Analyzing the Viability of Social Security

The **economic dependency ratio** is a measure of the portion of a population that is composed of dependents (too young or too old to work).
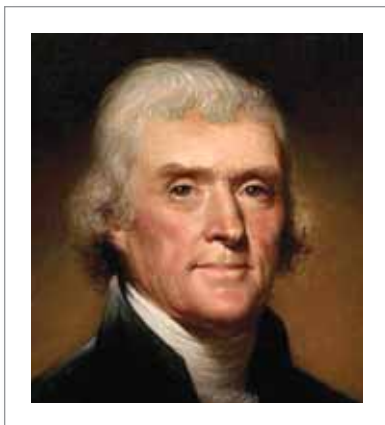
Economic Dependency Ratio

The economic dependency ratio is the number of people below age 20 or above age 64 divided by the number of people aged 20 to 64.

$$\text{Economic dependency ratio} = \frac{(\text{people } 0\text{–}19) + (\text{people } 65+)}{\text{people } 20\text{–}64}$$
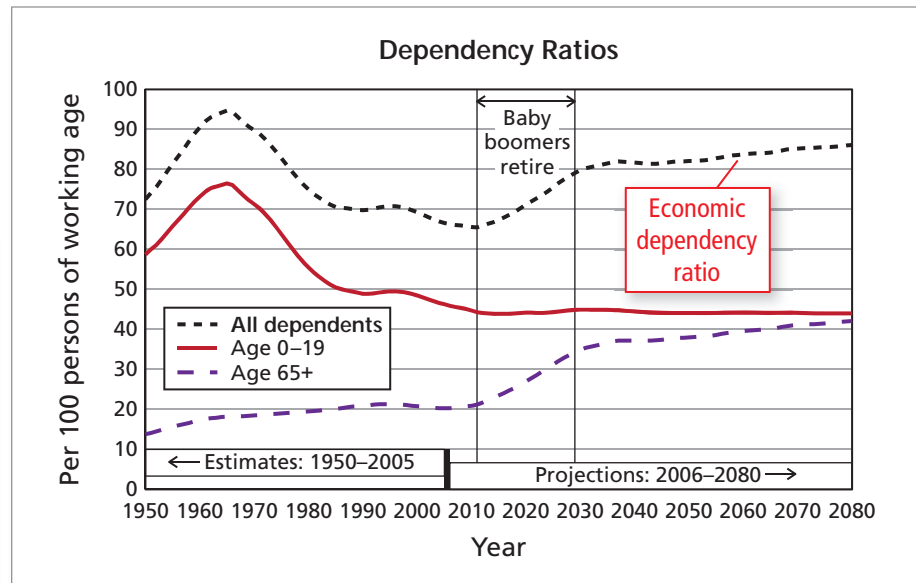
A rising economic dependency ratio is a concern in many countries facing an aging population, because it becomes difficult for pension and social security systems to provide for a significantly older, nonworking population.

> ### EXAMPLE 5   Analyzing a Graph

The graph shows the estimated and projected economic dependency ratios in the United States from 1950 through 2080. Discuss the changes in the ratio.

SOLUTION

From 1950 to 1965, the ratio increased. Then, due to a decreasing birth rate, the ratio decreased for many years. Shortly after 2010, the ratio began another period of significant increase as baby boomers (people born in the 20 years following World War II) began to retire. By 2030, the United States should have an economic dependency ratio of 80, a level it has not had since 1980.

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The graph above generates a basic political philosophy question. That is, in a group, whose responsibility is it to take care of the people who cannot take care of themselves? Explain how different political parties have different answers to this question. What do you think?

Thomas Jefferson believed that it was the duty of each individual to give to those in need. He thought it was more effective to give entire contributions to local organizations than to divide the contributions among various organizations throughout the country.