

Too Old to Work, Too Young to Retire

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Increasing retirement age is a standard answer to financial strain on PAYG pension systems due to an ageing population. This suggestion is only useful, if employment prospects of elderly workers are intact. We use firm closure data for Austria 1978-1998 to investigate this suggestion. Using an exact matching framework concerning workers displaced due to a firm closure and a control group we look at post-displacement employment and earnings prospects of elderly relative to prime-age workers. The advantage of the firm closure data is that selection problems arising from displacement as well as voluntary quits are eliminated. The detailed data base allows an exact matching framework; together with panel data methods this procedure allows to get rid of differences between treatment and control group. Preliminary results show that there are considerable displacement costs for both prime-age and elderly workers, but elderly workers are clearly more severely hit.