

Fact Sheet

Europe Catches Up: Older-Worker Employment in the EU and USA

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Even though the EU has seen stronger growth in older-worker employment during the past 15 years, the United States has maintained a higher rate of older-worker employment.

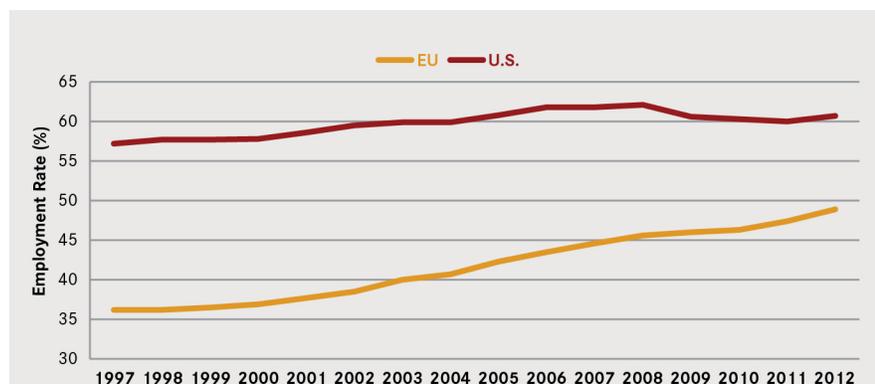
Employment Rate of Older Workers in Europe Is Rising Faster than in the United States

The EU employment rate for older workers rose from 36 percent in 1997 to 49 percent in 2012, an increase of 13 percentage points. During the same period, the U.S. employment rate for older workers rose by only 4 percentage points—from 57 percent in 1997 to 61 percent in 2012. See figure 1.

Disaggregating the data by EU member countries offers further evidence of dramatic growth. Between 2000 and 2012, four countries experienced growth in the older-worker employment rate equal to

The European Union (EU) has experienced significant growth in the employment of workers ages 55 to 64, which has far outpaced the growth of older-worker employment in the United States. An initial look might lead to the conclusion that the EU is ahead of the United States in employing older workers. However, the historical performance of the U.S. labor market should also be considered.

FIGURE 1
EU vs. US Employment Rate of Older Workers (55-64)



Sources: European Commission, "Employment Rate of Older Workers," <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdde100&plugin=1>; U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.



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or exceeding 20 percentage points: Bulgaria (25 percentage points), Germany (24 percentage points), Netherlands (20 percentage points), and Slovakia (22 percentage points). Although other EU countries did not experience comparable growth in that period, employment rate growth in the vast majority still outpaced that of the United States.

Employment Policies Help Change the Landscape

Since the 1990s, the EU has implemented a number of policies designed to improve employment rates. One of the most ambitious was the Lisbon Agenda, a 10-year plan adopted by the European Council in 2000, which aimed to make the EU “the most competitive and dynamic knowledge-based economy in the world.” This was proposed, in part, as a result of a realization that the EU employment rate, especially among women and older workers, was too low.¹ Subsequent initiatives focused specifically on older workers. The 2001 Stockholm target called for an increase in the employment rate of the age 55–64 population to 50 percent by 2010,² while the Barcelona target sought an increase of 5 years in the effective average EU retirement age by 2010.³

Even before the Stockholm and Barcelona goals were articulated, policy makers in Europe had begun to take steps to increase the rate of older-worker employment, the most common of which was increasing the early pension age. Other steps taken by EU members over the years include, but are not limited to:

- narrowing eligibility and reducing benefits for early retirement;
- reducing social security contributions for older workers;
- promoting part-time, flexible work arrangements, as well as partial retirement;
- introducing pension reforms ranging from increasing the years of contributions required to qualify for benefits to indexing pension receipt to life expectancy; and
- promoting training and employment programs for older workers.

Will the Gap Continue to Narrow?

Employment advances have been consistent in Europe over the past decade. Nevertheless, the percentage of older workers employed in the United States remains higher than that of the EU. Older-worker employment was 21 percentage points higher in the United States than in the EU in 2000; by 2012 the gap had narrowed to 12 percentage points. Unless older-worker employment growth accelerates in the United States, it seems likely that the EU will continue to move closer to, and perhaps outpace, U.S. older-worker employment.

- 1 *Lisbon European Council, Presidency Conclusions, March 23–24, 2000*, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/00100-r1.en0.htm.
- 2 *Stockholm European Council, Presidency Conclusions, March 23–24, 2001*, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/00100-r1.%20ann-r1.en1.html.
- 3 *Barcelona European Council, Presidency Conclusions, March 15–16, 2002*, http://ec.europa.eu/invest-in-research/pdf/download_en/barcelona_european_council.pdf.

Fact Sheet 325, April 2015

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