

Labor shortages, the aging population and ageism



By Ian McLean
September 29, 2022

Baby boomers, the huge demographic cohort born between 1946 and 1964, are almost all in the process of retiring. If you were born in 1955, you turned 65 in 2020. The youngest baby boomers are approaching 60.

In the United States, job vacancies have outnumbered job seekers since 2018. This is largely due to the fact that baby boomers are retiring at a faster rate than young people are able to take their place. To continue to grow the supply of products and services, it may be necessary to act.

Note: another major issue with the labor shortage is China. Thirty years ago, China had a huge population willing to work for little income. Today, China is aging like many countries in the world and workers are demanding much higher wages than before (a good thing of course).

It is possible that these 2 factors, low interest rates and expansionary monetary policies explain a large part of the shortages that we observe everywhere.

Human Solutions

Migrations

Some places have too many workers such as India or Africa. We have to keep an open mind and help each other no matter where in the world we were born.

Encourage experienced workers to return to work

It would be a good idea to encourage retirees to return to work, with tax credits for example. Some retirees calculate that this is not attractive to them considering the net income they will receive.

The myth propagated by our societies is that people over 65 should retire. On the contrary, I think that for many people aged 65 or over, a job, full-time or part-time, can be very beneficial for their health.

At 92, Warren Buffett is the CEO of one of the largest companies in the world. The vice-chairman of the company's board of directors, Charlie Munger, is 98 years old. Jane Fonda, who is still prolific in her acting career, is 84 years old. Clint Eastwood is also 92 years old.

We talk a lot about the different types of prejudice in our society, but less about ageism. Many continue to think that age is definitely a disadvantage at work; this is wrong.

The scientific evidence on this issue demonstrates this: apparently, for most people, raw mental power declines after the age of 30, but knowledge and expertise - the main predictors of job performance - continue to increase even beyond 80 years of age. When it comes to learning new things, there is simply no age limit.

As the global economy ages, biases related to ageism will become a bigger problem than ever. People of all ages are motivated to come to work. If governments can create the right incentives and companies can create inclusive and equitable environments for older employees, I think that would be very positive for society as a whole.