

## INTRODUCTION

### THE DYNAMICS AND CONSEQUENCES OF POPULATION AGEING

Population ageing—the process by which older individuals become a proportionally larger share of the total population—was one of the most distinctive demographic events of the twentieth century. It will surely remain important throughout the twenty-first century. Initially experienced by the more developed countries, the process has recently become apparent in much of the developing world as well. For the near future, virtually all countries will face population ageing, although at varying levels of intensity and in different time frames.

The shift in age structure associated with population ageing has a profound impact on a broad range of economic, political and social conditions. For example, concerns are growing about the long-term viability of intergenerational social support systems, which are crucial for the well-being of both the older and younger generations (Cliquet and Nizamuddin, 1999). This is especially true where provision of care within the family becomes more and more difficult as family size decreases and women, who are traditionally the main caregivers, increasingly engage in employment outside the home.

As more people live longer, retirement, pensions and other social benefits tend to extend over longer periods of time. This makes it necessary for social security systems to change substantially in order to remain effective (Creedy, 1998; Bravo, 1999). Increasing longevity can also result in rising medical costs and increasing demands for health services, since older people are typically more vulnerable to chronic diseases (de Jong-Gierveld and van Solinge, 1995; Holliday, 1999).

This report provides an overview of the world population ageing process, focusing on five particularly relevant public policy issues. In dealing with each of the issues, attention is given to the course of the ageing process, which has not been the same in all countries. There has been considerable variation in timing, levels and patterns. Therefore, the assessment of the general

trends is disaggregated into development regions and major geographic areas whenever possible.

The first chapter, demographic determinants of population ageing, examines the worldwide decline in fertility and mortality that underlies population ageing. The analysis uses three indicators: the total fertility rate, life expectancy (at birth and at ages 60, 65 and 80) and the survival rate (to ages 60, 65 and 80).

Especially in the earlier stages of the demographic transition, fertility decline was the primary determinant of the timing and extent of population ageing. However, as the transition has gone on to later stages, mortality decline, particularly at older ages, has increasingly become the more important factor in shaping the relative size of the oldest age groups.

An important consequence of fertility decline is a progressive reduction in the availability of kin to whom future generations of older persons may turn for support. This process may have a significant impact on the well-being of older persons, especially in the less developed regions where social support for the older person is largely provided by the immediate family (Hoyert, 1991; Wolf, 1994). At the same time, improved chances of surviving to the oldest ages are likely to spur efforts to improve the health status of the older population and lead to reforms in the pension and health systems.

The second chapter of the report, the magnitude and speed of population ageing, examines regional differences in the progression of the ageing process, through the analysis of the percentages and growth rates of the older groups of the population (60 years or over, 65 years or over, and 80 years or over), in addition to their absolute sizes.

As the impact of population ageing on the society's socio-economic conditions may be amplified by the speed with which it occurs, it is important to consider not only the degree but also

the pace of the changes in the age structure. When the proportion of older persons in the total population increases dramatically in a short period of time, as is currently occurring in some countries in both the more developed and the less developed regions, it becomes particularly difficult for the social and economic institutions to adjust.

The third chapter, the changing balance between age groups, highlights, from various perspectives, the changes in the relative size of the older and younger groups of the population. Six indicators are examined: broad age groupings (percentages in age groups 0-14, 15-59 and 60 or over), the ageing index, median age, dependency ratios (total, youth and old-age), the potential support ratio and the parent support ratio.

An increasing proportion in the older ages necessarily affects the relative importance of the other segments. These changes in age composition can dramatically affect society's political, economic and social structures. The shifting weights of the various age groups tend to create social and political pressures on a society to change its pattern of resource distribution, generating conditions that may give rise to intergenerational conflict (Walker, 1990; Jackson, 1998). In effect, demographic ageing may lead to calls for fewer schools but more long-term care facilities. The ageing index (the ratio of those 60 or older to those less than 15) provides a commonly used measure for assessing this process.

Similarly, the widespread decrease of the potential support ratio (which means a widespread growth of the old-age dependency ratio) indicates a situation where an increasing number of beneficiaries of health and pension funds (those aged 65 and over) are supported by a relatively smaller number of contributors, mainly those in the economically active ages of 15-64. This tends to impose heavier demands on the working-age population (in the form of higher taxes and other contributions) in order to maintain a stable flow of benefits to the older groups. Even a sharp decline in youth dependency that normally accompanies the increase in old-age dependency may not be enough to offset the increased costs, since the

relative expense of supporting the old is, in general, higher than that of supporting the young (United Nations, 1988; Baldacci and Lugaesi, 1997).

However, support to the old is only partially provided through public transfers of resources. The family remains an important source of support to older persons, especially in the less developed regions where social security systems are generally less adequate (United Nations, 1994). Family support is particularly crucial in the case of the oldest-old, whose physical and economic needs are usually greater. The parent support ratio gives an indication of the overall demand for family support of the oldest-old. The continuing increase of this ratio implies that more and more frequently the young old will find themselves responsible for the care of one or more oldest-old family members.

The fourth chapter of the report, a demographic profile of the older population, draws attention to two important features of the ageing process: the progressive ageing of the older population itself and its feminization.

The rapid growth of the oldest groups among the older population is of special relevance in terms of public policy. In most parts of the world, the 80-and-over age group is growing faster than any other, and is expected to continue as the fastest growing segment of the population for at least the next 50 years. Although this group still constitutes a small proportion of the total population, its numbers are becoming increasingly important, especially in the less developed regions. Increased age normally brings considerable change in individual needs. For instance, health conditions typically decline with advancing age, and this suggests an escalation in the demand for long-term care (Pollard, 1995; Crimmins, 1997).

The increasing female share of the older population is also relevant to public policy. Because mortality rates are usually higher among men than among women, even at older ages, the percentage female tends to increase with advancing age. In most countries, older women greatly outnumber older men. The implications of

this gender imbalance for social support and public planning can be great since older women are more likely to be widowed. They also have less education, less work experience and less access to public assistance and other private income sources (Higuchi, 1996; United Nations, 1999b). Indeed, the concerns of the oldest-old population should be viewed primarily as the concerns of older women.

The fifth chapter, the socio-economic characteristics of the older population, focuses on two dimensions that can greatly affect the well-being of older individuals: labour force participation and literacy.

In most countries of the more developed regions, where social security coverage is nearly universal, declines in labour force participation at older ages primarily reflect changes in public policies regarding early retirement (Gruber and Wise, 1999). In many countries of the less developed regions, on the other hand, there are large concentrations of older workers in agriculture and other sectors of the economy (notably the informal sector) who have little or no social security coverage (International Labour Office, 2000).

Although lower levels of labour force participation at older ages are generally associated with higher levels of social security coverage, the decline in the labour force participation of the older population in both the more and the less developed regions may also be related, at least in part, to other factors such as a shortage of

employment opportunities and to the obsolescence of skills and knowledge (Drury, 1994; Taylor and Walker, 1996).

Finally, there appears to be general agreement on the benefits of higher levels of education for the health and economic status of the older generations. Improvements in the educational attainment of the older population may also alleviate any cultural gap between generations that may have widened over the past century. Particularly in the case of the less developed regions, where illiteracy is generally high at all ages but especially among older groups, higher levels of literacy are likely to substantially affect the interests, needs and abilities of future older generations, and improve the quality of their lives.

The annex tables present profiles of ageing, including estimates and projections of numbers of older persons and the summary indicators that are discussed in the main text. The indicators are defined in annex I. Indicators are presented for the world and for geographic and development regions, and for all countries and areas for which detailed estimates and projections of the age and sex distributions are provided in *World Population Prospects: The 2000 Revision* (United Nations, 2001c). For inclusion of age and sex detail in the *2000 Revision*, the inhabitants of a country or area must have numbered at least 140,000 in the year 2000. The composition of the regions is shown in annex II. Profiles for regions and individual countries are presented in annex III.