projected psychological and physical scares associated with restricted job entry and advancement opportunities for younger workers ultimately demand national attention? A solid argument can be made that scholars, pundits, politicians, and civic-minded citizens would be ill-advised to further delay a discussion of re-enacting a mandatory retirement age for the ultimate good of any nation.

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Explaining the Change in the Employee Behavior: How Did the Evolution of Learning Theories Lead to Employee Empowerment

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This paper emphasizes the influence of the learning theories on the continually changing trends in the employee behavior. Departing from the basic, yet crucial idea that people are the necessary resource and the driving factor in the production process, and as such should be managed successfully (Bell & Ramdass, 2010), the authors will elaborate the importance of the management's adoption and use of various learning theories that eventually resulted in major changes in the observed behavior of their employees. The years of the excessive reliance on the employment of the positive or negative reinforcement to model employees' behavior in a direction of an ideal example (Macek, 2011) have slowly faded away, and the emergence of the new attitude towards the labor force has dominated the corporate world in the recent times. It relies more heavily on the concepts of the cognitivist theory, taking into account an individual's personality traits and attributes during the learning process (DuBrin, 2006). The focus on the cognitive learning theories has necessarily generated more employee freedom in their work environment and during the task resolution, translating itself into increasing employee empowerment. Whether this empowerment represents a sustainable solution for both management and employees remains to be seen, but the underlying reason behind this trend is clear – the evolution of the learning theories.