

Age, 'dependency' and intergenerational relationships

Emily Grundy

Age Concern Institute of Gerontology, King's College London, Cornwall House, Waterloo Road, London SE1 8WA, UK

Editorial

Population aging is widely regarded as presenting substantial economic problems. The foreword to the recent World Bank report¹ on 'Averting the old age crisis' warns of 'a looming old age crisis that threatens not only the old but also their children and grandchildren, who must shoulder, directly or indirectly, much of the increasingly heavy burden of providing for the aged'. Much of this alarm arises from the association between age and economic activity, which is narrowly assumed to be equivalent to an individual's contribution to production or the well-being of the community as a whole. Routine compilations of statistics frequently include 'old age dependency ratios' which show the ratio of persons aged 60 or 65 to those assumed to be economically active – usually defined as those aged 16, or sometimes 20, to 60 or 64. Such ratios may be useful summary indicators of a population's age structure but, as frequently observed, they are only a very approximate indication of 'dependency' – even as narrowly defined as this.

In many developed countries changes in employment patterns have had a greater impact on the ratio of workers to pensioners than have age structure changes alone.² The marked decline of continued employment after pension eligibility ages and the great shift towards earlier retirement have attracted much attention.^{3,4} In Britain the retirement age for men is officially 65, but in 1994 only half (51%) of 60–64-year-old men were in the labour force, a fall of seven percentage points since 1984.⁵ Moreover, the assumption that all those aged 20–64 are in the labour force is also clearly inaccurate. Estimates of elderly dependency, or support ratios, which take account of actual economic activity patterns diverge widely from those based on age alone.⁶ In France, for example, there were, in 1990, 25 persons aged 65 and over per 100 aged 20–64, but the ratio of noneconomically active persons aged 65 and over

to economically active persons aged 20–64 was well over 30.⁶ This difference reflects the fact that many of those in the 'working' population are not in the labour force, chiefly because of family responsibilities or education. Conventionally the unemployed are counted as economically active; if this group were also excluded from the denominator of dependency or support ratios these ratios would appear even less favourable.

In Britain the proportion of 16–24-year-old men in the labour force fell from 82% to 74% between 1984 and 1994, reflecting the expansion of educational and decline of job opportunities.⁵ Not all those in the labour force were actually in work: 20% of teenage males and 14% of those in their twenties were unemployed. Not only are young people starting work later, they are also leaving home later and marrying later.^{7,8} In 1991 60% of 20-year-old women in Britain were still single and still living with a parent, compared with 45% twenty years earlier.⁹ Children who leave the parental home to study or live with friends frequently return¹⁰; even those who leave on marriage may be back, not to give succour to their aging parents, but to seek support after divorce.¹¹

These changes have considerable implications for intergenerational expectations. Parents who were financially and residentially 'independent' in their early twenties are now finding that their children are often unable or unwilling to follow the same path. Increasing proportions are continuing their education while state support for students is being curtailed. In Britain the value of student grants fell by one-third between 1984 and 1994 and is set to dwindle further.⁴ In the United States paying for a child's college education is accepted as usual, at least among more privileged groups, and in 1994–95 over 40% of 55–63-year-old parents with an adult child at college were providing financial assistance.¹² In Britain the equivalent proportion (in the late 1980s) was less than a quarter but changes in government policy assume

a large increase in parental payment for their offspring's continued education.

Parents in late middle age may also increasingly find that their own parents need their time and, perhaps, money. In the United States in 1994–95, 39% of 55–63-year-olds had a living parent. In Britain the equivalent proportion (in 1988) was only 23%, but this will increase as mortality rates at older ages fall.¹²

These changes suggest that intergenerational resource transfers may also be changing. Whether or not the process of adjustment will increase family tension or lead to a strengthening of intergenerational relationships (or both) remains to be seen.

References

- 1 The International Bank for Reconstruction and Development. *Averting the old age crisis: policies to protect the old and promote growth*. Oxford: Oxford University Press, 1994.
- 2 Fukawa T. Population aging and social expenditure. In: *Economic and social implications of population aging: proceedings of the international symposium on population structure and development*, Tokyo, 1987. New York: United Nations, 1988.
- 3 Henretta JC. Recent trends in retirement. *Rev Clin Gerontol* 1994; 4: 71–81.
- 4 Johnson P. Retirement: evaluation and macro-economic implications. *Rev Clin Gerontol* 1994; 4: 151–67.
- 5 Central Statistical Office (UK). *Social trends 1996*. London: HMSO, 1996.
- 6 Kinsella K, Gist YJ. Older workers, retirement, and pensions: a comparative international chartbook. US Bureau of the Census IPC/05-2. Washington, DC: US Government Printing Office, 1995.
- 7 Berrington A, Murphy M. Changes in the living arrangements of young people in Britain during the 1980s. *Eur Soc Rev* 1994; 10: 235–57.
- 8 Glick P, Liu S. More young adults are living with their parents: who are they? *J Marriage Fam* 1986; 48: 107–12.
- 9 Murphy M, Grundy E. Changes in intergenerational support transfer in the 1980s: the case of living arrangements. Paper presented at Session IV.3 of the European Population Conference, Milan, 1995.
- 10 Da Vanzo J, Goldscheider FK. Coming home again: returning to the parental home of young adults. *Popul Stud* 1990; 44: 241–55.
- 11 Grundy E, Harrop A. Coresidence between adult children and their elderly parents in England and Wales. *J Soc Pol* 1992; 21: 325–48.
- 12 Glaser K, Grundy E, Henretta J, Murphy M. Family structure and intergenerational relationships: a comparison of 55–63-year-olds in the US and Britain. HRS/Ahead Working Paper. Michigan (MI): University of Michigan, Population Studies Center, 1996.