



Trends that count

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Don't expect seniors to stave off labour shortage

Some believe there will be no labour shortage in the future because today's workers can work longer and will work longer because they will have to: **Nortel** and the Canada Pension Plan are usually mentioned in this latter context.

This may happen, but there is no evidence to indicate that it will. In fact, the evidence, the most recent of which comes from **Statistics Canada's** Labour Force Survey, indicates that retirement is happening earlier, not later. Data shows that male labour force participation rates (the percentage of people in an age group who are working or looking for paid work) have declined in every age group over the past 25 years. In the under-55 age groups, the decline has been relatively modest, with the percentage of males in these age groups in the labour force in 2000 being about four per cent below the rates of 1976.

In the 55 and older population, the decline in participation rates has been dramatic. The rate for the 55-to-59 age group dropped from 84.1 per cent in the labour force in 1976 to only 72.9 per cent in 2000. Similarly, in the 60-to-64 age group participation rates dropped from 66.5 per cent to 46.1 per cent, for the 65-to-69 age group from 24.4 per cent to 16.1 per cent,

and for the 70-plus age group from 9.1 per cent to 6.1 per cent.

Male labour force participation in the 60-plus population is now two-thirds of its 1976 level: in the 55-to-59 age group it is 13 per cent lower than it was 25 years ago. Still, it is

There is no evidence that people will work longer. In fact, more people today are retiring earlier than ever

important to note that while the participation rates for males in every age group were at their lowest level during the past five years, they were relatively stable during this period. This suggests there may not be significant further decreases in the future.

Changes in female labour force participation rates have been significantly different. From age 25 to 54, female participation rates are in the range of 40 per cent to 55 per cent higher than they were a quarter of a century ago. The rate for the 55-to-59 age group increased by 40 per cent, and the rate for the 60-to-64 age group rose by 10 per cent.

In contrast, labour force participation rates for women in the 65 and older age groups declined by 6.4 per cent for the 65-to-69 age group and by 18.2 per cent in the 75-plus age group. Participation rates for women under the age of 65 were at their highest level in the past five years and generally increased during this most recent period. The rates for females 65-plus over the past five years followed the same pattern as the rates of their male peers: they were the lowest recorded in the past 25 years and were generally constant.

People leave the labour force for many reasons: job loss, illness, family concerns and retirement are some of them. In 1976, 26 per cent of the people in the 55 to 64 age group who left the labour force did so because they

retired. But, in 2000, 49 per cent of the people in this age group who left the labour force were retirees, almost double their 1976 share. In the 65-plus age group, retirees made up 63 per cent of those leaving the labour force in 1976. That percentage increased to 67 per cent in 2000.

The median age of people who retired from self-employment in 1999 was 64.7, only slightly below the 1976 median age of 65.6 years. The median age of those retiring from private-sector employment declined much more significantly, from 65 in 1976 to 61.3 years of age in 1999. The median age of retirement from the public sector in 1976 was 64.8; in 1999 the median age of retiring public-sector employees was 57.2 years. That is 4.1 years younger than retirees from the private sector, 7.5 years younger than those who were self-employed, and 7.6 years younger than public-sector employees who retired in 1976.

The evidence shows that the assumption that labour shortages can be avoided as a result of people postponing retirement is more a gamble than a basis for a sound human resources strategy. ◆

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