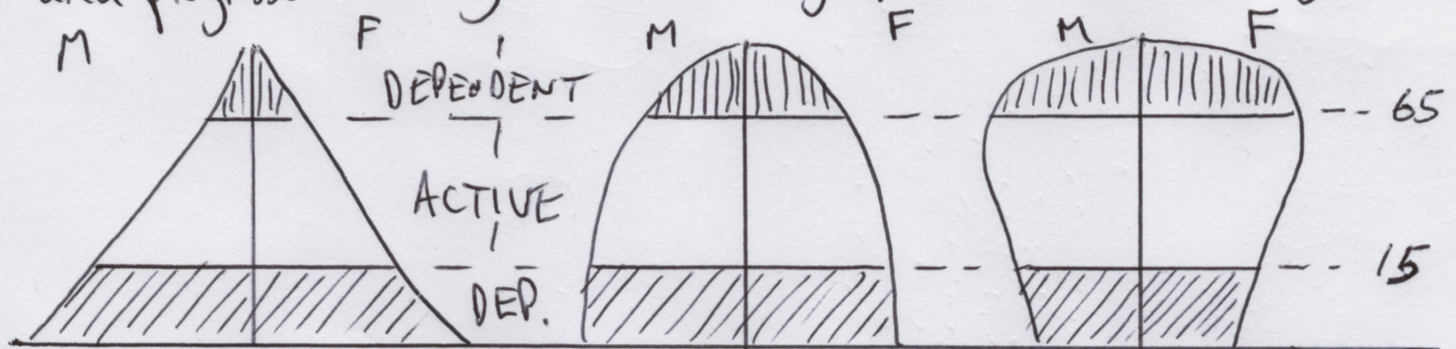


DEPENDENCY RATIOS

This shows the ratio of the active population (16-65) who are working, producing and paying taxes to the dependent population >16 or >65 who in general rely on the wealth created by others.

This ratio and the characteristics of the structure of the population of a country changes as the country develops and progresses through the Demographic Transition Cycle (DTC)



3

4

5

DEMOGRAPHIC

TRANSITION

STAGE

Developing country
Sub Saharan
Sahel

Developed
Country

Post Modern Dev.
country.
(declining pop)

EU

Youthful pop - high costs for <16, health education

Ageing population
increasing costs for >65, pensions, health social care.

BUT - many countries do not have compulsory education to 16, so many children are active/working earlier
- may be in informal sector so may pay no tax
- less likely to have pension system for >65 so may work longer.

BUT many people >16 continue in education, possibly for 5-6 more years before becoming 'active members of society.'
- Historically people have retired early, possibly at 60 especially women
- longer life expectancy and ageing pop have led to govts raising retirement age to beyond 65.
- Many >65 have good pensions and still pay taxes
- Better health in older age means >65's still contribute to society.