The rapid demographic transition particularly, fast reduction in mortality rates during the post-half of the last century has resulted in numerical growth of older populations around the world. Rapidly swelling numbers of elderly population – defined here as persons aged 60 years and above, have far reaching socio-economic and health consequences. This paper examines the prospects of ageing and variations therein in 22 members of the League of Arab States by the middle of the 21st century. The analysis is based upon the medium variant population projections published by the United Nations in 2002. The study first proposes a modified version of Golini's (2002) conceptual framework describing the dynamics of aging process, its determinants and micro and macroeconomic consequences. The scope of the present paper is, however, limited to macro analysis of data on population aging. To ascertain future prospects of population aging in the Arab countries, four indices, namely, (i) Median age of the population; (ii) Old-age dependency; (iii) Oldest-old dependency; and (iv) Aging Index have been computed. Also, to find how rapidly the 'old and oldest-old' populations are expected to increase in Arab countries, exponential rates of growth of populations 60+ and 80+ have been computed for 2000-2050.

On the basis of the above four indices, 22 Arab States have been classified as relatively "Fast", "Medium", and "Slow" aging countries. Lebanon, United Arab Emirates, Bahrain, Kuwait, Tunisia, Algeria, Libya, Qatar, Egypt and Morocco are likely to fall in relatively 'Fast' aging group in 2050. The list of medium ageing countries includes Syria, Jordan, Iraq, Sudan, Saudi Arabia and Comoros. The six Arab states, namely, Oman, Palestine, Mauritania, Djibouti, Somalia and Yemen are expected to rank lowest in almost all the groupings based on the values of the four aging indices in 2050. The last six states may not call for immediate attention as far as the problems associated with the population aging are concerned.

The paper discusses socioeconomic and health consequences of aging due to changing age-sex structure of the population in the 'Fast' and 'Medium' aging countries of the region. Finally, it reviews the existing social security for elderly in the selected Arab States and gives policy recommendations.

Population Aging: The Consequences

A. Socio-economic:

Researchers have attempted to study the consequences of aging and problems of elderly from different perspectives. For example, Sociologists deal with the gradual unfolding of the social development of individuals including changes in their social status, roles and positions (Saxena and Kumar, 1997) and social security of the elderly. Economists, on the other hand are concerned on the implication of the aging phenomenon through its conventional 'economic dependency' (Rajan et al., 1994). Studies conducted in developing countries generally reflect financial insecurity among the aged particularly among elderly women (Dak and Sharma, 1987; Nandel et al., 1987). Those who work in formal sector of the economy having a fixed retirement age loose income upon retirement and those engaged in informal sector, their earnings reduce with increase in age. Thus, with the growing age, people generally lose their economic independence in countries having little or no retirement benefits and/or social security schemes for their elderly populations and fall into a perpetual poverty (Soldo and Manton, 1985). Mandatory retirement or withdrawal from work due to old age causes alienation from society, feelings of uselessness, less productivity, loss of social roles, decrease in social power, and other psychological problems (Kiuranov, 1994).

In most of the developed countries, old people receive some income as Social Security (a system of intergenerational transfer practiced, for example, in the U.S., where young people contribute to the government which allocates this sum to the elderly as "Social Security"), which is practically non existent in developing countries. In the Third World countries, however, some welfare assistance is available to those who retired from the government service or from jobs in formal sector of the economy in the form of pension and/or contributory provident fund. The rest of the elderly depend on their savings or some kind of assistance from their family.

An immediate effect of aging populations is the increase in number of retirees and thus the old age dependency would increase implying that a growing number of elderly populations have to be supported by young and economically active population in the age group 15-59. The aged population will induce more demands on the country's health and social service system. It will cause increase in the cost of retirement pensions and the demand for medical care (Azim, 2002). Aging of population may also severely affect standard of living in the population (Anderton, 1995). With increasing dependency burden the per capita income of households with fixed income would decline. While discussing the effects of aging on macroeconomics of Brunei Darussalam, Azim (2002) states "…the composite impact of aging and the rising dependency ratio in the country will have adverse effects on household savings". This is equally true for most of the Arab States. Fewer saving may result less investment, which in turn decreases the aggregate supply of goods and services and thus country's national income. An increasing percentage share of expenditure to meet growing demands of elderly population in gross domestic product (GDP) will leave less capital for the government to spend on other developmental projects. Governments of member states are committed under the program of action of the ICPD held in Cairo in September 1994 to mobilize their resources to meet the demands of their elderly populations (ICPD, 1994).

The changing age-sex structure of population due to population aging will require the change in the pattern of production as per the demands of young and old population of the country. The industries would need to respond by adjusting their production to meet the new and nascent demand.

B. Health:

Demographic transition and epidemiological transition go hand in hand. The latter refers to the secular changes in patterns of health and disease in relation to social, economic and demographic factors (Sibai, 1998). Reductions in levels of fertility and mortality immediately translate into fall of childhood diseases and increase in chronic degenerative diseases of old ages. The elderly are more susceptible to both infectious and chronic diseases due to deterioration of the inflammatory and immune response with age. Among leading causes of morbidity as reported in literature are chronic conditions, namely, hypertension, cardiovascular diseases, cancer and diabetes (DHS, 1985). Pneumonia, kidney and chronic renal diseases, diabetes and nervous diseases like Parkinson's disease are also prevalent among elderly (Boulghourjian, 1997).

Multiple chronic diseases are also common in old ages that affect health and well being of the elderly (Cavanaugh, 1993). In case of acute conditions, the duration of disease will be longer and more likely is lethal (Dooghe, 1994). Although, some of the chronic diseases of old age are often non-fetal, they do bring discomfort to elderly and affects their quality of life. Arthritis, orthopedic and visual impairments and hard of hearing are some of the commonly observed ailments of old ages (Brody, 1988). Thus, with the demographic aging the changing health needs of the population are imminent. The governments of some of the Arab States, namely, Algeria, Bahrain, Egypt, Kuwait, Lebanon, Libya, Morocco, Qatar, Tunisia, and United Arab Emirates that are expected to experience fast aging in the region during 2000-2050 should prepare themselves to meet the health requirements of the elderly in the years to come. Both short and long term plans are to be drawn to meet the challenges of the aging phenomenon.

Social Security for Elderly in the Arab States

Since the adoption of the program of action in the ICPD, plans for social security reform for elderly have been receiving increasing attention in many countries around the world. Several developing countries have integrated social security and other welfare programs for old people in their developmental agenda. Unfortunately, however, little is available on the subject in published form for Arab States. Of late, Turner and Lichtenstein (2002) have reviewed social security reform in 12 selected Arab countries, which are summarized as under:

Arab States present a very divergent scenario in terms of gross domestic product (GDP) and per capita income. The region is comprised of some of the world's wealthiest countries and some of its poorest (Turner, 2002). The wealthiest countries are Kuwait, Qatar, and United Arab Emirates having per capita income exceeding that of several European countries. The per capita incomes of Jordan and Syria are comparable to that of Poland and Romania and Yemen with that of India (Turner and Lichtenstein, 2002). The authors observed that social security programs in Arab countries have many similarities. By and large all these programs are traditional social insurance defined benefit programs and defined contribution systems are least practiced.

Iraq was the first country to establish a social security program in the region in 1950. However, the provident fund scheme was introduced in 1956 which was later converted to a social security plan in 1964. Syria, Saudi Arabia and Kuwait implemented the social security plan in 1959, 1962, and 1976, respectively. Though Bahrain introduced the program in 1976, but began paying benefits only in 1986. Both Oman and Yemen implemented the program in 1991.

Social security coverage rates are relatively higher in the Arab States than in Africa and Asia. However, not more than 25 percent are covered within the structure of the social security law. For example, only 21 and 23 percent of the labor force is covered in Saudi Arabia and Kuwait, respectively. The main reason for low coverage rates in some of the Arab countries is that foreign workers constitute a higher percentage of labor force and they are not covered under the national social security law. Jordan, however, spends on military pensions nearly three-fourth of total spending on public pensions (Palacios and Pallares-Miralles, 2000). Unlike some of the Arab States, Jordan and Yemen cover migrant workers at par with their own citizens.

The social security coverage in some countries is, however, limited to larger employers. For example, in Bahrain and Saudi Arabia employers having ten or more workers, while in Jordan five or more, are covered under social security plan. For less then ten employees, participation in the security plan is voluntary. Bahrain offers voluntary coverage for the self-employed. Lack of mandatory inclusion contributes to low coverage rates under social security plan.

Except Lebanon, all other Arab States contribute to financing of social security. Employers generally contribute higher percentage from 7 to 14 percent while employee's contribution range from 5 to 7 percent. In Lebanon, only employer contributes. In Iraq, the contributions to social security by oil companies and all other companies are 20 percent and 12 percent, respectively. The government of Oman provides a subsidy of 5 percent of total wages towards social security fund. Kuwait gives a large subsidy of 10 percent of total wages. In Yemen, government contributes 6 percent towards social security of its employees, while other employers give 9 percent. Retirement benefits are available at 60 years of age for men and at a younger age for women in a number of Arab States.

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