

Contents

<i>List of figures</i>	<i>page</i>	xiii
<i>List of tables</i>		xv
<i>Preface</i>		xvii
<i>List of conference participants</i>		xviii
1 Ageing and the European labour market: public policy issues		1
<i>Paul Johnson and Klaus F. Zimmermann</i>		
1 Introduction		1
2 Labour costs and productivity		4
3 Training and skill		12
4 Retirement		14
5 Migration and mobility		16
6 Overview of the book		18
7 Conclusions		22
2 Ageing and European economic demography		26
<i>Paul Johnson</i>		
1 The ageing of Europe		26
2 Fertility and mortality patterns		32
3 Population and economic performance		38
4 Conclusions		42
Discussion		
<i>Rudolf Andorka</i>		46
3 Ageing and employment trends: a comparative analysis for OECD countries		53
<i>Martin Rein and Klaus Jacobs</i>		
1 A conceptual framework of early retirement		53
2 Trends and patterns of labour force participation of older men: the significance of early exit		54

3	Disaggregating labour force participation	56
4	Patterns of early exit	63
5	The future of early retirement: extending the concept of pathways of early exit from the labour force	71
	Discussion	
	<i>Heather Joshi</i>	76
4	Ageing and the labour market in Poland and Eastern Europe	79
	<i>Stanislawa Golinowska</i>	
1	Introduction	79
2	The position of Central and Eastern Europe in the process of demographic change	80
3	Poland's position in the process of European population change through the year 2010	82
4	Ageing and the labour market in Poland	84
5	Population pressures and labour market trends in Poland and Eastern Europe, 1990–2010	91
6	Summary and conclusions	94
	Discussion	
	<i>Walter Krämer</i>	96
5	The implications of cohort size for human capital investment	98
	<i>Christopher J. Flinn</i>	
1	Introduction	98
2	Model structure and the characterization of equilibrium	100
3	Empirical analysis	108
4	Computed elasticities and simulation exercises	112
5	Conclusions	119
	Appendix: Data sources and construction	119
	Discussion	
	<i>Kenneth Burdett</i>	123
6	Does an ageing labour force call for large adjustments in training or wage policies?	126
	<i>Didier Blanchet</i>	
1	Ageing, productivity and optimal accumulation of human capital over the life cycle	127
2	Ageing, career profiles and wages	134
3	Retirement age	140
4	Conclusions	142
	Appendix A: Sensitivity of an age-related phenomenon to the population growth rate	143

Appendix B: Optimal training	143
Discussion	
<i>Paul G. Chapman</i>	146
7 On ageing and earnings	151
<i>N. Anders Klevmarcken</i>	
1 Introduction	151
2 The human capital approach	152
3 Changes in the age distribution and the dynamics of earnings profiles	155
4 An empirical application to Swedish panel data	161
5 Earnings mobility	167
6 Conclusions	173
Discussion	
<i>Axel Börsch-Supan</i>	178
8 Age, wages and education in The Netherlands	182
<i>Joop Hartog, Hessel Oosterbeek and Coen Teulings</i>	
1 Introduction	182
2 A brief history of the Dutch labour market	182
3 The composition of the labour force by age and education	185
4 Explaining changes in labour force composition	189
5 The wage structure	193
6 The influence of cohort sizes	201
7 Conclusions and speculations	204
Appendix A: Data	206
Appendix B: The price of education	208
Discussion	
<i>Robert E. Wright</i>	211
9 Ageing and unemployment	216
<i>Christoph M. Schmidt</i>	
1 Introduction	216
2 Ageing, migration and labour market outcomes	217
3 A formal model and its empirical implications	220
4 Data and empirical results	223
5 Ageing and unemployment: a re-evaluation	250
Discussion	
<i>John Ermisch</i>	252

10 Ageing, migration and labour mobility	255
<i>Rainer Winkelmann and Klaus F. Zimmermann</i>	
1 Introduction	255
2 Some stylized facts on ageing and migration	256
3 Theoretical framework	263
4 Data and methodology	265
5 Econometric results and policy implications	269
6 Concluding remarks	281
Discussion	
<i>Gerd Ronning</i>	283
 <i>Index</i>	 288

Figures

	<i>page</i>
1.1(a) and (b) Index of economically active population, 1950–2025	2
1.2(a) Changes in French population, 1990–2000	5
1.2(b) Changes in German population, 1990–2000	6
1.2(c) Changes in Polish population, 1990–2000	6
1.2(d) Changes in Spanish population, 1990–2000	7
1.2(e) Changes in UK population, 1990–2000	7
1.2(f) Changes in US population, 1990–2000	8
2.1 Male life expectancy at age 65	37
5.1 Cohort size and human capital investment	117
5.2 Cohort size and wealth (perfect foresight equilibrium)	118
5.3 Cohort size and wealth (static expectations equilibrium)	118
6.1 Average productivity projections	128
6.2 Two patterns of relationship between an aggregate variable, demographic structure, and a policy instrument	130
6.3(a) Optimal profiles of education and on-the-job training for three demographic scenarios	132
6.3(b) Optimal stock of human capital by age for three demographic scenarios	132
6.4(a) Position within the hierarchy as a function of age	135
6.4(b) Absolute progression within the hierarchy as a function of age	135
6.5 The total wage bill and total production	137
7.1 Schematic cross-sectional and longitudinal age-earnings profiles	156
7.2 Earnings profiles with declining increases of initial earnings	157
7.3 Cohort size effects on earnings profiles	159
7.4 Birth rate per 1,000 population in USA and Sweden, 1910–89	163
7.5 Size of Swedish birth cohorts, 1905–89	163

7.6	Per capita gross investment volume of Swedish industry, 1910–89	164
8.1	Cohort sizes of Dutch males, 1910–75	203
8A.1	Population–unemployment age ratios in the Netherlands, 1950–90	214
9.1(a)	Germany’s age structure: male inhabitants of the FRG, 1950–87	226
9.1(b)	Germany’s age structure: female inhabitants of the FRG, 1950–87	228
9.2(a)	The development of birth-cohorts over time: male inhabitants of the FRG, 1950–89	230
9.2(b)	The development of birth-cohorts over time: female inhabitants of the FRG, 1950–89	232
9.3	German age-specific unemployment rates: a comparison with the aggregate unemployment rate, 1966–90	236
10.1	EC-12 male and female population aged 0–19 and 60+, 1990–2020	257
10.2	Age-unemployment profiles	278
10.3	Age-direct job changes profiles	278
10.4	Age-unemployment profiles for varying foreign labour shares	279
10.5	Age-direct job changes profiles for varying foreign labour shares	279
10.6	Age structure and expected frequency of unemployment of natives, 1990–2020	280
10.7	Age structure and expected frequency of direct job changes of natives, 1990–2020	281
10A.1	Hazard rates of remigration for three nationalities of immigrants to the FRG	285

Tables

	<i>page</i>
2.1 The population of Europe, 1950–2025	27
2.2 Decomposition of ageing in Europe and Italy into fertility and mortality effects	30
2.3 The timing of fertility and life-expectancy transitions in Europe	31
3.1 Labour force participation rates of older men below the 'normal' retirement age of 65, 1970–90 in seven OECD countries	55
3.2 Disaggregating the labour force participation of older men; rates for 1989 in seven OECD countries	58
3.3 Labour force status of the population of older men in 1989 in seven OECD countries	59
3.4 Japan: the impact of 'teinen' rules (termination of 'lifetime employment')	66
4.1 Growth of mobile (15–44) and non-mobile (45–59/64) working-age population in Western and Eastern Europe, 1990–2010	81
4.2 International migration from Poland during 1946–90	84
4.3 Labour force participation rates in Poland by sex and age, 1960–88	85
4.4 Educational structure of the Polish population aged 25–29 and over 60, 1960–88	86
4.5 Wage differences by age, sex and type of labour	87
4.6 Disabled people per 1,000 in various age groups	88
4.7 Structure of unemployment in Poland by age	89
4.8 Main indicators of economic and social development in selected Eastern and Central European countries, 1989–91	90
5.1 Computed model parameters and observed and implied values of wages, 1925–85	112

xvi **List of tables**

5.2	Elasticity of human capital investment with respect to cohort size (perfect foresight equilibrium), 1920–70	113
5.3	Elasticity of cohort wealth with respect to cohort size (perfect foresight equilibrium), 1920–70	114
5.4	Elasticity of cohort wealth with respect to cohort size, holding human capital investment constant (perfect foresight equilibrium), 1920–70	115
5.5	Elasticity of cohort wealth with respect to cohort size (static expectations equilibrium), 1920–70	116
6.1	Optimal levels of training and production according to three demographic scenarios	133
7.1	GLS estimates of an earnings function for males	166
7.2	Maximum likelihood estimates of earnings functions with a specified covariance structure	171
8.1	Dutch labour force composition by age, 1947–89	186
8.2	Participation rates, 50–64 year-olds, 1947–89	187
8.3	Composition of the Dutch labour force by education, 1960–90	188
8.4	Estimation results for the Mincerian earnings equation for males, 1962–89	197
8.5	Regressions for within age–education group variances of log earnings, males only, 1962–89	198
8.6	Decomposition of changes in the variance of log wages for males, 1979–89	200
8.7	Income dispersion and participation rates for various countries, for males, 1980–90	201
8.8	Earnings equations with cohort size effects, males only, 1979, 1985 and 1989	202
8.9	Earnings equations with cohort size effects, survey data, 1988	204
8A.1	Selection bias in the wage equations due to differences in sample composition	207
8A.2	The price of education	208
9.1	Unit root tests	235
9.2	Unemployment rates and cohort sizes (men and women)	244
9.3	Unemployment rates and cohort sizes (men)	246
9.4	Unemployment rates and cohort sizes (women)	248
10.1	Population structure: age group 20–39/40–59, 1990–2020	258
10.2	Population size and foreigners in EC countries, 1988	259
10.3	Employment distribution by sector, USA and West Germany, 1982	261
10.4	Descriptive statistics	272
10.5	Poisson regression results for Germans	274
10.6	Poisson regression results for foreigners	276