

eventually, population aging) are leading all countries to experience significant demographic shifts. In contrast to the challenges of the demographic divide discussed above, the **demographic dividend** is a different and interesting perspective on these changes. As the name implies, this term refers to the positive economic and social impacts a nation might experience during or after this demographic transition. Initially, as fertility rates decline, the young people already born are very likely to survive to become part of the adult labor force—a change that may enhance progress toward economic development. At this stage, the older population remains relatively small; changes in fertility and mortality have not yet produced the longer-term result of an increasing older population. Therefore, not only is the labor force larger than the younger population that depends upon it (that is, a favorable youth dependency ratio), the old-age dependency ratio is also low. At this point, “the labor force grows more rapidly than the population dependent on it, freeing up resources for investment in economic development and family welfare” (Lee & Mason, 2006, p. 1). Thailand and Vietnam are examples of countries currently in the midst of this phase in their transitions (Goldstein, 2009; Wongboonsin, Guest, & Prachuabmoh, 2005). Whether the shifting age structure, resulting in a large labor force and low dependency ratios, will produce a positive impact on economic development in any particular country depends on a host of factors, including policies present (e.g., wages and taxation rates), as well as social norms about consumer spending and saving of resources by individuals, families, and larger entities (Kinsella & He, 2009).

Some scholars postulate a second demographic dividend, taking place as countries move into later stages of the demographic transition. As a society ages, the work force becomes concentrated in the older working ages, as is the case today in the United States and many western European countries. Because these older workers (people in their 50s and 60s) can look forward to a long life after retirement, they have strong incentives to save and invest for their later years. This accumulation of assets is necessary for individual economic security in later life, unless one can assume that families and/or the government will provide for one’s economic security. When these savings are accumulated and invested, national income rises (Lee & Mason, 2006). Adequate finances can also encourage later-life spending, which is also good for the economy. As with the first dividend, the extent and form of these potential gains from the shifting age structure depends on complex economic, cultural, and policy factors, including tax incentives and disincentives for work and for investment, beliefs and policies about mandatory retirement, and patterns of consumption across the life cycle (Lee & Mason, 2006).

CULTURAL TRADITIONS, POPULATION AGING, AND SOCIAL CHANGE

To place the demographic trends of global aging into broader context, we offer three case studies that describe countries with quite different demographic, cultural, and social situations related to population aging: China, Germany, and Kenya. These examples illustrate the intersections of population aging with social change (often reflected in social policies) and cultural traditions within each unique

context. You can also compare each case study to what you have learned about aging in the United States to inform your understanding of the specific dynamics that have shaped aging here, and recognize the distinctive influences of different societies and cultures.

China: One-Child Policy

As we saw in Chapter 3, population pyramids provide a great deal of information about population aging; comparisons of pyramids, either across different countries or across time for a single country, reveal significant demographic shifts and hint at the social changes accompanying them. Given your experience in interpreting these pyramids, you can now knowledgeably examine the very distinctive one of contemporary China. Exhibit 10.5 reveals China's unique age structure in 2010. This structure is the result of China's well-known "one-child policy," implemented in 1979 to stem a very high and unsustainable rate of population growth. Chinese officials opted for this policy in support of the nation's long-term economic development and improved standards of living for China's people. The impact of the one-child policy can be seen in the much smaller size of the base of China's population pyramid in 2010. As a result of this very rapid, mandatory decrease in fertility, combined with low mortality, the proportion of China's population 65 and older is increasing very rapidly. China has accelerated the normal decline in fertility that is part of the demographic transition. The population pyramid for 2050 illustrates this reality: the base of the pyramid (children) is much smaller than all of the other age strata except for the very oldest (80 and above).

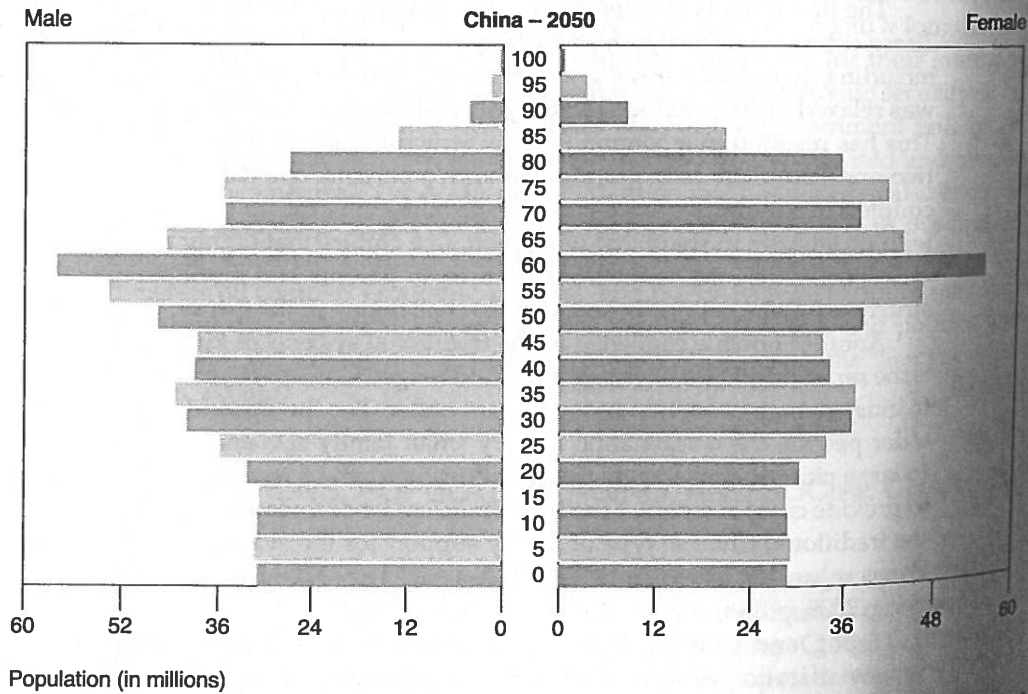
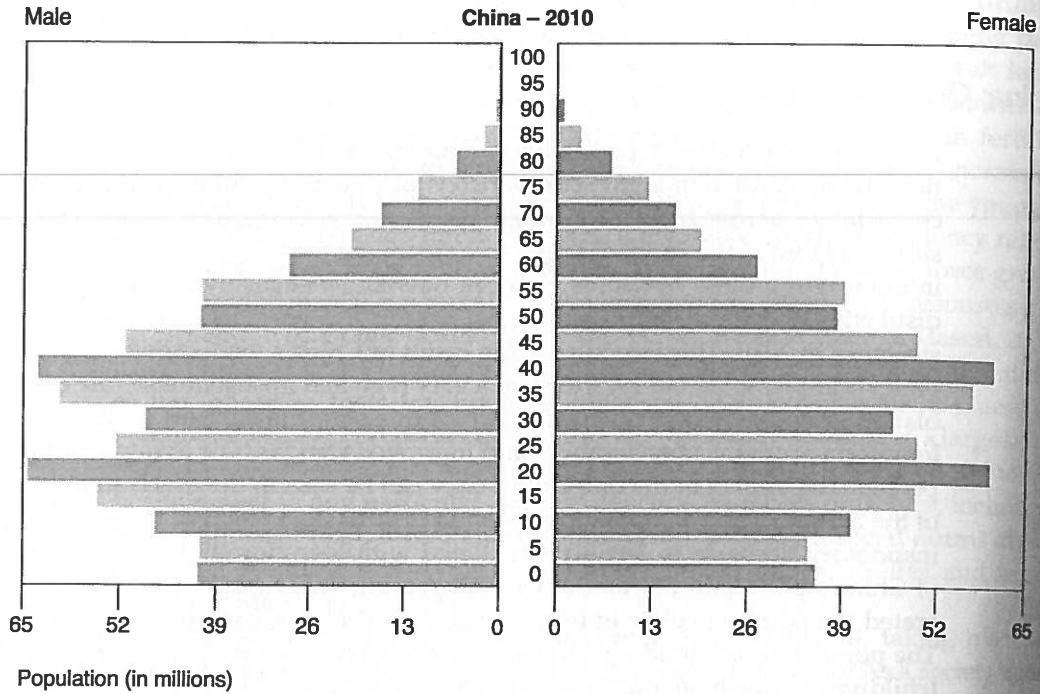
The first parents affected by the one-child policy will be in their 60s and 70s. These cohorts will be significantly larger in number than those just behind them, including their children and grandchildren. Even though China's one-child policy was relaxed in 2013, reduced fertility will affect China's age structure for decades. This has resulted in a common family structure that has been termed the "four-two-one" problem: four grandparents, two parents, one child. A single married couple, for example, would share the responsibility for up to four aging parents, with no siblings to share that obligation. In a culture that highly values traditions of respect, care, and honor from children to parents and grandparents, this age structure will be culturally and socially challenging in the future.

Another notable challenge to the traditional systems of kin support of elders is the rapid migration of young and middle-aged Chinese citizens from rural areas to cities, where economic prospects are better. For the upcoming generations of older people, the combination of very small family size and migration patterns to large cities will challenge the traditional system of responsibilities of children to provide care for elders. "The huge transient labor force renders a severe blow to the traditional Chinese type of family support for the elderly," as do unresolved issues regarding how one-child families could or should support parents (Du & Yang, 2009, p. 146).

Aging and changes to family structure pose another challenge to China because of its limited infrastructure of programs and services for older people. The traditional family system for care is vulnerable to demographic changes, but there

EXHIBIT 10.5

POPULATION PYRAMIDS FOR CHINA, 2010 AND 2050



Source: U.S. Census Bureau International Data Base

is a shortage of facilities and trained professionals to step in to provide formal care. For example, China is only now developing nonfamily alternatives for long-term care needs of older adults. It has been suggested that this lack of a formal care system essentially "pushes the burden of long-term care back to the family" (Du & Yang, 2009, p. 154). Because of the limitations in the availability of family caregivers and the growth of the older population, scholars who study aging in China are calling for the development of a formal long-term care system that is supported by public funding and overseen via government regulation (Du & Yang, 2009; Flaherty et al., 2007). Structural lag means that the dramatic changes in social structures and public policies have not kept pace with the rapid transformation of China's age structure.

Retirement is also an emerging institution in China, with few norms or opportunities for meaningful use of time after retirement. The mandatory retirement age for men is 60, and for women 55, ages that are not a problem now for a nation with a large work force. However, with increasing longevity, these retirees face decades of life without work and, at the moment, without meaningful alternatives to work. In addition, the Chinese pension system is inadequate to provide income security for the majority of its retirees (Population Reference Bureau, 2010b). The public pension system is funded in the same way as the U.S. Social Security system (pay-as-you-go) and will face the same fiscal challenges of too many retirees and too few workers in the very near future. Just as in the United States, China faces hard choices: either an increase in taxes, a decrease in pension payments, an exception to the strict pay-as-you-go model to allow accumulation of funds today (while the numbers of people paying into the system is still relatively high) to be used in the future (when the number of workers paying in will be much lower and beneficiaries will be numerous), or some combination of these strategies.

China's health care system will also be progressing from a focus on maternal and child health and infectious diseases toward care for chronic conditions and health care needs of the older population, a change that requires retraining health professionals. China's challenge is great, but the health care system clearly has to adapt in many ways; "By 2030, older adults will account for two-thirds of the total disease burden in China" (Population Reference Bureau, 2010b, p. 4).

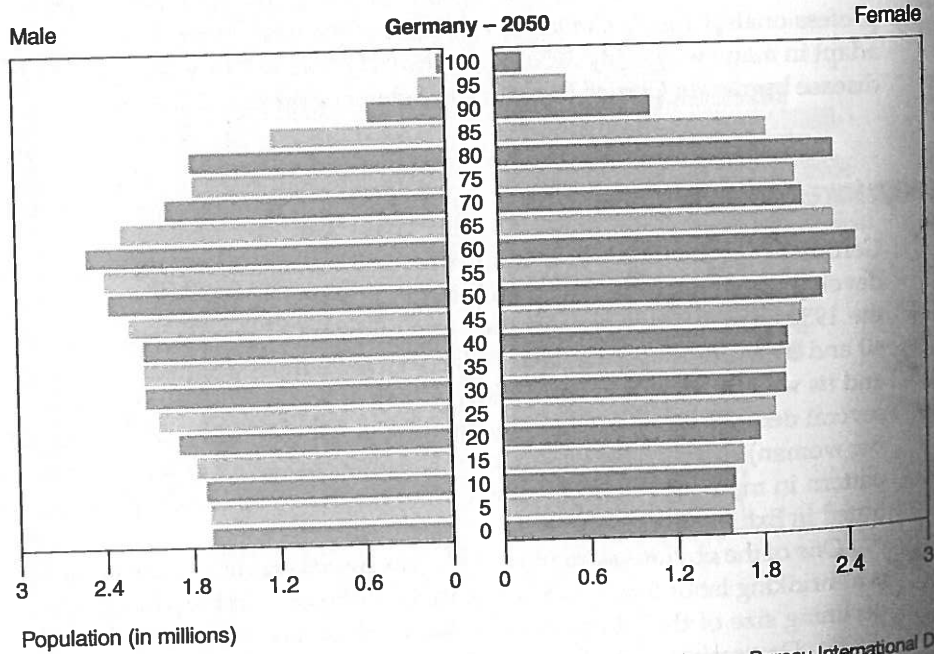
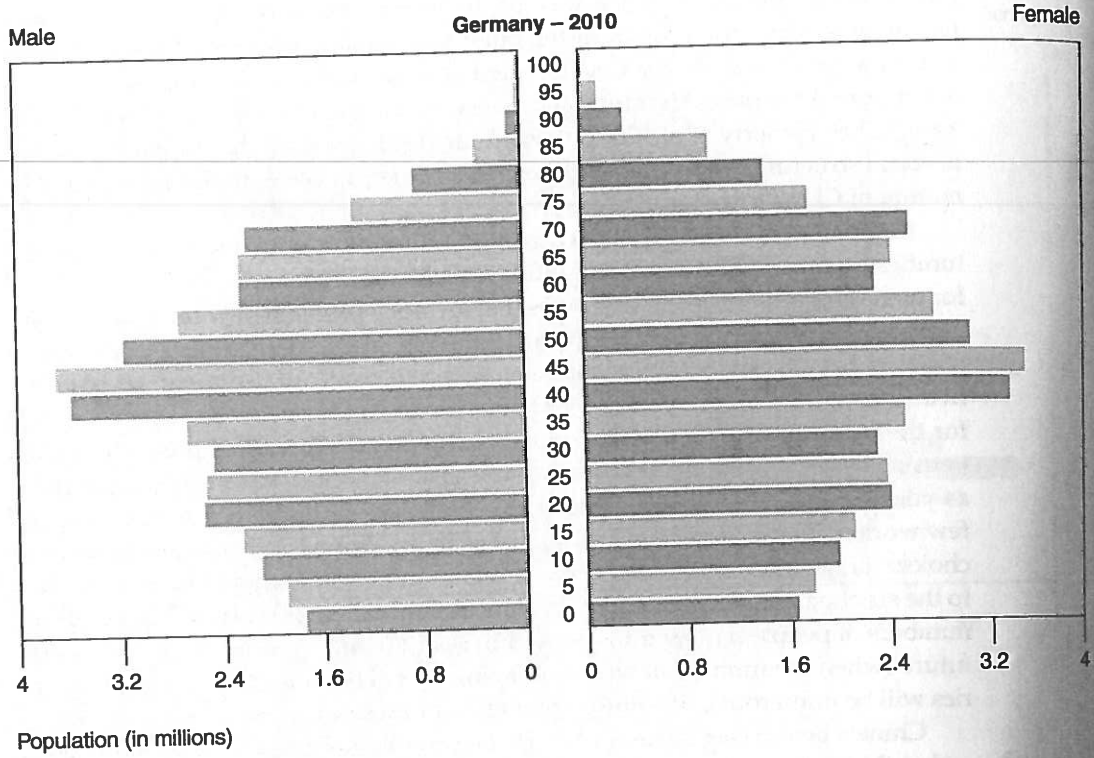
many: Inverted Pyramid

Germany's population pyramids for 2010 and 2050 show the classic pattern for developed nations with little population growth. Evidence of a baby boom in the 1950s and 1960s is seen in the large numbers of people between the ages of 40 and 55 in 2010; by 2050, that bulge will have moved upward in the pyramid, and its weight will rest on smaller numbers of younger, working-age people. For several decades Germany has sustained both a low fertility rate (about 1.4 births per woman) and high life expectancy. The projected result of these trends, a classic pattern in many developed nations, is an inverted population pyramid, as illustrated in Exhibit 10.6.

One of the obvious (and previously discussed) results of such an age structure is a shrinking labor force. As we saw in the discussion of the demographic divide, declining size of the labor force is a hallmark of countries on the old side of the divide. Decreasing size of the working-age population has implications for the

EXHIBIT 10.6

POPULATION PYRAMIDS FOR GERMANY, 2010 AND 2050



Source: U.S. Census Bureau International Data Base

age dependency ratio, the sustainability of Germany's pension programs, and simply filling jobs to keep its economy vibrant. Germany, Japan, and Italy have the worst age dependency ratios in the world: three working-age people for every person age 65 and older (Population Reference Bureau, 2010a). The viability of Germany's well-established and generous pension program is already threatened by the inverted pyramid. At present, Germany spends about 13% of its gross domestic product on the pension system, one of the highest percentages in the world (Kinsella & He, 2009). The proposed solutions to the public pension problem in Germany include increasing the tax rate for workers or the age at which a person is eligible to receive the pension, and further expanding immigration from other countries for working-age people. The political and economic viability of any of these solutions is under heated debate (Haub, 2007), just as they are in other nations.

In addition to a long-standing public pension program, Germany has a well-developed system of services and programs for older people, including formal long-term services offered in institutions and in the community. Even so, the significant size of the older population poses challenges for the future. Germany's response to, and planning for, these challenges reflects basic cultural values, as illustrated in a recent national report on aging policies. These values include a shared responsibility and solidarity, old age as a driving force for innovation, generational equity, lifelong learning, and disease prevention (Kruse & Schmitt, 2009). In its focus on promoting healthy, active aging, and lifelong opportunities for learning and civic engagement, Germany is very similar to the United States. Developed nations in general have the luxury of such a focus while their economies permit sufficient funding, but may find themselves challenged when the population pyramids are inverted. In contrast to this picture, some developing nations are struggling with poverty and significant health challenges, even without an aging population. Kenya is an example of such a country.

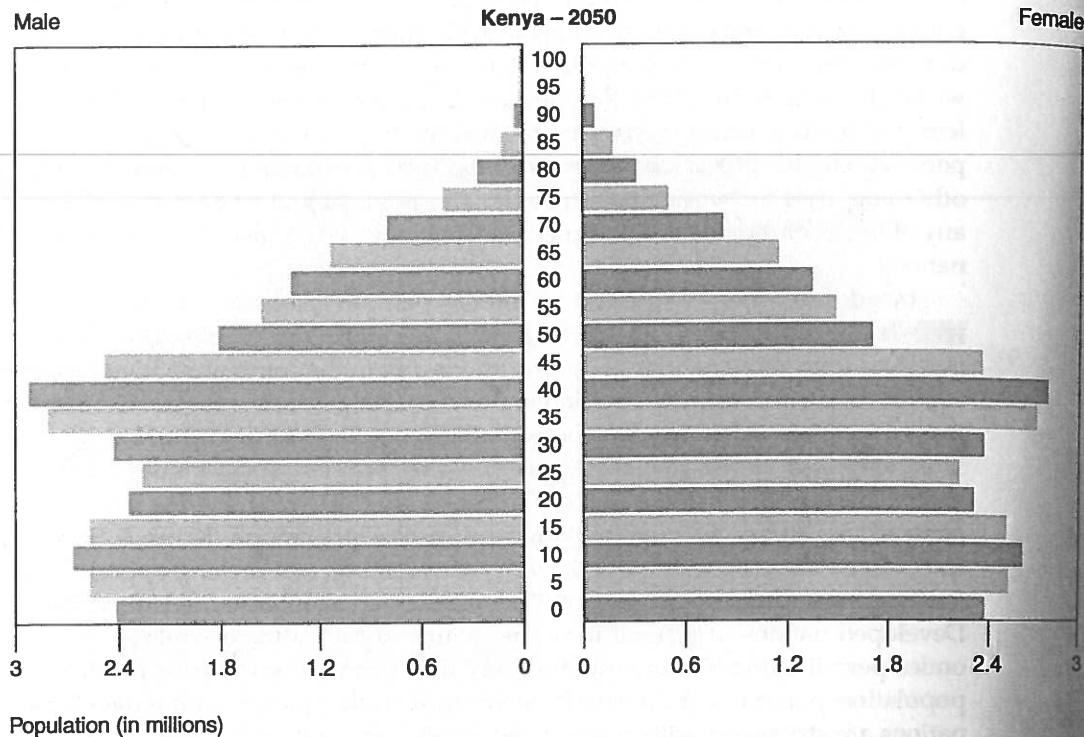
Kenya: Health Challenges

Kenya's population pyramid for 2010 was used in Chapter 3 as an example of a young society, with a true pyramid shape. By 2050, however, that shape will change dramatically, getting thicker in the middle and growing noticeably broader at the top—signs of the demographic transition. That altered age structure is illustrated in Exhibit 10.7. Between 2000 and 2050, the proportion of Kenya's population that is 65 and older will triple, from 2.8% to 8.6%. While still low in comparison to other nations, Kenya's circumstances reflect those of a number of countries in the less developed category.

Kenya's story is not simply one of development and aging, because other health-related events are contributing to the challenges it faces. As Kenya anticipates its growing aging population over the next decades, there are already pressing realities for older people today. The HIV/AIDS epidemic has "eroded hard-won progress in health and mortality, and has led to a decline in life expectancy from 59 years in the 1980s to 53 years in 2007" (Yin & Kent, 2008, p. 2). Thanks to recent public health interventions, life expectancy has again been improving steadily, and in 2014 it stood at 63.5 years (Central Intelligence Agency, 2014). Even at the peak of the HIV/AIDS epidemic, that disease did not directly affect the

EXHIBIT 10.7

POPULATION PYRAMID FOR KENYA, 2050



Source: U.S. Census Bureau International Data Base

life expectancy of the older population; instead, its impact was felt among adults in their prime years of productivity. For many older people, the HIV/AIDS epidemic translated into loss of their adult children and the necessity to care for their orphaned grandchildren. The HIV/AIDS epidemic in Africa is a broad-based epidemic, involving both women and men. This means that both marital partners may get the disease, and without expensive (and sometimes unavailable) medications, die from it. While the majority of older people in Kenya live with family, some are now living in **skipped-generation households**, with the middle generation missing and grandparents acting as surrogate parents. This pattern in Kenya is due to HIV/AIDS mortality of the middle generation, rather than other causes seen in the United States and other developed nations. In the United States, the most common reasons given for skipped-generation household arrangements are substance abuse, incarceration, or mental health problems on the part of the grandchild's parents (Scommenga, 2012).

In addition to the vast implications of HIV/AIDS mortality, elders in Kenya face problems with poverty, illiteracy, poor nutrition, limited housing options, lack of income security, and few social service programs (Mwangi, 2009). As in many nations across Africa, the Kenyan legal system has not specifically moved to protect the rights of elders; it provides no specific assistance with issues such as age discrimination, inheritance and property law issues, and

adequate access to health care, social services, and income security (HelpAge International, 2008).

Kenya has recently adopted a national policy on aging and older persons, which identified priority areas consistent with the problems listed previously. The policy focuses on health, nutrition, income security, poverty reduction, and healthy family culture. Financial support for the most vulnerable elders and small retirement benefits were authorized in this 2008 legislation, one of the first steps in Kenya's development of government support for older people (Mwangi, 2009). Eligibility for Kenya's old-age pension is 60; however, life expectancy at birth is just 63.5 (Social Security Administration SSA, 2014b). About one-third of African countries that offer some old-age insurance benefit have life expectancies lower than the pensionable age (National Institute on Aging [NIA], National Institutes of Health [NIH], U.S. Department of Health and Human Services [HHS], & U.S. Department of State, 2007). For example, Lesotho's statutory pensionable age is 70 years, with no early pensionable age, but life expectancy at birth is 52.65 years (SSA, 2014b; Central Intelligence Agency, 2014). Though significantly challenged by a relatively low level of economic development, Kenya is currently seeking to amend its constitution to guarantee the protection of its elders from discrimination, enabling a life with dignity and respect, and reasonable care and assistance from family and the government (Mwangi, 2009).

These three countries, all with old or aging populations, illustrate a wide range of demographic, cultural, and social characteristics. How are these countries planning for and responding to their aging populations? Clearly there are many cultural, economic, demographic, and political forces at work in shaping these nations' responses. To understand the development of public policies and programs in particular, the concept of the *welfare state*, discussed in Chapter 9 for the United States, is a useful framework.

AGING AND THE WELFARE STATE

In the United States, the term *welfare* usually connotes the safety net programs for citizens who, for a variety of reasons, require public support for basic necessities such as income, food, and health care. However, the welfare state is much broader than just a system of safety net programs. The concept is most often thought of as the collection of social assistance policies and programs provided by a nation that take the place of support traditionally provided by the family, community, or religious institutions. Such policies often include public pensions, health care programs, family allowances, sickness and maternity/birth benefits, and unemployment compensation. Policies and programs that focus specifically on the needs of the older population comprise an *old-age welfare state*; Chapter 9 discussed the development of such a system in the United States. Though most industrialized nations have fairly well-developed welfare states, there is considerable variability in how policies are organized or applied across countries. Many developing nations, like Kenya, are at the early stages of forming national policies for aging populations. Exploring how, when, and why welfare states emerge provides important context for our later discussions of the differences across nations today in the extent of policies and programs for older people.