

**Title: Exploring Older Worker Labour Force Participation Across OECD Countries in the Context of Ageing Populations: A Reserve Army of Labour?**

**Abstract:**

The governments of many developed economies are facing policy issues associated with ageing populations. The older segment of the population has traditionally been reliant on the public purse for healthcare and retirement income, thus a number of reforms have been advocated by international institutions such as the World Bank, OECD and ILO. Pension reforms, increasing labour force participation of older workers and increasing the standard retirement age are reforms suggested by the OECD which have been embraced by many governments. However, many of the same governments had encouraged early exit of older workers from the labour force in recent decades in periods of labour supply surplus through job release schemes, or through the eligibility and generosity of various social security schemes allowing nonparticipation in the labour force. This has led to allegations in the past that these governments had treated older workers as a reserve army of labour. In this paper a panel model is estimated for the labour force participation of males aged 55-59 and 60-64 years in 21 OECD countries as a function of social security generosity and labour market variables using biennial data covering the time period 1961 to 2003. In contrast to previous OECD modelling allowances are made for country specific slope terms, thereby allowing the incorporation of unique aspects of countries' social security system or labour market. In addition, stationarity and cointegration issues are addressed, allowing the estimation of both a long run model and a short run dynamic model with an error correction term. The findings emphasise the role of the labour market variables over social security generosity for explaining older worker labour force participation trends. This implies that OECD governments will now struggle to mobilise older workers as a reserve army of labour in response to ageing society pressures through pension policy reform alone without addressing the role of the aggregate labour market. Thus, the findings are more conducive the ILO policy recommendations of a full employment policy.