

# Experience and Inspiration of the Management of Old-age Poverty in Developed Countries

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**Abstract:** Old-age poverty is a normal phenomenon of world development. Due to the different economic development conditions in various countries, the status quo, causes and treatment policies of old-age poverty are also different. Further study of the United Kingdom, the United States two representative the elderly poor governance policies and practices of developed countries, for scientific understanding China's current problems of the rural elderly poor governance, improve the starting point for policy choice, broaden the policy choice field of vision, to improve the effect of China's rural elderly poor governance, all have important reference value.

## 1. Introduction

The poverty of the aged is an important topic of global poverty governance, among which the poverty of the aged in developed countries is mainly manifested as relative poverty. "Another key trend highlighted by the report is that the reduction of working poverty is slowing, which endangers the prospects for eradicating poverty established by the UN's sustainable development goals," says WESO, the ilo's "world employment and social outlook 2017" (International Labour organization,2018).Along with the aging of the population increase, represented by Britain, the United States, Japan and other developed countries the elderly poverty trend intensified. This paper selects two developed countries, the United Kingdom and the United States, which are relatively representative in the governance of poverty for the elderly, to sort out the poverty status of the elderly and the measures of poverty governance, and to summarize the experience and lessons of the governance of poverty for the elderly, which will help China achieve the goal of poverty alleviation on schedule.

## 2. Policies and practices on the treatment of elderly poverty in Britain

As the initiator of the first industrial revolution, some local governments in Britain started the action of relieving and helping the poor old people. In recent years, the problem of old-age poverty in Britain is not optimistic. The British government actively seeks for countermeasures, targets the quasi-old-age poverty groups and adopts targeted poverty alleviation measures, basically forming a relatively complete old-age poverty governance system, which is typical and exemplary in developed countries.

### 2.1 The poverty of the elderly in Britain

Britain is an early adopter of an aging population. In the 1960s, people over 65 accounted for 15% of the country's population. In 2007, the number of people over 65 years old reached 9.57 million, accounting for 16% of the total population. In 2016, the office for national statistics revealed that "the number of elderly people over the age of 80 has been increasing and it is expected that this age group will account for 5% of the entire population by 2021"(UK National Bureau of Statistics,2016), Britain will become one of the countries with the highest proportion of the aged population in the world, accompanied by the aging of population is the problem of the aged poverty that cannot be ignored. In May 2016, the BBC reports, compared with the relatively young British elderly, age in Britain the elderly over the age of 75 years less income for 3000 pounds a year, about 1 million at

the age of the elderly plagued by poverty, of which about 500000 people below the national poverty line, legal and in this part of the group, 80% in poverty for a long time; Another half a million people, whose incomes are only about 10 percent above the country's legal poverty line, are barely above it, but will at any time suffer poverty. Poor elderly people in Britain are mainly supported by their children, relatives, charitable organizations and the government. For them, life is more of an ordeal than an ease and enjoyment.

One of the main factors driving Britain's elderly into poverty is the lack of family support awareness. Although society demands respect for the elderly, the idea that family children support their parents is weak. Although the poor law of England as early as 1601 stipulated that children should be responsible to their elderly parents, it pointed out that "if they were competent enough", the relevant authorities lacked a tracking and review mechanism for such "competence", nor did the children have the responsibility and obligation to support the elderly. Second, the pension system is flawed. Even though its pension system has been described as one of the world's "reasonably viable" systems, the crisis has been repeated since brexit. On the one hand, there is a potential payment crisis for public sector pensions. The aging population has become one of the serious challenges for the UK's pay-as-you-go pension system. On the other hand, there are obvious injustices between public and private occupational pensions and within public sector pension plans. The basic pension benefits in Britain are low, and the lack of pension provision makes poor old people worse off. Third, the level of personal savings is not high. Even though the government advocates voluntary personal savings, Banks, insurance companies and others also launch diversified and attractive savings and investment plans. However, due to the influence of individuals, social environment, national system and policies, individual savings enthusiasm is not high. Fourth, social assistance has not kept pace with social and economic development. The British social assistance system has played a positive role in promoting social equity, protecting vulnerable groups and narrowing the gap between the rich and the poor, but it is also prone to the poverty trap for the elderly. Especially in the current economic downturn, the overall national strength decreases, the government's financial capacity is limited, and social assistance construction is sluggish.

## **2.2 Measures to tackle poverty among the elderly in Britain**

Britain was the first developed country to carry out poverty relief and build a welfare state. For hundreds of years, its main strategy to deal with the poverty of the elderly is to constantly develop and reform the social security system. It pays special attention to the special needs and interests of the elderly poor groups and provides them with corresponding support and conditions, becoming the western European country with the longest history of social security system.

### **2.2.1 To construct the elderly poverty management strategy with poor law as the core**

In the late 16th century and early 17th century, Britain was in the stage of rapid social changes, especially the continuous enclosure movement led to more people becoming poor. "There is no country in Europe where there are no poor people, but in Britain there are too many poor people, including poor old people who cannot work," says Mr Harrison(Shtekmal,1958). The bourgeois revolution and puritanism made British society pay attention to the problem of poverty. In the late middle ages, local governments began to help the poor old people. In 1536, "Henry poor law" proposed to set up a public fund to mainly provide relief to the elderly, which laid the basic direction for the development of Britain's poor law system and the policies for the treatment of poverty for the elderly. In 1597-1598, the "poor law" put forward the establishment of such relief institutions as correctional institutions and charities to help the poor old people. In 1601, the "Elizabethan poor act" began to establish a poverty monitoring mechanism, clearly stipulating the emergence, responsibility and resignation of poor supervisors, as well as the collection, management and use of poverty relief funds. Meanwhile, it made clear disciplinary regulations on malfeasance and tax evasion. In 1834, Britain issued a new poor law according to the situation, which proposed that the principle of in-hospital relief must be followed, and poor old people receiving relief must enter the workhouse. Between 1870 and 1914, old-age poverty in Britain became increasingly serious."bart thought that 25.9% of the aged people over 65 in Britain were

poor, while Litech estimated that the proportion was 29.3% (Doreen Collins, 1965). In response to this situation, from the 1890s, the UK strengthened the management of the workhouses, and established the special "old people's home" to help the poor, providing necessary out-of-hospital relief for the poor. The relief under the poor law provides certain life security for the poor old people, but the difficulties are also increasingly obvious.

### **2.2.2 Implement the elderly poverty management strategy with social insurance as the core**

At the end of the 19th century, in response to the increasingly serious poverty of the elderly, the United Kingdom began to implement the treatment of poverty of the elderly with social insurance as the core. First, implement the "pension law". The "pensions act" is the first time the UK has established a state pension system, which is a positive measure to prevent poverty among the elderly by providing a state pension. After the law was implemented, government departments strictly implemented the pension eligibility review system in order to minimize the pension expenditure, resulting in a considerable number of pension applicants being denied or unable to receive full pension due to various reasons. In view of this, people from all walks of life urge to raise the level of pension allowance and expand the scope of pension system. The "pension law for widows, orphans and the elderly" promulgated in 1925 enabled more elderly people to get the pension security through the pension system, effectively avoiding the risk of poverty. Second, establish the national health insurance system. In the late 19th and early 20th centuries, the British government began to carry out various health care and health measures, which set the stage for the implementation of health insurance system. In 1911, the "health insurance law" was passed by parliament as the first part of the "national insurance law", and the national health insurance system was formally established in Britain. Health insurance allowance includes medical treatment, convalescence, disease, disable respect, insurant age attains 70 years old no longer pay insurance premium. The health insurance system has played an active role in preventing poverty caused by diseases among the elderly.

### **2.2.3 Implement the elderly poverty management strategy with social welfare policy as the core**

From 1942 published the "Beveridge report", became a British welfare blueprint of real practice, the "national relief law" implemented "national hygiene" and so on, the British established a national health care system as the core of the social welfare system, marks the British elderly poverty by scattered poor governance policy measures to systematic social welfare system, admittedly, this kind of "from cradle to grave" model of welfare policy effectively helping the elderly poor governance. First, the UK takes care of the lives of low-income elderly people on the basis of national pension, effectively preventing the elderly from falling into poverty. According to the actuaries' forecasts, the dependency ratio will rise to 48% by 2050, generating 12m people with insufficient pension savings, and the government's pension expenditure will rise from 9.1% of GDP to 16.1% by 2050. Faced with this situation, the British government will strive to control the proportion of the elderly population who have no other source of income after retirement to less than 12%, and continue to play the role of pension poverty alleviation. Secondly, the British government pays attention to the differentiated needs of the elderly and the poor, and conducts targeted treatment. The British government adopted the median calculation method to set the poverty line, and the refinement and excellence of the standard gave the elderly with different poverty conditions effective help from the government. In addition, the British government combines the national health care system and social pension service to provide individualized health service and health care programs for the poor elderly. At the same time, we will promote the accessibility, marketization and industrialization of social elderly care services through government assistance, private assistance or the establishment of non-governmental non-profit organizations. At the same time, we will encourage social forces to help the elderly to get rid of poverty.

### 3. Policies and practices of poverty management for the elderly in the United States

In the eyes of the people of the world, the United States is the "bakery" of the world, the cradle of the American dream, the land full of opportunities, as well as the sharp edge of skills, materials and other countries, rather than accompanied by poverty. Unfortunately, poverty also exists in the United States. From 1964 to 2006, with the combination of economic growth and more generous public welfare policies, the poverty rate in the United States fell from 19% to 12.3%, and the number of elderly people in poverty was significantly reduced.

#### 3.1 The poverty of the elderly in the United States

At present, the poverty line of the United States mainly takes family population and family income as the basic reference factor, and the standard increases year by year. In 2016, according to the U.S. census bureau statistics report, "according to live below the official poverty line of people, is a family of four earning less than \$24000 of household is calculated, the median household income of \$56516 in 2015, more than family real median income of \$72165, single family real median income of \$33805, poverty population is 43.1 million people, the poverty rate was 13.5%"(Jing Zhu,2016). Americans are suffering from the poverty and welfare system at some point in their lives. According to PSID data, the cumulative risk of all levels of poverty for people aged 60-90 (table 1) is seen from 1.00 times the poverty line: by age 65, 12.2% of the elderly population of the United States have lived under this standard for one year; By age 75, it's 23.3%. By age 85, it was 35.3 percent. For those aged 90, the figure was as high as 40.4 percent. In any given year, the likelihood of poverty accumulates over time, and many people experience poverty or near-poverty in their later years.

Table.1 Cumulative percentage of older Americans who experience poverty

Age	Poverty levels		
	1.00 times below the poverty line	1.25 times below the poverty line	0.50 times below the poverty line
60	5.4	8.5	1.6
65	12.2	15.8	4.1
70	17.9	22.2	5.4
75	23.3	29.1	7.1
80	28.7	34.7	10.5
85	35.3	42.4	12.2
90	40.4	47.7	14.7

The problem of poverty has been throughout the development history of the United States, and affected the class and group of American society, including the aged group. It turns out that poverty among the elderly is still a serious problem in the United States. The main factors that contribute to this situation are: firstly, differences in race, marital status and years of exposure to education lead to different levels of poverty among the elderly. An analysis of PSID data by rick and hersheel (table 2) found that between 60 and 85, 64.6% of blacks had been poor, compared with 32.7% of whites. Of the elderly who were not married, 51.2% had been poor, while 24.9% were married. 48.4 per cent of older adults with less than 12 years of education experience have been poor, while 20.5 per cent of those with education in or over 12 years. Second, the Labour market has a limited contribution to older households. A weak labor market, a tough job market, high unemployment and low income are undoubtedly driving more seniors into poverty. Moreover, the social safety net is powerless to prevent poverty in the elderly. The United States has always been a "welfare state" reluctantly, despite the rhetoric said a lot of taxes have been spent on public welfare, but the social safety net was integrity to compress and cut back on its spending, lead to insufficient total investment, its welfare safety net can use "just meet the minimum requirements" to describe, especially in the input is directly related to the poor elderly have becomes even more savings, its ability to help older people out of poverty is quite limited, this leads to the elderly poverty rate has been high. Finally, there is the risk of widespread poverty in the course of life. At age 20, 10.6

percent of americans are below the poverty line, 15 percent below the poverty level of 1.25 and 19.1 percent below the poverty level of 1.5, according to the PSID ( table 3). By the age of 35, these three types of data rose to 31.4%, 39% and 46.9% respectively. By age 55, the three percentages were 45.0%, 52.8% and 61.0%, respectively. By age 75, those three percentages were 58.5 percent, 68 percent and 76 percent, respectively. This suggests that large Numbers of americans run the risk of poverty in their lifetime, and older people even more.

Table.2 The cumulative percentage of older Americans who experience poverty by race, education level, and marital status

Age	Race		Education years		Marital status	
	Black	White	<12	≥12	non marriage	marriage
60	14.3	4.4	8.7	2.5	11.1	3.6
65	30.6	10.3	19.3	6.0	24.9	7.7
70	45.4	15.0	27.5	9.0	32.9	11.9
75	54.7	20.2	34.3	12.8	39.4	15.8
80	59.4	25.8	41.0	16.0	45.1	19.9
85	64.6	32.7	48.4	20.5	51.2	24.9

Table.3 Cumulative percentage of Americans who experienced poverty in adulthood

Age	Poverty standard			
	0.50 times below the official poverty line	1.0 times below the official poverty line	1.25 times below the official poverty line	1.50 times below the official poverty line
20	3.1	10.6	15.0	19.1
25	9.7	21.6	27.8	34.3
30	13.2	27.1	34.1	41.3
35	16.1	31.4	39.0	46.9
40	18.4	35.6	43.6	51.7
45	21.2	38.8	46.7	55.0
50	23.2	41.8	49.6	57.9
55	25.9	45.0	52.8	61.0
60	28.4	48.2	56.1	64.2
65	30.2	51.4	59.7	67.5
70	31.3	55.0	63.6	71.8
75	32.9	58.5	68.0	76.0

### 3.2 Measures to tackle poverty among the elderly in the United States

Although the United States also has a serious problem of old-age poverty, the proportion of the elderly in poverty has declined significantly over the past 40 years. The sharp decline in the overall proportion of the elderly poor population cannot be separated from the policies adopted by the us government for the treatment of elderly poverty. The main measures are as follows:

#### 3.2.1 Establishing a social security system for the elderly

The geriatric social security program was born and established in the New Deal period when President Roosevelt realized that poverty had become an important social issue, " he's always inclined to stop evil, correct injustice, help people in adversity to get relief, and improve the situation of the poor"(Rexford G.Tugwell,1957). Social security plan is a kind of social insurance for these old and poor people. The "social security act" of 1935, signed by President Roosevelt, marked an important milestone in the history of welfare security in the United States(Theodore Roosevelt,1982). From the 1930s to the present, the social security system of the elderly in the United States has experienced a period of formation, development, maturity and reform. It has two

major systems: one is the pension system. In the United States, the implementation of flexible retirement system has three levels: early retirement, normal retirement and delayed retirement. This voluntary and progressive flexible retirement system, to some extent, stimulates the spirit of self-reliance of the elderly in the United States and effectively alleviates the poverty of the elderly. The second is medicare, the federal health insurance program that began in 1965, the second largest federal program after social security retirement annuities. Federal health insurance system has clear directivity, for elderly population aged 65 and older and disabled people to provide health insurance, including health care and medicaid, the federal health insurance benefits include hospital insurance and additional medical insurance, the former is mandatory cancelling plans, the latter is a voluntary cancelling plans. The combination of the pension system and medicare for the elderly, known as medicare, has led to a sharp rise in spending over the past few decades, contributing significantly to the fight against old-age poverty while also reducing national saving. At present, the elderly security system in the United States is decentralized and complex, and the overall level of security is not balanced enough. Compared with other developed countries, the elderly security level in the United States is low, and the insurance payment standard is also low.

### **3.2.2 Set up the elderly welfare and relief system**

America's emphasis on welfare for the elderly consists of three parts: first, in-kind assistance to low-income seniors, such as food stamps, cheap public housing and household energy assistance. Second, additional guaranteed income, which aims to provide relief for poor elderly people aged 65 and above, poor blind people or the disabled, to meet their basic needs of food, clothing and living. The government also passed a number of job incentives related to extra security income to ensure that recipients of extra security income kept the benefits and low income health insurance as long as possible. Third, low-income elderly health and medical assistance. This kind of aid includes two aspects. One is the medicaid program for low-income seniors. After receiving social security funds, low-income seniors aged 65 and over who have incomes below the poverty line are eligible to receive medical assistance for low-income seniors at the same time as receiving additional security income. The second is home care programs, which are designed to help low-income seniors, the blind and the disabled, 65 and older, continue to lead a quality of life in their own homes. In general, older americans who are eligible for additional income-security benefits are eligible for the program. The program is funded by federal, state, and county government spending and provides services that focus on routine domestic and non-medical care.

### **3.2.3 Build family assets**

To ensure that older families have a basic standard of living, the U.S. government tests the financial assets of applicants for government welfare. Assets generally refer to financial assets and those that are not financial but can be quickly converted into financial assets and can appreciate in value. On the asset definition of poverty is Robert is generally accepted in the sea, and Edward wolf to asset poverty standard of quantitative definition, namely "when a family lost income, if the family does not have enough assets wealth in three months in order to ensure its living standards will remain above the federal poverty line, then the family is poor family assets"(Robert Haveman and Edward Wolff,2005). The establishment of family assets is widely hailed as a fairly thorough and effective measure to tackle poverty in the elderly. According to the center for social development at Washington university in st. Louis, the construction of family assets is to "invest the accumulated savings of a family into social interactions and financial development that benefits the family"(Yonghong Wang,2011). In essence, the purpose of building family assets is to help middle - and low-income families to stay away from poverty and realize self-supporting poverty management strategies through financial savings and investment in long-term assets. It is only when a family continues to lay the foundations of economic security that it can achieve true success. Set up household assets main paths: one is to establish account of individual development, the second is to build a miniature enterprise development project, three is to establish a financial literacy program, four is implemented by the federal government and state governments earn income tax rebate policy, five is the government's unemployment insurance program, six is set by the government for poor

workers financial incentives. These six strategies will effectively prevent poverty in the elderly or help the poor out of poverty, because the goals of these strategies include: first, having financial income and assets; Second, have a career that offers decent wages or own your own small business. Third, own your own housing or rent affordable housing; Fourth, receive education and various vocational training; Fifth, have health insurance; Sixth, the accumulation and development of assets have inheritability, which becomes the ultimate standard to measure the success of family asset construction.

#### **4. Major inspiration of the governance of elderly poverty in developed countries**

##### **4.1 Based on the specific national conditions, select a suitable path for the treatment of rural elderly poverty**

The path selection of poverty management for the elderly directly affects the effectiveness of poverty management. Due to the differences in national conditions, social, economic and political development, and the differences in poverty among the elderly, countries should select the path and strategy for the treatment of poverty among the elderly. As the representatives of developed countries, Britain and the United States have strong comprehensive national strength, small scale and small degree of old-age poverty, and few absolute poverty problems among the old-age poverty groups. Therefore, in the process of the treatment of elderly poverty, the main basis of the existing elderly social security system, through the continuous improvement of the elderly social security system to help more poor elderly. From the elderly poverty treatment strategy with poor law as the core to the elderly poverty treatment strategy with social welfare policy as the core, Britain takes care of the elderly poverty problem realistically. With strong economic strength, the United States has relatively few absolute poverty in the elderly. It mainly focuses on solving the problems of relative poverty. In terms of the treatment of poverty in the elderly, the path of "poverty treatment of welfare system" is basically continued. China is a large developing country with a large population base, weak economic foundation, uneven development in various regions of the country, and the poor population is mainly in rural areas, while the elderly in rural areas are mostly poor, and most of them are reflected in the absolute poverty. For this reason, China should take into account the actual situation of the country when choosing the path of poverty management for the elderly in rural areas, limit the financial capacity of the country, focus on solving the problem of absolute poverty, take meeting the basic needs of the elderly in rural areas as important guidance, and pay attention to the forward-looking and sustainable path of poverty management.

##### **4.2 Attaching importance to legislation on poverty governance and safeguarding the rights and interests of the poor**

Legislation is the precondition for democracy to become institutionalized and legalized. To establish good laws and effective laws, enhance the pertinence and operability of legislation, and continue to improve the poverty management system for the elderly is the basic direction of poverty management in all countries. The history of poverty management in the United Kingdom is a history of perfecting the law. From the birth of the poor law to the introduction of the social insurance law to the legislative action of social welfare, every legislative action and the birth of every legislative achievement is strictly implemented in accordance with the provisions of the law. This is especially true in the United States. It not only promotes the legalization of poverty-related systems, greatly improves the stability, reliability and effectiveness of the systems, but also effectively restricts the implementation subjects of various parties. It also helps to guarantee the vital rights and interests of the poor groups. "The decision of the central committee of the communist party of China (CPC) on comprehensively advancing the rule of law " emphasizes that in order to form a complete legal system, we should adhere to legislation first, give play to its leading and promoting role, and improve the legislative system. Therefore, the inclusion of rural poverty treatment into the legal system not only complies with the constitutional provisions, reflects the requirements of improving people's livelihood and promoting the sharing of development results,

but also is an important breakthrough point for China's poverty treatment work to transform from policy-based poverty treatment to institutionalized poverty treatment under the new situation.

### **4.3 Target the target group, strengthen impoverished management classification to make a policy**

The fundamental purpose of carrying out the policy and system of poverty management is to improve the living situation of the poor groups and make them benefit practically. Whether in the period of economic development or in the period of economic stagnation, improving the precision and validity of poverty governance policies, which is in line with the realistic demands of the poor groups, can effectively improve the effectiveness of poverty governance. Based on the national pension, the UK takes care of the lives of low-income elderly people and effectively prevents them from falling into poverty. By combining the national health care system and social endowment services, the information status of the two can be interconnected and personalized health service and health care programs can be provided for the individual conditions of poor elderly people. The United States offers programs for the elderly in poverty, in-kind assistance to low-income seniors such as food stamps, cheap public housing and household energy assistance, and additional income protection programs for the elderly 65 and older, the blind or the disabled. Targeting the elderly poor groups and providing classified assistance according to the differentiated conditions of the poor elderly people, so as to optimize the allocation of poverty treatment resources, avoid waste of limited welfare resources, help improve the efficiency of poverty treatment for the elderly people, and effectively improve their living conditions. Poor governance of the current our country has entered a crucial area, poverty remains of 30.46 million poor people is a tough nut to crack, if you want to achieve in 2020 due to out of poverty, we must carry out precise poverty reduction strategy, target groups, especially aiming at poor rural old people, and for its differentiation classification ShiCe, do ZhenPin, really out of poverty.

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