PART I

Introduction
DISAPPEARING FILIAL PIETY?

Ipan (not a real name), in his forties, was caught in a complex dilemma. He had an offer of a more promising job in Samarinda, the capital city of the province of East Kalimantan, Indonesia, than his job in Bandung, the capital city of the province of West Java. He had been living with his wife and two young children in Bandung, a four-hour flight and two-hour drive to Samarinda. Ipan lived in an extended household with four generations, including Ipan’s grandmother-in-law, 84, and mother-in-law, 68. Ipan’s wife ran a home industry and, therefore, could help her mother take care of the grandmother, and bring the children up on her own. Her mother, in turn, helped take care of her children (one aged five, and the other, two).

The dilemma was whether Ipan should move to Samarinda for a better income, together with his family, leaving his mother-in-law alone, or move to Samarinda on his own, permitting his wife and children to be with her maternal parents? Should they continue co-residing with his older “mothers” in Samarinda? His mother-in-law was reluctant to move...
as she wanted to spend her golden years in the house she used to live in and in the society where she used to belong. She was not brave enough to handle the required adjustments should she move to Samarinda, which is ethnically and sociologically different from Bandung. More importantly, she wanted to continue taking care of her octogenarian mother. Finally, Ipan decided to accept the job and move to Samarinda without his family for several months. Later on, he and his wife made a hard decision to leave the mother and grandmother in Bandung. An unmarried brother of Ipan’s wife moved into the house to keep two older women company. Ipan and his family have changed the way of taking care of the older persons: now through a distant, more formal care.

Ipan is not from a poor family. Ipan and his wife are still able to finance and take care of their parents. His older mother and grandmother are not abandoned. With the availability of advanced technology in communication, particularly the capacity to send short message through a mobile phone, Ipan’s wife managed to exchange news continuously with her mother and grandmother. Ipan’s case is just an illustrative vignette of the current mobile generation that has broader job opportunities in a large country such as Indonesia, and at the same time, benefits from technological change, particularly in communication and transportation. It is an example of a complex dilemma pitting an adult child’s filial duty against his future career, and bringing about changes in the living arrangement and financing of older parents in a large country where the percentage of older persons is still relatively low.

The norms have also changed in a country such as Korea, where filial piety was deeply practised and which is now one of the ageing societies in East Asia. As part of the transition into adulthood, many family members have moved out and are no longer living in the same household or even in the same neighbourhood for many reasons. Intergenerational relationships have become more egalitarian. Adult children can afford less support for their parents than their parents for their grandparents. The informal, family-centred care of older persons has been shifting towards formal, government-initiated public services. The question is how long Koreans can sustain their filial piety, perhaps in a more modern way, particularly in terms of taking care of older persons (Sung 2005).

Filial piety, a part of the cultures of the peoples of China, Japan, and Korea, is a general concept that can be viewed in six major aspects: respect for the parents, filial responsibility, harmonization of the family, repayment of a debt to the parents, affection for the parents, and sacrifice for the
parents (Sung 1998). This concept of filial piety is also taught in different ways in each Southeast Asian country.

In Thailand, Soonthorndhada in Chapter 3 mentions that Buddhism, which is the dominant religion there, teaches children to respect older persons — there is a strong obligation on the part of children to take care of their parents. As mentioned by Cruz in Chapter 12, children in the Philippines, particularly daughters, are expected to take care of their parents (an obligation known as uang na loob or debt of gratitude). Islam, the religion of the majority of the population in Indonesia, Malaysia, and Brunei Darussalam, is very strong in denouncing children who fail to care for, and respect, their ageing parents — the belief being that older parents should not have to work because of financial necessities (Cleary and Maricar 2000). In Singapore, a society with a Chinese majority, as described by Mehta in Chapter 13, the government emphasizes the importance of the filial responsibility of adult children and children-in-law as supports for the older persons. They have the Parents Maintenance Act, which protects older persons from financial neglect by their offspring.

Nevertheless, it is not clear to what extent this notion of respect for the elderly has been disappearing. Studies such as Zimmer et al. (2007) and Qin, Punpuing, and Guest (2008) showed the important role of migration within Cambodia and Thailand in relation to living arrangements and availability of support. Internal migration may have eroded the traditional co-residency pattern and intra-household caring for older persons. However, another possibility is that older persons themselves may not request the same kind of filial responsibility. As indicated by Mehta and Thang (2008), future Singaporean grandparents may be different from current ones. With better education and higher income, future grandparents will be financially less dependent on their children.

Several other studies (Sung 1998; Sung 2005; Lan 2001) revealed that filial piety has remained alive in highly urbanized, industrialized societies, although it is expressed in different ways. Lan used the concept of “subcontracting filial piety” to describe how adult children still provide care for their elderly parents by employing non-family caregivers for them and paying for this through private or public funds. Using this concept, we see that in our earlier vignette, Ipan was still continuing to exercise his filial duty. Many similar cases can be found in different places especially when adult children are dual-family earners.

Interestingly, the notion of the generational gap, as a result of diminishing filial responsibility, has also been seen as business and political
opportunities. In Indonesia, for instance, the issue of the generational gap has been used recently by the young elites to challenge the older elites as the country moved towards its parliamentary and second direct presidential elections in 2009. This “hatred towards the older generation” has also been used as a marketing strategy to entice the younger generation to smoke. A cigarette company has put out an advertisement mocking the older generation with the slogan “Yang Muda Yang Enggak Dipercaya [The Young, the Untrustable]” and “Yang Muda Belum Boleh Bicara [The Young Cannot Talk]” to boost their sale, with its implied criticism of the authority of older persons and, therefore, persuading the young generation to rebel against the warning on the danger of smoking. If this subject continues to be advertised in this manner, negative effects on health will be seen later, and the intergenerational gap will continue to exist and erode the value of filial piety.

From Baby Boom to Older Persons Boom

All countries in Southeast Asia are seeing a rapid shift from a baby boom to an elderly boom. They have been in the midst of a demographic transition that has changed the age structure of their populations dramatically. In the 1950s and 1960s, all countries in the region were still in the early stages of their demographic transition, characterized by continuing high fertility and declining mortality, resulting in the baby boom generation. These countries used to struggle with financing a growing number of babies and young children. The young population became an economic burden. Yet, at that time, children were also often seen as an asset for the elderly. Older parents expect their adult children to care (meaning emotional, physical and financial care) for them. Having more children was seen as securing golden years for the future as children are supposed to be assets that do not depreciate with inflation over time, unless they do not behave properly towards the parents.

Since the late 1960s, fertility and mortality rates have been declining in Southeast Asia. With the increasingly high expectancy of life, the large number of young people born earlier will become a large number of older people (60 years and over) after 2020. The baby boom generation will have transformed into the older population boom generation. They will still consume, but they will have stopped producing by then. Who will take care of these older persons, particularly frail, older persons? Who should finance the caring for this expanded population of older population?
It is interesting to revisit the period of high fertility in 1950–80 in the context of current ageing issues. The crucial question at that time was whether a large number of children was an asset or an obstacle to economic development. In the early 1950s the Office of Population Research, Princeton University, started to conduct a study on the relationship between population growth and economic development in low-income countries, with a focus on India. This study resulted in a book (Coale and Hoover 1958), which has then been followed up with a very large number of studies on the relationship between population growth (high fertility) and economic development, conducted by many researchers around the world.  

Coale and Hoover argued that high fertility increased “unproductive” spending (including education) for the children. High fertility meant smaller savings, and thus, smaller amounts of money to be utilized for development. Therefore, they believed that reducing fertility was very essential to promoting economic growth in low-income countries. 

Results of subsequent empirical studies based on data from 1950–90, however, have been mixed. Kelley and Schmidt (1996) examined empirical relationships between high population growth and per capita income and found that relationship can be negative, positive, or not significant. One of the explanations of the mixed results is that Coale and Hoover’s study assumed that national income does not change while fertility changes rapidly. If a larger number of children can be accompanied by higher technology and/or bigger human capital, then a larger population could mean higher income. Therefore, a higher number of children does not necessarily mean smaller savings. 

Currently, with fertility rates being relatively low, or even below replacement level in some countries and sub-national regions of Southeast Asia, a similar question has emerged. Will the rising number and percentage of older persons, who still consume but no longer produce, be an asset or an obstacle to economic development? Similar to the argument by Coale and Hoover for the case of high fertility rates, the case can be made that a large number of older persons will result in a smaller saving because the income is spent for “unproductive” expenditure on older persons. A higher number of older persons means more resources will be spent to serve “unproductive” older persons, and, therefore, these resources cannot be used to promote economic development. Following this argument, the next question is how to find the resources to finance the rising cost of caring for the rising number and percentage of older persons. In the meantime, the current ageing population itself is ageing further, that is,
the percentage of the population above the age of eighty is increasing, putting pressure on health and care service provisions. As questioned by Lutz et al. in Chapter 2, does the rising ageing population become a new serious threat to the well-being of the population of Southeast Asia?3

Just like the critics of the Coale and Hoover model, we may also posit that it is possible to raise national income even with the rising number and percentage of the older persons. First, we can make older persons active and healthy, thereby, reducing the cost of taking care of them. Second, making them active and healthy means they can also contribute to the economy. Therefore, older persons can become an asset for the economy. Even the healthy and productive older persons can be one of the competitive advantages of an economy. In other words, if older persons can be made an asset, there may not be the anticipated or feared relationship between the rising number and percentage of older persons.

However, this is not the current situation. As discussed in Hewitt (2003), Japan had the oldest population in the world, enjoying the longest and healthiest lives. Japanese men could expect to live to an average age of 77.8 years while the women could survive until 85 years. The combined life expectancy of 81.5 years exceeded that of western Europeans by three years, and that of the Americans by four years. The Japanese baby-boomer generation is enjoying the benefit of longevity and has created “hyper-ageing”, resulting in an “elderly boom” or an unusually large group of older persons — more than 23 per cent of the population — aged 60 and above. Hewitt argues that its ageing population has weakened Japan’s growth rate, depressed tax revenues, and accelerated public spending.

Korea is another ageing society in East Asia. Despite a number of efforts by the Korean government, the policies on welfare of older persons in this country are still inadequate in terms of scope, budget, and support. There is still a considerable gap between meeting the needs of older persons and the government policies (Ahn and Chung 2008).

Simultaneously, older persons in many poor families and communities may be suffering much more as they are neither protected by a formal or public social security system, nor a private system (Ling 2007). The concept of “retirement” does not have any meaning for them. In a study on China, Pang, de Brauw, and Rozelle (2004) found that most of the population aged 60 and above in rural China still worked in the formal labour force, with almost all persons aged between 50 and 60, and over two-thirds of
those between 60 and 70 years old, still working. In short, as surmised by
the United Nations (2007), most of the population in developing countries
face the gloomy prospect of very weak income security in their old age.

In this book we attempt to contribute to a better understanding on
financing ageing communities in Southeast Asia. We approach the financing
of older persons from two sides. First, we examine available financial
support systems for older persons. This knowledge can be used to improve
or reform financial support systems. Second, we do a study on the
expenditures needed to take care of the health of older persons. Smaller
sums required for health-related expenditure mean greater possibilities
for better use of limited financial support. Furthermore, and more
importantly, better health itself is one of the noble goals of development.

We also discuss migration, a variable often neglected in discussions on
ageing population. Migration can have a complex impact on ageing issues,
including those on financing older persons. Migration can also be a
mechanism to cope with ageing issues. Another substantive feature of this
book is the comparison of several systems — government, market, and
civil society — to manage the well-being of a population, particularly its
vulnerable groups.

We also go beyond the monetary approach to financing the needs of
older persons. The book offers a much wider understanding of financing
ageing communities from the social, cultural, and political perspectives.
The authors of the chapters in this book come from different disciplines:
economics, demography, anthropology, sociology, public health, and
medical science.

Different definitions of “older persons” have been used by the authors. The
chronological age of 65 years has been used as the cut-off age for
defining older persons in most developed countries, to approximate the
retirement ages. Many government reports in Singapore also use 65 as the
cut-off age. On the other hand, the United Nations has decided to use
60 years as the cut-off age for defining older persons.

However, the definition is somewhat arbitrary. In reality, the cut-off
age for defining older persons can be different from the retirement age.
Besides, the retirement age in any country can vary from one occupation
to another. Therefore, the authors of the chapters have their own
considerations when using the definition of older persons in their analyses.
In this chapter, we use 60 years as the cut-off age for defining older
persons.
This book comprises five parts and fifteen chapters. Part I consists of an introduction, a background, and objective of the book as well as, more importantly, a synthesis and conclusion from discussions throughout the chapters of the book. It also highlights the importance of future Southeast Asia’s demographic profile, taking into account the changing educational structure, which can have a major impact on income and health, among other things. Part II focuses on old age income security for older persons, which form a part of the vulnerable population (other groups being children, the sick, and disabled persons). This part discusses a wide range of governmental-like policies, plans and simulations on how to finance the well-being of older persons. The discussions cover the issues in particular countries such as Singapore, Thailand, and Vietnam. Part III discusses a wide range of policies and strategies in coping with life in the golden years. It covers discussions on the employment of older persons, through which they can contribute to their own financial strategy. It also highlights living arrangements of older persons and active ageing. Part IV highlights the special theme of the extent to which migration, either cross-national borders, or within a border, can help increase the welfare of older persons. Finally, Part V discusses the role of government and civil societies in managing ageing issues.

The rest of this chapter discusses differences in population ageing and issues in Southeast Asia, before presenting some of the results of the studies in the book. It ends with a conclusion from this book, which is a policy to turn older persons from being a liability to being an asset.

Diversity of Ageing Issues in Southeast Asia

Mujahid (2006) showed that the number of older persons aged 60 and above both in the developed and developing countries grew at the same rate during 1950–75. However, in the following years, the trend went in a different direction with the number of older persons in developed countries growing at a slower rate, and set to continue to slow down in the next several decades. In contrast, the growth rate of this group in developing countries has been increasing and will continue to accelerate until 2025. This growth in the number of older persons will only start to slow down from 2025. Furthermore, there are differences in the pace of population ageing between East Asia and Southeast Asia. During 1950–2000, the number of older persons in both regions grew at the same rate, but this
rate will accelerate and be faster in Southeast Asia than in East Asia during 2000–25. However, the rate of growth of this number is expected to go down in both regions during 2025–50, but with the number of older persons in the former region continuing to grow faster than in the latter.

The percentage of population aged 60 and above in the region during the second half of the twentieth century had increased very slowly, from about 6.0 per cent in 1950 to 7.5 per cent in 2000 (United Nations 2007). Furthermore, the United Nation’s projection of the medium variants shows that the percentage will increase and be even higher in the first half of the twenty-first century. This percentage will nearly double in 2025 and increase to 23.7 per cent in 2050.

Meanwhile, the percentage of the population aged 65 and above is projected to increase from around 5.0 per cent in 2000 to 9.1 per cent in 2025 and 17.6 per cent in 2050. Considering uncertainty in all three demographic components, Lutz et al. in Chapter 2 highlight that the relative number of older persons aged 65 and above to the total population in Southeast Asia is projected to rise rapidly from 5.0 per cent in 2000 to about 15.0 per cent in 2050 with a greater uncertainty towards the end of the first half of the twenty-first century, when the percentage will probably range from about 12.0 per cent to 23.0 per cent.

However, the stage and speed of demographic transition in the various countries of Southeast Asia are not the same, and, therefore, the issues resulting from the transition also vary from one country to another. Singapore concluded its demographic transition, indicated by the achievement of replacement fertility, in 1975; Thailand, in the early 1990s; Indonesia, Vietnam, and Myanmar, in the mid-2000s. Malaysia and the Philippines are behind and are expected to finish their demographic transition after 2015, while Laos and Cambodia will experience it much later — after 2025 (United Nations 2007a). In general, countries that have finished their demographic transition are more likely to have a labour shortage, while those that are still in the process of completing the demographic transition may still have relatively large numbers of working age people. Rising international labour migration may then follow.

There are many ways to classify the stage of population ageing in a country. One of them, utilized by Arifin and Ananta in Chapter 7, is to determine the percentage of older persons (population aged 60 years and over) in the total population. They classify a population into four groups.
The first is the very young, the percentage of which is below 6.0 per cent. The second is the youthful population, who accounts for between 6.0 per cent and 8.0 per cent. The third is the transitional population, who makes up between 8.00 per cent and 12.0 per cent. The last is the old population, with the percentage of above 12.0 per cent.

Singapore’s population is an extreme case in Southeast Asia. It is the richest country in the region, with a per capita Gross Domestic Product (GDP) of US$26,997 in 2005; and it has the highest percentage of older persons. It is the only Southeast Asian country with an old population. As seen in Figure 1.1, Singapore will remain the oldest population in Southeast Asia in the next several decades. Singapore experienced a very drastic fertility transition. Within a decade, its total fertility rate (TFR) declined from as high as 4.6 in 1965 to replacement level fertility in 1975. Japan took about a century to complete the fertility transition in around the 1960s.

After the unprecedented decade of the fast decline in fertility, the TFR of Singapore has continued to proceed downwards. The overall figures reveal a steady declining trend with a slight fluctuation reflecting the influence of the Tiger and Dragon Years in the Chinese calendar and also the impact of changes in population policies. The TFR touched a level as low as 1.3 in 2003 and declined still further to 1.26 in 2007. Lutz et al. in

---

**FIGURE 1.1**

Percentage of Older Persons Aged 60 and Over in Southeast Asia: 1950–2050

---

*Source: Compiled from United Nations (2007a).*
Chapter 2 project that the proportion of the population aged 65 and above in Singapore will range between 15.0 per cent and 17.0 per cent in 2020 and increase to between 25.0 per cent and nearly 30.0 per cent in 2050 with 95 per cent of confident interval. As in many countries, older persons in Singapore are also ageing, as indicated by the relatively high number of the population who are already 80 years old. The proportion of the oldest older persons (aged 80 and over) is projected to increase even faster for the same period. They argue that this trend may pose major challenges to the government in planning care services for older persons.

This very rapid transition may have made Singaporeans unprepared for the changing age structure and its various social, political, and economic implications. A survey conducted in 2006 revealed that about 42.0 per cent of Singaporeans had not started saving for their retirement, although about 64.0 per cent already believed that individuals ought to be responsible for financing their own old age. However, the government of Singapore has been very serious in managing ageing issues. The Prime Minister of Singapore, Lee Hsien Loong, raised the issue as one of the most important topics in his National Day Rally speech on 19 August 2007. He made a special effort to elaborate on the financial implications of the ageing population and how Singaporeans should cope with longevity. Among other things, staying employed and living active lives are two points emphasized. The government will pass a Re-Employment Act that will take effect in 2012, which will require employers to offer re-employment to workers in retirement age, which is currently 62. In 2012, the employers have to offer re-employment to those up to 65 years old.

Thailand has the second oldest population in Southeast Asia. The percentage of older persons grew at an exceptional rate, especially between 1980 and 2000. The size and percentage increased from 1.26 million (or 4.6 per cent of the total population) in 1960 to 5.7 million (9.5 per cent) in 2000, and 6.7 million (10.5 per cent) in 2005. In terms of percentage of older persons, Thailand in 2005 was only five years behind Singapore. Thailand already has a transitional population. At the same time, Thailand’s per capita GDP was only 10 per cent of Singapore’s GDP, indicating that Thailand’s older persons may face a harder situation than their counterparts in Singapore.

Cambodia, which shares a border with Thailand and has the similar popular religion of Buddhism, differs widely with respect to ageing issues. Fertility in Cambodia has remained high, with a total fertility rate of 3.6 at the beginning of 2000s and its population is still considered very young,
with older persons accounting for only 4.6 per cent in 2000 (United Nations 2007a). The Lao PDR, surrounded by Cambodia, Thailand, Myanmar, Vietnam, and China, is also still a very young population. As seen in Figure 1.1, Lao PDR and Cambodia will remain the youngest population in the region in 2050.

Indonesia is another extreme in the region, with the largest absolute number of older persons. There were nearly 16 million in 2005, but as they formed only 7.3 per cent of the total population, Indonesia was still put in the category of having a youthful population. Indonesia’s per capita GDP was only 5 per cent that of Singapore, but the number of older persons in Indonesia was about 35 times that of Singapore. Therefore, the most crucial ageing issue in Indonesia is the large absolute number of older persons, and the fact that they live in a relatively low-income country with very limited old-age income security.

Vietnam is the second most populous country in Southeast Asia. It has experienced a faster fertility decline than Indonesia, with its TFR of about 6.0 in the 1960s falling to 2.3 by the 2000. Not surprisingly, it already had a transitional population in 1999. There were about 6.2 million older persons, comprising 8.12 per cent of the total population. Like in Indonesia, the issues in Vietnam is the relatively large absolute number and high percentage of older persons living in a country with low per capita income. Apart from Vietnam, among the CMLV countries, Myanmar also seems to experience rapid ageing population.

The Philippines is similar to Indonesia and Vietnam. As described by Cruz and Laguna in Chapter 12, the percentage of older persons is low, but the absolute number is relatively large. There were 4.6 million older persons, constituting 6.0 per cent of the total population in 2000. The Philippines is not a rich country either.

However, the Philippines is also unique. Gultiano and Agustin in Chapter 8 mention that the relatively slower fertility decline in the Philippines may be seen as a blessing. The Philippines still has ample time to prepare for the explosion of population of older persons. If the Philippines can provide the growing working age population with better human capital and job opportunities, it will reap a large benefit from the slower change in age structure. The relatively slow decline in fertility has resulted in a relatively low percentage of older persons, at 6.1 per cent in 2005.

Yet, they also argue that at present the Philippines is still preoccupied with issues related to high fertility and fast population growth. They wonder whether the Philippines will ever reach the demographic window
of opportunity arising from a favourable age structure of the population, where the total dependency ratios are relatively low. Therefore, they suggest that any examination and policies on ageing in the Philippines should be seen in the context of high fertility and fast population growth.

The second richest country among Southeast Asian countries is Brunei Darussalam, with a 2005 per capita income just a little below that of Singapore. As examined by Arifin and Ananta in Chapter 7, the fertility rate has been declining in this country, but the transition has been relatively late compared with Indonesia, Thailand, and particularly Singapore. The low estimate suggests that Brunei Darussalam just reached below replacement level in 2001. The high estimate still put its TFR as high as 2.6 in 2001. At the same time, this country has received a very large influx of migrants, which formed 26.6 per cent of the population in 2001. The combination of these two factors has resulted in a very young population in Brunei Darussalam. There were only 13,600 of the population aged 60 years and above and forming 4.9 per cent of the total population in 2001. It is not surprising that, as pointed out by Cleary and Maricar (2000), ageing was not seen as an important issue in this country.

In summary, population ageing in Southeast Asian countries is taking place at different speed and pace as well as in different economic contexts. As Mujahid (2006) concluded, even when the percentage of older persons to the total population is low, complacency towards the issue of population ageing cannot be justified. Thus, population ageing in Southeast Asia has raised many fundamental questions such as: How do older persons remain independent and economically active in order to reduce the burden on the younger population? How will the government change the financing of health care services and social security systems? Will the rapid increase in the proportion and number of older persons bankrupt health care services and social security systems, and how will political factors influence policies on financing older persons? The following sections summarize the issues of financing the older population in several ASEAN member nations and other related issues discussed throughout the book with some references from previous studies to confirm, enrich, or even oppose the findings or proposed ideas.

**Old-Age Income Security**

Older persons usually experience a decline in living standards. Difficulties in finding appropriate jobs and worsening health conditions often make
older persons very vulnerable to poverty. The severity, however, varies from one social, economic, and political condition to another as well as from one coping mechanism to another. Older persons in developed countries are relatively lucky because they can depend on their pension. They no longer have to work for their survival. In contrast, most of the older persons in developing countries have to depend on sources of income other than a pension system. Therefore, as observed by the United Nations (2007), the demographic transitions have created a tremendous challenge to creating sustainable pension systems or other systems providing economic security for the rising number of older persons in both developed and developing countries.

Reisman in Chapter 3 argues that older persons pose a large financial burden on society to care for their health, which involves covering both direct and indirect costs of illnesses. For example, he points out how the cost of the drug to contain Alzheimer’s disease can come up to approximately S$3,000 per year, and this treatment must be continued for the rest of the patient’s life. Thus, having many persons with Alzheimer living on for decades can be a heavy financial burden. He also highlights how the suicide rate among older persons is twice the national figure, and that functional disability is on the rise, brought about by falls, other illnesses, and dementia. Moreover, as projected by Lutz et al. in Chapter 2, the proportion of the population above 80 years of age in Singapore will increase almost certainly to 9.0 to 10.0 per cent in 2050. Quoting Lim, Ow, and Tan (2005), Reisman mentioned that a 1 per cent increase in the percentage of older persons would result in a 11.5 per cent increase in the short-run national health expenditure, and a 16.1 per cent increase in the long-run national health expenditure.

Furthermore, Koh in Chapter 4 concludes that rising expenditure for the health care of older persons in Singapore will be increasingly allocated to long-term severe disability care, particularly after a disabling event, such as a stroke. In developed countries such as the United States, with rising life expectancy, expenditure on long-term severe disability care is more likely to be higher than for acute care. Therefore, LTCDI (long-term care severe disability insurance) has been considered a practical solution to the issue of escalating health care costs due to ageing populations.

Singapore is one of the few countries which has implemented such a scheme. It launched its national elderly LTCDI scheme called ElderShield in 2002 to protect its citizens against severe disability. It is not a social
insurance scheme, but an actuarial insurance scheme in which citizens are automatically enrolled at the age of 40 unless they choose to opt out. The monthly premiums are deducted from their Medisave account, one of the Central Provident Fund (CPF) accounts, until they reach 65 years of age. This insurance will start paying out after 2020.

Koh further argues that a national LTCDI should have a social perspective to alleviate the individual and national burden of cost of care for the poor and disadvantaged. The government must ensure that private insurance companies do not make an excessive profit from disabled older persons. The role of the Singapore government in ElderShield is only in policy formulation and the regulation of private service providers as implementing bodies.

In general, the escalating expenditure on health care and services is due to two things: the number of older persons keeps rising and the expenditure per older person also continues to get higher because of inflation, the complexity of diseases, and technological advances. Reisman in Chapter 3 mentions the shift in principal causes of death from infective and parasitic diseases to chronic diseases which bring a financial challenge. Chronic diseases are more expensive to treat and require capital-intensive diagnosis, protracted therapy, and long-term support once the patient has been sent home. Rahardjo et al. in Chapter 10 call it a “geriatric wave” — the increasingly large number of older persons with a rising need for geriatric care. Concurrently, the percentage of young persons — who are expected to support older persons — is shrinking.

Therefore, one of the clear implications of the rising percentage and number of older persons is to increase financial support for them. In this section, we focus on the availability of old-age income security. Currently, there is no agreed way to provide old-age income security. All countries, both developed and developing, are searching for the best model for providing old-age income security. The industrialized countries of North America, Western Europe, Australia, and Japan, which have experienced rising numbers and percentages of older persons, use the PAYG (Pay As You Go) system. The working population pays tax to the government, and the government pays benefits to retirees. The money received by the retirees is not what they saved when they were working.

However, this system has been suffering because of the rising percentage of older persons. This means that the working age population has to support an increasing number of older persons, who live increasingly
longer. Hence, we have the term “old age dependency ratio”. An old-age dependency ratio of 0.5, for example, means that two persons in the labour force have to support one older person. However, if the ratio rises to 1.0, then one older person will only be supported by one person in the labour force, raising the social cost of the working population.

Compared with the United States and Western European countries, Japan spends less on welfare for older persons. Because of the long-run decline in fertility, the number of people in the labour force has also been declining. Yet, they are the ones who are contributing to the National Pension Scheme. Concurrently, the number of older persons (retirees) who receive the pension payment has kept increasing. The labour force, therefore, has to work harder to be able to maintain the per capita pension payment for older persons.

In other words, as explained by Ko, Oh, and Ogawa (2007), without any reform to the system, the younger generation will continue shouldering the rising cost of maintaining the per capita pension payment. Not surprisingly, because of the difficulty in financing older persons, relative to the OECD (Organisation for Economic Co-operation and Development) countries, Japan has the highest older person labour force participation rates. The older population has to work to support themselves in their old age.

Furthermore, Ko, Oh, and Ogawa show that the government of Japan has considered raising the retirement age from 60 to 65 and postponing the pensionable age. The main motivation behind the policy is to keep older people working and being independent as long as they can, rather than relying mainly on their pension payment.

Singapore is not a welfare state and it does not use the PAYG system. It uses the so-called “East Asian Welfare Model”, an alternative to the PAYG system. Under this system, the government does not have to pay for the pension of older persons. Older persons are financed by their own savings accrued when they were working. The savings set aside are invested by the government, and paid back to the individuals when they are old. Singapore uses this system by implementing the CPF scheme introduced by the British in 1955. As described in Teo et al. (2006), joining the scheme means that retired older persons will have at least S$297 a month.

Chew and Chew in Chapter 9 mention that the CPF is an individual and fully funded compulsory savings scheme. It is linked closely with
Singapore’s wage system. Both employer and employee contribute a certain percentage of the employee’s monthly wages to the employee’s CPF account. The money contributed to the CPF is put into three separate accounts. The first is the Ordinary Account (66.7 per cent), which can be used to buy houses and stocks. The second is the Special Account (14.5 per cent), which is designed for retirement. The third is the Medisave Account (18.8 per cent), to pay for hospitalization. They may also use this to buy insurance in the commercial market.

Chew and Chew also argue that the CPF scheme is a long-term social security measure, although it is sometimes used as a macro-economic policy tool. For example, the CPF contribution from employers can be lowered during bad economic times. As a result, during such economically weak periods, social security for workers also declines. They, therefore, argue that the CPF should not be used as a macro-economic tool, but rather for the provision of social security, including for financing retirement.

Furthermore, from a survey conducted in 1999, Teo et al. found that only 4.1 per cent of the resident population in Singapore aged 59–64, and 2.6 per cent of the resident population aged 65 and above depended mainly on pension (CPF) for financial support in their old age. The majority depends mainly on their children — 75.3 per cent of the resident population aged 59–64, and 78.1 per cent of the resident population aged 65 and above.

Apart from Singapore’s old age security scheme, there are several other existing schemes that provide old-age income security in Southeast Asia. For instance, Soonthorndhada in Chapter 5 describes several ways of providing old-age income security in Thailand. The first is the social security system for all employees in private enterprises with defined benefits, and a guaranteed, agreed formula for receiving the pension. This is a PAYG scheme. Employees will start receiving their pension in 2014. This system may face similar problems as other PAYG schemes, as the number and percentage of older persons in Thailand keep rising.

The second is the Government Pension Fund (GPF) for government officials. This is also a PAYG scheme. It used to be mainly a defined benefits system, where future payout depends on the level of contribution and the return to this contribution. Since 1996, it operates on two systems at the same time, by being a defined contribution plan as well. The third is the Private Sector Provident Funds (PVF). This is a voluntary, defined contribution pension system for business employees, permanent...
government employees, and private school employees/teachers. The fund is managed by a committee comprising representatives from both employees and employers. The fourth is a Retirement Mutual Fund for those who are not classified under PVF or those who choose to make additional savings for their old age. Since 2001 the government has also launched an old age pension for the poor, by giving them a monthly allowance.

In Vietnam, as explained by Giang and Pfau in Chapter 6, a social pension scheme for older persons was implemented in 2004 although the scheme is still limited in terms of coverage and alleviation of poverty for older persons. Protection for the poor is examined by Giang and Pfau in the case of Vietnam, where the majority of older persons still live in rural, isolated, and disadvantaged areas. Only a very tiny percentage of older persons live with public pension. Most of the older persons in Vietnam have to support themselves and/or be supported by their family members.

Giang and Pfau explore the potential of a universal Non-Contributory Pension System as a means to reduce poverty among older persons. In general, this scheme is financed by tax and/or other government revenues, and is aimed mainly at the vulnerable groups. It provides a flat benefit, which in turn alleviates the poverty of both the recipients and non-recipients of the benefit. They argue that this system is financially feasible as it costs only 1.0 or 2.0 per cent of the GDP to provide a benefit of between 20.0 per cent and 50.0 per cent of per capita national income to those 55 years old and above.

Such a universal non-contributory pension system has been implemented in Brunei Darussalam, a country with no income tax or social security charge. This system covers both its citizens and permanent residents, as well as those who were born, and have lived, in Brunei Darussalam for at least fifteen years. In addition to this pension, some older persons also receive occupational entitlement, a contributory pension scheme. Its enormous wealth has also enabled the country to create large economic and social benefits for its citizens, including free education and health care (Cleary and Maricar 2000).

Finally, Sarawak, as examined by Ling in Chapter 13, is an example of the absence of old-age income security and other social safety nets in poor economies. This absence can severely affect the quality of life of the already poor older persons. She finds that rural older persons who used to work as farmers suffer the most from the absence of old-age income security. Farming involves a lot of physical activities, but many are no
longer able to farm when they become old. Furthermore, they do not have any savings. What is more, some of them even have to support a few of their younger children or grandchildren who are still in school. The need for a financial support scheme is urgently needed for older persons who are in lower income groups.

**Employment and Other Sources of Financial Support**

Is working desirable or deplorable? Do people work because they want to earn money and use the money for their happiness? Or, do they work because they derive happiness from the work itself? This question can be asked to persons of all ages. It is also relevant to ask older persons this question. When and why are they working? Is it good or bad? Are they happy when they work? Are they forced to work? Are people entitled to retire or should people work for money as long as they can?

This book does not pretend to answer this philosophical question. However, it recognizes that with the absence of, or inadequate old-age income security, for the whole population, and particularly, older persons, working has become one of the most likely ways for older persons to finance themselves. Therefore, working after the official retirement age is an attractive solution to helping finance older persons. It is not surprising that labour force participation rate is usually very high in developing countries and in those developed countries with a relatively small provision for old-age income security. Nevertheless, as people become old, especially after passing the official retirement age, they may face increasing difficulties in the labour market — the rigidity of labour market, their out-of-date skills, deteriorating health, discrimination against older persons and norms on working older persons.

In many low-income countries, “not working” during the golden years is a luxury. The poor must work because nobody can help them. ILO (2007) mentioned that most of the poor work long and hard hours, and yet do not earn enough to take themselves out of poverty. Decent and productive employment is very crucial in taking them out of poverty. Nevertheless, ILO has not addressed the issue of poverty among older persons and older workers. But, with the lack or absence of social protection systems, social safety nets, and old-age income security, it is very important to pay serious consideration to the working poor among older persons.

An illustration given by Soonthorndhada in Chapter 3 shows how Thai people do not have adequate savings for their retirement. Therefore,
working remains an important source of financial support for older persons. The percentage of working older persons even increased from 30.3 per cent in 2001 to 37.1 per cent in 2005. Most of them work in agricultural or informal sectors. In Indonesia, as discussed by Rahardjo et al. in Chapter 10, savings and insurance do not play important roles in financing older persons. The history of high inflation may partly explain why people are not interested in savings and insurance to finance their old age. Furthermore, only very few older persons depended mainly on their pension in 2005 with the majority relying mainly on contributions from the children/children-in-law.

Though employment is very crucial for poor older persons, the participation of older persons in employment may decline with age. In Chapter 7, Arifin and Ananta examine labour force participation rates among older persons in 2000–01 through case studies conducted at national and subnational levels of three provinces in Indonesia (West Sumatra, East Java, and Jakarta), four states in Malaysia (Penang, Trengganu, Kuala Lumpur, and Johor), three provinces in Thailand (Sing Buri, Chaiyaphum, and Phuket), Singapore, and Brunei. They find that there was no relationship between percentage of older persons and labour force participation rate among its older persons. An economy can have a high percentage of older persons, and yet the labour force participation rate among its older population can either be high or low.

Arifin and Ananta also examine employment patterns of older persons. They find that older persons in Southeast Asia, like their counterparts in industrialized countries, tended to work in more flexible jobs, involving less physical activity. Older persons are also more likely to work as self-employed workers, although the local labour market conditions had much influence on the specific occupation they took. In the employee-based employment of an urbanized economy, older persons were more likely to work as employees. Older persons in less urbanized economies were more likely to work as skilled agricultural and fishery workers, while older persons living in more urbanized economies were more likely to work in elementary occupations. In economies heavily or partly dependent on agriculture, older persons were also likely to work in agriculture. In service-based employment with some agricultural sector, older persons are more likely to work in the service sector.

Gender differences in labour market participation of older persons also existed. Women were more likely to have lower participation in the
labour market in all the case studies of Arifin and Ananta. Gultiano and Agustin in Chapter 8 specifically discuss older childbearing women with lower economic status in Cebu, the Philippines, in the context of their work behaviour, income, and expenditure. They employ a longitudinal data set within two decades (1983 to 2005). The study provides comparisons of elderly (60–69) and near-elderly women (50–59) with the middle-aged (35–49). They conclude that there are significant cohort and period effects that cannot be ignored and must be accounted for especially when planning for the future of the elderly. A low level of education and the lack of employment experience when these women were young might result in more problems for them in finding suitable jobs which can help support their financial needs. In Sarawak, as discussed by Ling in Chapter 13, older women became very financially vulnerable when their spouses passed away, particularly because of the longer life expectancy among women.

Older persons in a rich country also have to work. Chew and Chew in Chapter 9 show that people in Singapore have to be self-reliant in everything, including the provision of social security (such as home ownership, financing for old age, and access to health care). Everybody has to work as long as they can. They work, they save. Indeed, about 90.0 per cent of Singapore’s households is self-reliant. Those who are poor (earning less than S$1,000 a month or unemployed) must find other means to finance everything they need in life, including for old age or retirement.

Chew and Chew highlight the issues of the employability approach to financing old age in Singapore. They find that many CPF members do not have sufficient amounts of CPF savings because most Singaporeans do not earn a high wage — about 65.0 per cent of CPF members earn less than S$3,000 per month. This means that the families have to be dual-income families in order to maintain a sufficiently acceptable standard of living.

They also explain that in 2006, the government introduced a workfare scheme. Those who earn less than S$800 a month can get $100 from the government. The worker gets $29 in cash and the balance in his CPF account. The unemployed or those who earn less than $1,500 a month can also ask for assistance from various government agencies and social organizations. The government also trains workers to enhance their earning capacity, and hence increase their social security.

In addition to lifelong employment and the financing of primary needs from the CPF, the government of Singapore also encourages mutual support
from family members. The CPF has been and will be the main formal pillar for old age income security, but employment has also been a means for older persons to stay healthy and integrated, and not simply be a means to earn income. An example of a family support policy is the parent (and grandparent) relief, given to taxpayers who take care of their parents and grandparents who live in Singapore (Yap 2008).

Soonthorndhada in Chapter 5 (Thailand), Giang and Pfau in Chapter 6 (Vietnam), Gultiano and Agustin in Chapter 8 (the Philippines), and Rahardjo et al. in Chapter 10 (Indonesia) also show that intergenerational co-residence has been another means of reducing the financial burden of supporting older persons, and reflecting filial responsibility as discussed in the beginning of this chapter. However, this pattern has been shrinking, as the family size becomes smaller, people become more mobile, and lifestyles change. For example, the percentage of older persons living with their children/children-in-law in Thailand decreased from 74.0 per cent in 2004 to 66.0 per cent in 2002, while the percentage of older persons living alone rose from 3.6 per cent in 1994 to 7.7 per cent in 2005.

The inadequacy of wealth has made the government of the Philippines depend mainly on the family to finance the life of older persons, as Cruz and Laguna show in Chapter 12. Government efforts are focused on providing curative health care services for older persons. The most significant policy is the provision of a 20.0 per cent discount on medicine for older persons, regardless of their socio-economic status. It also provides free medical and health services and exemption from diagnostic and laboratory fees in government health centres. Yet, this effort is too small compared with the growing needs of older persons. For example, the grant of a 20.0 per cent discount is only applicable to those who can afford to pay — those who cannot pay at all do not benefit from this policy.

Though working can be a very important source of financial support for older persons, Ling in Chapter 13 shows a different picture of the financial support for older persons in Sarawak, Malaysia. The majority relies mainly on employment, but they only formed 36.5 per cent of the total number of respondents. The very big majority, more than half (54.0 per cent), depended mainly from rent, interest, pensions, or gratuities. In Cebu, Gultiano and Agustin show the growing importance of sources of income other than earnings. Remittances from children who work abroad have been an increasingly important source of income as women become older. In Indonesia, described by Rahardjo et al., the monthly earnings of
older workers was still below the average minimum wage in the labour market in general. Moreover, the minimum wage was set up to be below the amount needed for a decent standard of living.

**Active Ageing**

Another, and a more important, way to finance older persons is to reduce the expenditure needed by them through active ageing. By being active, they should become healthier and happier. Nevertheless, active ageing should not be seen simply as a means to reduce expenditure, but rather as one of the important goals of development in itself.

As cited from WHO (2002) in Rahardjo et al. in Chapter 10, WHO introduced the word “active ageing” in the late 1990s. It means more than healthy ageing. It is the process of enhancing the quality of life of older persons by optimizing the opportunities for their health, participation, and self-fulfilment. The main goal of a policy of active ageing is to create autonomy and independence for older persons by recognizing the importance of interdependence and intergenerational solidarity. The policy is applied to all older persons, including those who are sick, disabled, or retirees, so they can contribute to their families, friends, communities, and nations. Active ageing can reduce the expenditure needed to care for the health of older persons. It reduces the amount of financial support needed by older persons. Active ageing is, therefore, very important in poor economies.

Rahardjo et al. show that Indonesia is an example of a country that becomes old before becoming rich, where a financial scheme for caring for the elderly has not been adequately put in place, and where decent job opportunities for older persons are still limited. Therefore, financing older persons has become a very expensive programme. In this context, active ageing has been the most important ageing-related policy in Indonesia. From their study of two villages in Indonesia, they concluded that participation in social activities might have contributed to the improvement of the health of older persons and, therefore, reduced health expenditure on them. They also showed that in Indonesia as a whole, older persons have been more active socially. Active ageing should, therefore, be one of the objectives of economic development and a means of reducing the expenditure needed to care for the health of older persons.
The need for active ageing is also seen in rich economies. For example, the government of Singapore has emphasized strongly the need for active ageing. A symposium on positive ageing, with the special theme “Golden Years, Glorious Years”, was jointly conducted by the National University of Singapore Society (NUSS) Senior Circle and the University Women’s Association (Singapore) on 17 March 2007 in Singapore. Also, the Council for Third Age, established in May 2007 as an independent body, promotes active ageing that will help older persons enjoy a better quality of life in six dimensions of wellness: social, intellectual, physical, vocational, emotional, and spiritual. As a means of promoting active ageing, the government of Singapore has also made special efforts to make the environment of subsidized HDB homes old-persons friendly.\textsuperscript{12}

However, remaining active at an old age also means leading active lives since young. The mainly more educated younger generation is expected to be healthier and happier when they reach their golden years. They are more likely to be older persons with better financial support. A case study using longitudinal data on older childbearing women of lower economic status in Cebu in the Philippines, discussed by Gultiano and Agustin in Chapter 8, shows rising income in all cohorts of the sample. Though the largest increase was observed among the youngest one, older cohort also experienced rising income. They conclude that future older women will be better off economically than current older women.

One implication is that programmes for financing older persons should start with those aimed at younger generations. They argue that investment on women’s productivity in areas such as education, health, reproductive behaviour, job choices, and opportunities — when they are still young — will produce benefits for the women both when they are still young and when they become old. By being more educated, healthier, and better able to earn a living, older persons will become increasingly more self-reliant. This will reduce the cost of taking care of them and increase their income.

A similar policy implication is suggested by Lutz et al. in Chapter 2. From a survey in 2006, they find rising disability rates in South Korea, Malaysia, Singapore, and the Philippines. However, they also argue that better education is associated with a lower disability rate. To prove their point, they produce scenarios of future disability rates using different educational attainment levels among older persons. These show significantly lower disability rates among better educated older persons, which will in turn lead to smaller health expenditure and a better quality
of life for the older persons. In other words, raising the educational level of the young generation will significantly lower the disability of future older persons and, therefore, reduce future health expenditure, as well as improve the health of future older persons.

Finally, as more older persons have to work, occupational safety and health of older workers must also receive a serious attention. International Labour Organization (ILO) (2007) reported that occupational accidents and diseases had reduced both the quality of life of workers, and the profitability of enterprises in Southeast Asia — and were, therefore, harming the welfare of whole societies. Those who suffered most were the ones who were the poorest, least protected, least informed, and least trained. They included women, children, disabled workers, migrant workers, and ethnic minorities. However, ILO did not include older workers as part of this vulnerable group. Yet, older workers are more exposed to possible occupational safety and diseases. Old workers who are employed as cleaners, for example, may be more vulnerable to virus and other diseases related to waste. As ageing becomes an increasingly important issue in Southeast Asia, it is crucial to include older workers when considering occupational safety and health in the labour market.

**Ageing, Migration, and Economic Development**

Population ageing is generally believed to be the result of a continuous decline in fertility and mortality rates, with fertility as the primary cause, and mortality the secondary one. However, declines in both fertility and mortality rates are not necessarily the only determinants of population ageing. Migration, either in- or out-migration, can be another important factor in determining the pace and speed of population ageing, particularly in small countries and subnational regions of large countries. Therefore, relationships among the three variables (migration, ageing, and development) have attracted research in this area, as shown in the work of Skeldon 1999; Stloukal 2001; Kreager 2006; Ananta and Arifin 2007, for example.

The relevance of relating ageing to migration can also be seen from the increasing mobility of populations within Southeast Asia, and from/to Southeast Asia. Some countries are important net-sending migrant countries (the Philippines, Indonesia, Thailand, Vietnam, Cambodia, and Myanmar), while some others are important net-receiving migrant countries.
(Singapore, Malaysia, and Brunei Darussalam). Internal migration, particularly rural to urban migration, has also been prominent within almost all countries in Southeast Asia.

From the study by Arifin and Ananta in Chapter 7, we see three models on the impact of migration on ageing process. The first model is the slowed ageing process in rich economies. These have relatively high percentages of older persons, of above 8.0 per cent. In this model, fertility and mortality rates have been low for a relatively long time and the percentage of older persons has been rising rapidly. However, the large inflow of migration has slowed down the process of population ageing, resulting in the delay of the transformation into old populations.

The second model is the accelerated ageing process in poor rural economies. Fertility and mortality rates have been relatively low, but have not been low over a long period. The large out-migration then accelerates the rising percentage of older persons. The third model is the deferred ageing process in relatively rich economies. Fertility and mortality rates have been low, but again not over a long period. This is similar to the second model. However, unlike in the second model, a large inflow of migrants has kept the population very young, with the percentage of older persons below 6.0 per cent. In-migration has deferred the ageing process in these economies. In general, each model shows challenges in many areas such as social security issues, labour market, and development paradigms.

**Slowed Ageing Process in Rich Economies**

In this model, in-migration has functioned to fill in the shortage of labour in a rich economy with persistently low fertility and mortality rates. Migration, including international migration, can be instrumental in addressing the shortage of working-age population, and the problem of population ageing in the short to medium terms. Although in-migration may help maintain the size of population in a relatively rich and old population, it may also produce social and political tensions because of the cultural differences between migrants and locals.

This model is particularly true for a city-state such as Singapore. Reisman in Chapter 3 shows how in-migration has been used as a means to reduce labour shortage because of the ageing population in Singapore. The resident population was growing at 1.8 per cent. Among the resident
population, Singapore citizens were multiplying at a rate of only 0.9 per cent per annum. As a result, the share of Singaporeans in the total population stock declined from 86.0 per cent in 1990 to 67.2 per cent in 2007. However, the non-resident population was growing much faster, at 14.9 per cent.

The large inflow of migrants to Singapore may have much reduced population ageing in Singapore. Arifin and Ananta in Chapter 7 show that by also considering the non-resident population, who formed 21.9 per cent of the total population in Singapore in 2007, the percentage of older persons in the total population of Singapore was 9.6 per cent. However, if the calculation of the percentage of older persons is based only the resident population, comprising citizens and permanent residents only, the percentage of older persons rose higher to 12.3 per cent. This clearly illustrates the impact of in-migration on slowing down rapid population ageing.

Nevertheless, migrants also bring social issues. Reisman argues that the local population is not particularly happy with the rising influx of foreign workers, especially low-skilled workers. Locals are concerned with issues such as road congestion, overcrowding, competition for jobs, upward pressure on housing, downward pressure on wages, and social tension. On the other hand, he is also wondering whether Singapore is draining the best workers, such as doctors, nurses, and other skilled workers, from poorer countries into Singapore. Yet, this is a global issue faced by many countries in the world.

It is worth mentioning here that, as Mehta describes in Chapter 11, Singapore is mostly a migrant society. The Malays are seen as the original settlers, while the Chinese, Indians and other ethnic groups are viewed as migrants. Nevertheless, over time, these migrants have settled into, and made Singapore their “home”. Therefore, a large proportion of Singaporean older persons consists of immigrants who arrived in Singapore in the early part of the twentieth century.

Mehta discusses issues related to the first generation of minority immigrants, especially the Gujaratis from North-West India, who have lived, settled and grown old in this country. In terms of religious affiliation, they may be Hindus, Muslims, or Jains. In her study, Mehta focuses on the Hindu and Muslim Gujaratis. She finds that the living arrangement of some families of the Gujaratis is multigenerational although the trend is declining. She also finds that loneliness is the most important issue faced
by old first-generation migrants. They miss their country of origin when they become old. They want to return to India, to focus on a religious life. However, they have invested heavily in their children who are educated and have roots in Singapore. Additionally, they suffer from language barrier as they do not speak English.

Mehta also concludes that this finding is similar to the one about older Chinese in Singapore who speak Hokkien or Cantonese, but do not speak English or Mandarin. The Chinese have difficulty in communicating with younger generation Chinese who speak only Mandarin and/or English. The generation gap between the first and second generations is also manifested in the way they nurture and bring up children. The second generation, in the opinion of first generation migrants, overdoes the delegation of this task to foreign maids, as opposed to most members of their generation who raised their children themselves.

A similar case among migrant urban older persons is shown by Ling in Chapter 13. She highlights how older persons in urban areas in Sarawak, Malaysia, feel they are trapped in urban homes, which are not their homes. They want to return to the rural villages, which they have known almost all their life, but they cannot afford to do this. However, she also finds that migrant urban older persons with better financial resources are able to enjoy the benefits of urbanization such as modern amenities and infrastructure.

Accelerated Ageing Process in Poor Economies

Poverty in rural areas pushes migration to urban areas. The migration comprises mainly young adult persons who leave older persons and children behind. This rural to urban migration can accelerate rural population ageing. It may further accelerate the ageing process if the outflow of reproductive-age women is also significant. Rural fertility rates may decline faster in that case. Meanwhile, ageing in poorer economies may be further accelerated by the influx of the migrants who have retired from the urban workforce. In this case, rural ageing population does not play an important role in attracting migrants to develop their economies.

Rural areas in South Korea are of this model. They have a very high rate of out-migration from rural to urban and industrial areas, accelerating the population ageing process in rural areas. As a result, most of the population in rural areas comprises older and handicapped
persons, living with their spouses or alone. Co-residence with adult children is more likely in urban than in rural areas. This phenomenon has created a tremendous challenge to raising the welfare of older persons (Sung 2005).

Furthermore, the accelerated population ageing process can result in much worse welfare for older persons in poor economies. The older persons in the low-income regency of Pacitan, East Java in Indonesia, are an example. Pacitan is well known for the out-migration of its working-age population to urban areas. The percentage of older persons in this regency was already as high as 14.2 per cent in 2005, double the national figure, while its per capita income was only about one-third of the national figure. Meanwhile, in terms of living arrangements, 42.8 per cent of older persons in Pacitan do not live with their children. This is higher than the figure for those who live in urban areas such as Surabaya, the capital of the province of East Java, Indonesia (Arifin 2006).

Ling in Chapter 13 also illustrates with a case in Sarawak, Malaysia, particularly of some Iban longhouse communities in Kapit, Kanowit and Sibu. Sarawak has been urbanizing at an unprecedented pace, with the urbanization rate rising rapidly from 16.0 per cent in 1970 to 48.0 per cent in 2000. The mainly young migrants from rural areas have left older persons and children behind in rural areas. Consequently, the rural to urban migration has worsened the ageing problem in Sarawak. Poor older persons in rural areas are more severely hit, especially when they become frail and sick, and require medical services. The situation is aggravated by the geographical landscape of Sarawak, which still has some relatively isolated remote areas due to its poor network of transportation and communication.

Rural to urban migration is a result of unequal development in a country. The relatively late economic transformation of a region within a country may push the productive population out of the region to the more developed regions. Hassan (2004), for example, illustrated a case in Malaysia. The least developed states, such as Kelantan, Trengganu, and Pahang, were still heavily dependent on agriculture and were late in transforming their economies into manufacturing-based ones. As a result, people moved from these areas to the more developed states and the migrants were usually still young, 25–44 years old.

The rural older persons became more vulnerable as they were neither in a pension scheme nor had any Employees Provident Fund. However, the impact of urbanization on the life of older persons was not always bad.
Ling also provides an illustration of how older persons living in village-towns did not really suffer from the out-migration of their adult children because the children were able to return home regularly to visit and give social and financial support to their elderly parents.

It is also true, therefore, that international migration has helped alleviate the poverty of places of origins through remittances of cash. In the case of the Philippines, as Cruz and Laguna indicate in Chapter 12, many international migrants do not come from poor families. They also find that remittances from overseas migration by adult children help older persons, who in addition receive financial assistance from their grandchildren and other family members. Remittances have been linked to the increased well-being of older persons, in terms of meeting their economic and health care needs. This is the case not only for older persons in rural areas, but also those in urban areas. Their study was based on findings of the first nationwide survey, the 1996 Philippines Elderly Survey (PES), which explored the issues of overseas labour migration and the well-being of older persons. In particular, it examined the impact of remittances on the well-being of older persons, including their economic and health conditions, and also, changing social roles, particularly, surrogate parenting.

However, they caution that older persons are generally living in poor socio-economic and health conditions. Older persons have little access to income security and health insurance. Therefore, the financial assistance gained from having children working overseas do not seem adequate to meet their need for health care, although it helps a lot in supporting older persons financially.

Cruz and Laguna also conclude that the feminization of international migration has resulted in older persons actively engaging in the care of family members, in particular, grandchildren, regardless of whether they receive remittances from their children working overseas. Older persons may not simply serve as grandparents, but also take on the role of surrogate parents. The shift from being grandparents to being surrogate parents illustrates the altruistic attitude of older persons towards their children and grandchildren. However, older persons may face heavy challenges when they resume the role of parenting as they are old, and especially, experiencing deteriorating health. As their age advances, they become more dependent on remittances.

Cruz and Laguna recommend that the government find a solution to help support the older persons left behind because of the continuing rise in international out-migration.
Deferred Ageing Process in Rich Economies

In contrast to the second model, the third model is found in relatively rich, urban economies, where the advancement of the economy becomes the dominant magnet for people seeking jobs. Although the fertility and mortality rates have been low, the age structure of the population can still be relatively young. Here, migrants have become the engine of economic development in the destination areas. As in the first pattern, the migrants may also cause social and political jealousy. Consequently, the outflow from rural areas, which has resulted in the rising percentage of older persons in rural areas, may have an opposite impact on the receiving urban areas. These receiving urban areas have deferred the ageing process because of the large inflow of young migrants.

Brunei Darussalam is one clear example of this model. It is a rich economy. As shown by Arifin and Ananta, the fertility rate is already low, but not as low as in Singapore. It has been just under replacement level fertility since the beginning of the 2000s, in contrast to Singapore, which has been below replacement level since 1975. At the same time, Brunei Darussalam has received a large flow of migrants. In 2001, about a quarter of its population comprised temporary residents, and almost 30.0 per cent of the total population was born outside the country. Therefore, Brunei Darussalam still had a very young population, with older persons forming 4.9 per cent of the total population in 2001.

In other words, the large influx of migration has deferred the population ageing process. Not surprisingly, as mentioned earlier in this chapter, ageing is not seen as a national issue in this rich country, which provides generous social safety nets for the population in general, including for older persons. Yet, the ageing process may eventually start as the net in-migration rate has been declining from 4.25 per 1,000 population in 2000, to 2.79 in 2007, and fertility rates continue to decline.

Arifin and Ananta also indicate that Jakarta, the capital of Indonesia, has deferred its ageing process. Its fertility and mortality rates have been relatively low, with replacement level achieved since early 1990s. However, Jakarta has a history of being an economic magnet for other areas in Indonesia. It used to have a large flow of migrants. Therefore, the population was still very young, with the percentage of older persons at only 3.9 per cent in 2000.

Kuala Lumpur, the capital of Malaysia, is similar to Jakarta. It also has a history of a large inflow of migrants and it has also deferred its population...
Roles of Government and Civil Society

Kreager in Chapter 14 explains the transition from the *laissez-faire* model to welfare state models, after the Great Depression in the 1930s when the states took on an important role for the welfare of the population. Then, realizing that its working population was shrinking while its ranks of retirees were swelling, the government of the United Kingdom in 1982 made another reform. However, with the welfare state system, the government would find great difficulty in maintaining fiscal sustainability. Therefore, it turned to the market system. The insurance industry was supposed to provide social security for all people, including older persons. However, people soon realized that it was too risky for them to depend on market mechanisms for their welfare. Speculative market behaviour may raise uncertainty for the welfare of those who did not have any other financial support in their old age. This speculative behaviour reduced the benefit of the role of private enterprises in providing financial support for older persons. Older persons cannot depend entirely on the private commercial sector to guarantee old-age income security. Private enterprises can help provide older persons with old-age income security, but they are not able to cover the majority of older persons.

A similar experience, but with a very different background, has occurred in Vietnam. Vietnam has seen a drastic shift from the state having full responsibility for the welfare of its people, to the family, private institutions, and civil societies shouldering the great responsibility for their own welfare, including the welfare of older persons. The state has reduced its responsibility through a series of market reforms launched since the 1980s. It remains responsible for the coordination and provision of welfare, but its financial contribution is targeted at the most vulnerable groups of society, such as the destitute, disabled, and those without help from immediate family members (Bui et al. 2000).

Lee and Chan (2007) showed that East Asian countries have taken a different path. They follow the so-called “East Asian welfare model”, which does not depend so much on “help” from the state. They believe...
that people have to work to survive. The government only helps those who have worked. Family support (a mainly Confucian value) is highly valued and given a very high and important role in creating social harmony and stability. Sustainable social welfare is only attainable with continuous robust economic growth and productivity.

Lee and Chan also argue that the East Asian welfare model, with its emphasis on market mechanism and the family system, has led to the oversight of social inequalities within the countries. During an economic crisis, the hardest hit segment of society are low-skilled workers, new immigrants, ethnic minorities, and older persons. In particular, the existing welfare systems in Japan, South Korea, Taiwan, and Hong Kong have not been an effective means of maintaining a decent life for older persons. However, partly because of robust economic growth in the mid-1990s within the existing political systems, these problems were mostly invisible. Furthermore, there has been an increasing number of cases showing that welfare development in East Asian countries is facing a crisis similar to that in Western countries — low earnings, inability to find jobs, urban poverty, and socio-spatial segregation.

In response to criticisms of both the welfare state (often seen in Western countries) and private commercial market plus family support (often seen in East Asian countries), Kreager indicates the need for a rising role for civil society. This means that social societies may be expected to help finance older persons. He argues that civil society used to be seen as an opposition to government, but this is no longer true. Civil societies can work hand in hand with government and private enterprises. They may fill in what the government, private enterprises, and family fail to provide to the older persons.

However, as mentioned in United Nations (2007), the final responsibility for improving the well-being of older persons must hinge on the government, forging a partnership with private commercial enterprises, families, and civil societies. In particular, the government has the ultimate duty to guarantee, regulate, and monitor the provision of a basic pension.

An example of a partnership between a government and the community can be seen in Singapore, where solutions to ageing issues can be clearly seen in government-subsidized housing estates. An increasing number of older persons has been living in these estates. Therefore, the government has created family and community-based services that include home
nursing service, befriending service, senior citizens’ or retirees’ club activities, day-care centres, and free or cheap meal service (Vasoo, Ngiam, and Cheung 2000). The family- and community-based services were created because of both financial reason and moral obligation, based on the social norms shared by most members of the Singapore society (Teo et al. 2006).

Kreager also shows that a potential civil society organization that could help are religious organizations, because most members of religious organizations are older persons. As illustration, he points to two Islamic organizations in Indonesia, the Muhammadiyah and Nahdlatul Ulama. He describes in detail how such organizations have been able to contribute to the welfare of older persons. He recommends that such an effort should be continuously supported and promoted.

In Chapter 15, Abikusno describes how the government, private enterprises, and civil societies have tried to work together to address ageing issues in Indonesia by examining changes in older persons related policies. The first policy on ageing made in 1965 was very unusual. It specifically addressed frail older persons when the percentage of frail older persons to the total older population in Indonesia was still very small. This is very interesting because the law was made in an era when ageing was not seen as an issue. The percentage of the population aged 60 and above was only 4.25 per cent. This law, however, was never implemented as there was a change of government in 1966.

He goes on to explain that there were not many policies on ageing from 1966 to 1998. After the 1998 reform on the government, there has been much more work done on ageing issues. Law No. 13/1998 replaced Law No. 4/1965, giving older persons the same rights as younger ones. The coverage of the new law is no longer restricted to older persons who cannot work and do not have sufficient income to live, but also include those who can still work. Another difference is that the government is not the only party responsible for the welfare of older persons. The community and families must bear some responsibility.

He shows that in 2004 the government of Indonesia attempted to answer the continuing debate on whether the government should be responsible for vulnerable groups, including older persons, regardless of the condition of the economy; whether the people themselves should bear the responsibility of financing their own old age; and/or whether other members of the family or the society at large have to support older persons. Law No. 40/2004 provided a comprehensive national social
security system to protect the pension sector. It should be able to cover all citizens, including those in the informal sector, the unemployed, and the poor by 2014. The government pays for this scheme through taxes, paid by employees and employers in the formal sector, with subsidies to the poor. This scheme has two programmes. The first is the old age pension, a defined-benefit social insurance programme. The second is a compulsory old age savings programme, a defined-contribution pension programme.

Nevertheless, he argues that there are still problems with transparency and accountability of the fund’s management. Moreover, the relatively high inflation rate in Indonesia has reduced the benefits of savings, including savings for retirement.

He also shows that one of the significant achievements of the government is the development of the National Plan of Action for Older Persons Welfare in 2003. It was followed by the creation of Komnas Lansia (Komite Nasional Lanjut Usia, or National Committee on Older Persons), who is directly responsible to the President of the Republic of Indonesia. Earlier, the government of Lao PDR, which older persons make up 5.3 per cent of its population in 2005, established their National Committee on Older Persons in 2001 and local committees have been set up in sixteen provinces and in Vientiane City (Bounneuang 2007). Meanwhile, the government of Thailand, discussed by Soonthorndhada in Chapter 5, developed the National Long-Term Plan of Action for Older Persons (1986–2001), and the Second National Plan for Older Persons (2002–21). The latter focused on preparation for quality of life, well-being, and social security for older persons.

Komnas Lansia of Indonesia functions to implement the national strategy and advise the President on ageing-related national policies and to produce comprehensive policies on ageing. Currently, the creation of the Komnas Lansia has been followed up by many Komda Lansia (Komisi Daerah Lanjut Usia, or Regional Committee on Older Persons), found in most of the provinces in Indonesia. The establishment of Komda is in line with the regional autonomy programme launched in 2001.

Abikusno also writes that there are at least 438 social organizations working on ageing issues. The ageing movement actually started as early as the mid-1970s with PUSAKA (Pusat Santunan Keluarga, or Centre for Family Assistance). It supports poor older persons by providing meals six days per week and regular health examinations. It is a community-based home care programme.
Another social organization dealing with ageing issues was the Elderly Clubs, initiated by the older persons themselves. Currently, many government agencies disseminated their programmes through this Elderly Clubs. The third form of social organization was “Indonesian Gerontology Society”, created mostly by retirees of the civil service and armed forces. It pioneered research in the field of ageing.

Policy Recommendations

Older Persons as an Asset

Population ageing has resulted in increasing economic challenges and has become the foremost contemporary policy debate in most industrialized countries in the world. Kreager in Chapter 14 argues that ageing has become potentially problematic because of the stand-off between the limited capacity of the state and the failure of market solutions. Furthermore, families can only function in small scales. There is also the awareness that independent institutions can play an important role in dealing with ageing issues.

One clear implication from this debate is the need to put ageing issues on the overall development paradigm. We need to transform older persons from being liabilities to being assets through active ageing. As an asset, older persons become a competitive advantage for an economy. More importantly, active ageing itself should be seen as one of the important objectives of development. The next research agenda should quantify and demonstrate the positive impact on society of the growing number and percentage of older persons. We should also involve the mass media to create positive images of older persons and avoid stereotyping them as liabilities and of low status.

Provision of Old-age Income Security

Older persons could fail to become an asset. On the other hand, it is also true that they might finance themselves by using their own accumulated savings and wealth. Their savings and/or wealth can be put in the government’s hand, the private financial market, or be kept by themselves. However, putting up savings in the financial market can be an unattractive option in an economy with high inflation. Even in low-inflation economies,
savings may not be sufficiently large to finance older persons who have an increasingly longer life span.

Therefore, financial protection is needed for older persons, whose health have often deteriorated and whose skills are not needed by the market. Our recommendation is to follow those mentioned by the United Nations (2007b), using a three-pillar system. The basic philosophy is that a pension system should guarantee old-age income security for everyone and ensure that everyone is above the international poverty line or any other socially acceptable minimum standard. It is not necessarily easy to achieve this goal, but it must be made a minimum target of development.

Therefore, the first pillar is universal coverage with a minimum of benefits, especially for countries with a large informal sector. Though mathematically this scheme is affordable in even very low-income countries, political considerations may make this programme unsuitable. Governments have to allocate the amount of money from other purposes. Yet, even though the sum is small, the government in poor countries may have many other objectives they consider more important than the provision of benefits to poor older persons.

The second pillar is the provision of a basic pension for those working in formal sectors. This pillar should minimally target a wage-replacement level. The last or third pillar is for the more affluent societies to complement public pensions with their own savings. They can do this through a private pension or employer-sponsored scheme, or other forms of asset accumulation.

Some countries have reformed their pension systems by moving from PAYG schemes with defined benefits — where current workers pay current retirees — to a fully funded defined-contribution scheme, where current workers save for their own retirement. Yet, the fully funded, defined-contribution scheme cannot guarantee income security for older persons either. Therefore, the PAYG scheme should be reformed with some adjustments to ensure financial sustainability and provision of basic, minimum income security for all. Solidarity among and between generations should be another important consideration for this reform.

**Ways to Create the Asset**

The issue of older persons as liabilities arises when a shrinking working-age population has to finance the continuously rising percentage and
number of older persons for a long period. From this perspective, a higher retirement age will reduce the burden since there will be a larger number and percentage of working-age population and, simultaneously, a smaller number and percentage of older persons. Abolishing the retirement age altogether and eliminating age-discriminatory employment policies, including determining salaries according to age, will be much better. So long as a person is willing and able to work, he or she should not be denied the opportunity simply because of his or her chronological age. The remuneration from employment should also be based on productivity, not on chronological age. Raising the retirement age or abolishing the retirement age also implies the need for a flexible labour market.

The need for a flexible labour market is especially important for economies with a very high percentage of workers in the formal sector. In countries with large opportunities for working in informal sectors and/or high contributions from the agricultural sector, older persons can help finance themselves through working in these sectors.

There are two macro policy options for transforming older persons into assets. The first policy is a continuous effort to create friendly public infrastructure and provide housing which particularly benefits the poor and disadvantaged. The second policy is the promotion of active ageing, including the creation of a healthy lifestyle for them from young and environment-friendly development. One of the challenges is to motivate the business sector into becoming interested in both the production of public-friendly infrastructure and the creation of active ageing communities.

Another option is to maintain and nurture community values that respect older persons. Traditionally, people invest in their children and younger relatives so that the children and younger relatives can be their source of support when they are old. In some societies, people still respect older persons and it is a disgrace to have neglected and poor old persons in the community. Norms, traditions, and religious values play an important part.

This is social insurance as opposed to commercial insurance. Social insurance used to be the only insurance that older persons in Southeast Asia had. With modernization and globalization, social and family networks can be revived using modern information technology. This network not only provides a way of increasing financial support for older persons, but can also result in healthier and more active older persons, making them an asset for the economy. Interaction with other persons, and their children and grandchildren, through IT, for example, will make them happy and,
hence, reduce the cost of taking care of them. Consequently, more money will be available for allocation to the population as a whole.

Finally, the issue of older persons should be seen as part of the wider issue of taking care of vulnerable groups of the population: the poor and disadvantaged, whatever their ages. Though older persons happen to be the most likely group to be poor and disadvantaged, most programmes for them also benefit the whole population. Many ageing-related policies also benefit the whole population. For example, a low-inflation economy is good for the poor, the disadvantaged, older persons, and the whole population in general. Friendly public infrastructure benefits the poor, the disadvantaged, older persons, and the public at large. Policies on a healthy lifestyle are aimed at the whole population, not only older persons.

At the same time, there are also programmes which directly benefit older persons only, such as the creation of special lanes for those in wheelchairs. However, the lower cost of taking care of older persons implies that more money can be allocated to the population in general. In other words, even policies aimed specifically at older persons can benefit the whole population.

ASEANizing Ageing Issues

There has been a common phenomenon in many Asian countries that people return to their home villages or small towns when they become older or retire. Cultural ties is one of the reasons. Lower cost of living in villages or small towns is another. It is, therefore, possible that cross-border retirement migration occurs, given the wide differences in income and ageing process among countries in East Asia and Southeast Asia. The lower cost of living in destination countries relative to the income of the older persons in the origin countries can be the key reason for cross-border retirement migration. The question is not whether this is acceptable, but rather, from which countries to which countries. Four Southeast Asian countries (Indonesia, Malaysia, Thailand, and the Philippines) are already eyeing such opportunities (Jones 2008). Indeed, there have been a few observations showing how some Dutch older persons spend their retirement in Indonesia.

This issue is in addition to the already recognized social and political implications of migration to a country with a shortage of young workers from countries with a surplus of young workers. Therefore, according to Severino (2007), ageing can soon become an important ASEAN issue.
ASEANizing ageing issues can be an important means of speeding up the process of ASEAN economic integration, enhancing regional security, and strengthening socio-cultural ties.

Finally, one of the important policy recommendations in ASEANizing ageing issues is the publication of all statistics of older persons (60 years and above) by five-year age groups. The last age group may be 70+, 75+, or 80+, depending on the availability of the data in each country.

Acknowledgement

The authors gratefully acknowledge comments on an earlier draft of this chapter from Myo Thant.

Notes

1. This advertisement has been discussed extensively by young people on the Internet, especially after Kompas, a leading national daily, published an article entitled “Yang Muda Yang Tidak Diperdaya” [The Young, the Untrustable] on 16 November 2007.
3. For more on the relationship between an ageing population and the economy, in general, and in Singapore, in particular, refer to Tay (2003).
4. Replacement level fertility is often indicated by TFR (total fertility rate) of around 2.1.
6. Fertility trend varies among the three main races of the resident population in this country: Chinese (76.8 per cent), Malay (13.9 per cent), and Indian (7.9 per cent). The three races managed to reach replacement level of fertility at the same time in 1975. The Chinese and Indian TFRs continued to be below replacement level with a trend of fluctuations. However, the TFR of Malays stayed below replacement level for only about a decade before going up and reaching a peak of 2.7 in 1990. It remained above replacement level until very recently and is now back to below replacement level.
7. The survey was carried out under HSBC’s global research on Future of Retirement: What the World Wants, covering twenty countries and including 1,000 working adult Singaporeans. A further discussion on the findings for Singapore can be found in “HSBC’s Future of Retirement. Insights for Singapore”, presented at
Older Persons in Southeast Asia: From Liability to Asset

10. For recent literature on this model, see Lee and Chan (2007).
11. PAYG is often used in a defined benefits scheme, but it may also be employed in a defined contribution scheme.
13. The statistics on net in-migration is cited from CIA World Factbook (January 2007).

References


