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Longevity and Productivity: Experiences from Aging Asia

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Selected papers of the APO Study Meeting on Productivity in Aging Societies held in the Republic of China, 17–20 July 2007. (07-RP-16-GE-STM-B)

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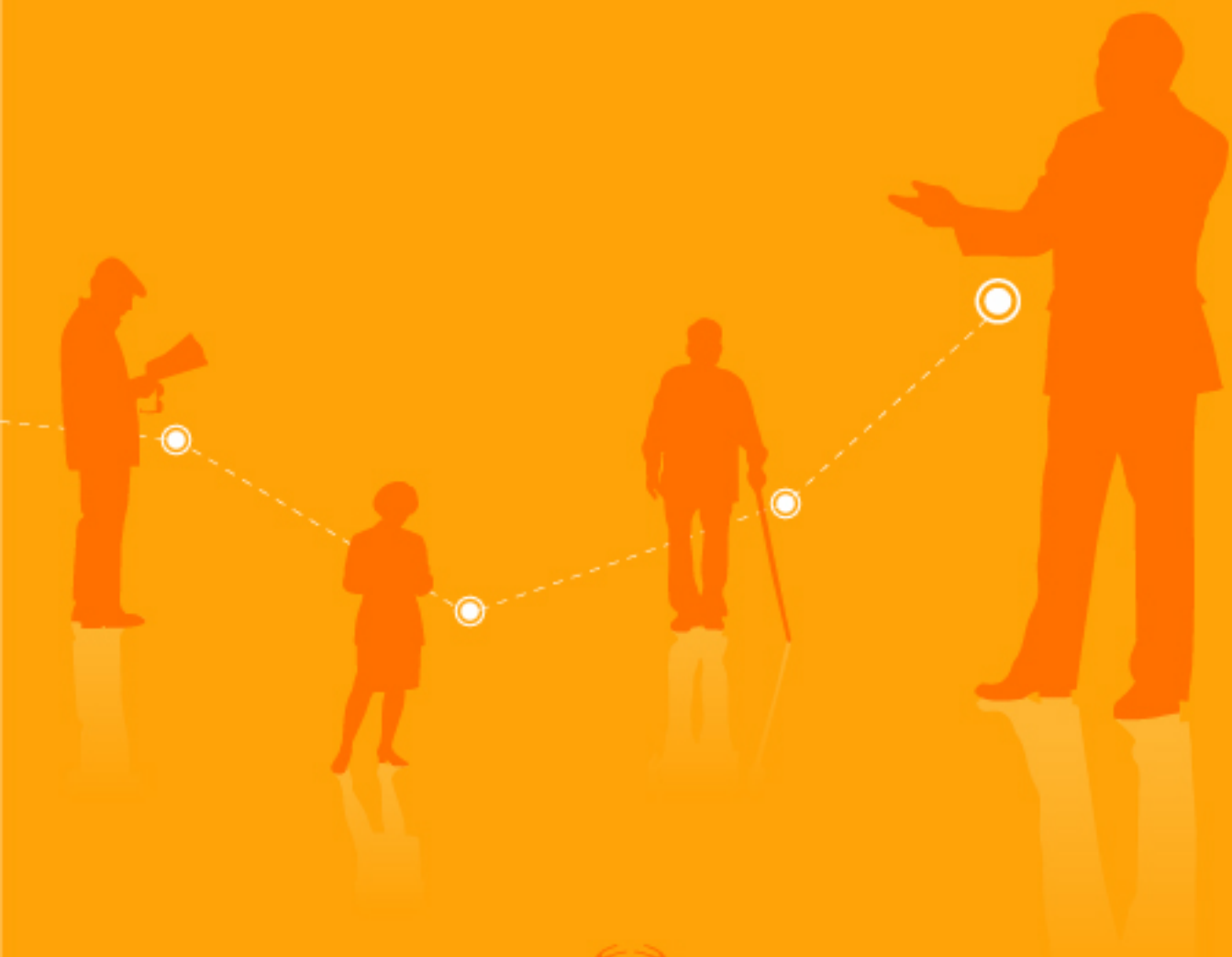
Longevity and Productivity

Experiences from Aging Asia



Asian Productivity Organization

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Dr. Narender Kumar Chadha served as the volume editor.

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FOREWORD

Aging is a global concern. Thanks to improvements in public health and medicine, the life expectancy of people in most parts of the world is increasing. The aged now account for a growing share of the total population of many countries. The impact of this phenomenon, often accompanied by declining birth rates, is being felt by both developed and developing countries alike. However, the understanding of the implications of aging societies remains in its infancy in many countries.

As people live longer and have fewer children, the number of workers per retired person is declining, thereby increasing the dependency ratio. The significantly older, unemployed population also tends to consume an increasing share of the national output by increasing total medical care and social security expenditures. This adds to the strain on society's scarce resources. A healthy rate of real economic growth could alleviate the pressures created by these challenges, but the prospects of such growth are neither apparent nor uniform for all countries. The problems of an aging society can therefore be far greater for a developing country, although developed countries have not been able to escape their impact. All these signify the increasingly important role of higher productivity in all situations and all countries.

I am of the opinion that many of the challenges arising from the increasing number of the aged can only be dealt with by a multipronged approach centered on the family, the society, and the government. The authors of the papers in this publication also think along the same lines. Each author is convinced that no single agent acting alone can bring about a change in the present situation. Contributions from all three are necessary, with the family being the primary support system.

The individual chapters in this volume provide insights into each country's approach to the issues and challenges of an aging society, outlining specific problems, programs, and policies. Chapter 1 presents an overview of the aging status of APO member countries and highlights the issues and challenges faced. Chapters 2–5 expand on the problems faced by participating member countries and elucidate how they are struggling to find effective solutions. The subsequent chapters describe practical solutions adopted by developed countries with aging societies, namely, Japan, the Republic of China, Singapore, and the USA.

This publication is the result of the APO study meeting on Productivity in Aging Societies held in the Republic of China in 2007. It is the first on the subject by the APO, and I hope it facilitates understanding of the various approaches and specific measures adopted by different countries to find ways of dealing with the impact of increased longevity and the challenges it poses to society and future generations.

The APO would like to thank all the authors for their contributions and for making this volume possible.

Shigeo Takenaka
Secretary-General

Tokyo
July 2008

CHAPTER 1. THE GRAYING OF THE ASIAN POPULATION: ISSUES AND CHALLENGES

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All countries—developing or developed—are experiencing an explosive growth in the population of elderly people. Better diets, improvement in medical facilities, and awareness of healthy lifestyles have brought about an increase in life expectancy rates and a decrease in mortality that will have an impact on many aspects of society, but at the moment very few policymakers are aware of the long-term effects. This trend towards an increasing number of people over the age of 60 will certainly pose many problems in the near future, bringing many challenges for policymakers, planners, and social activists.

In order to examine long-term effects and find ways of dealing with them, the APO organized a study meeting on "Productivity in Aging Societies" at Taipei, Republic of China, July 17–20, 2007. Resource countries for this conference were Japan, ROC, Singapore, and the U.S. Participant countries were Cambodia, Fiji, India, Indonesia, Iran, Malaysia, Japan, Philippines, Republic of China, Singapore, Sri Lanka, and Thailand. The objective was to take a serious look at global aging and its impact on every participating member country of the APO. Specifically, the goals were to discuss challenges resulting from the increase in elderly populations in APO member countries; to examine approaches in public policy, employment, and health care for the elderly; and to suggest policy directions and recommendations that will enhance the quality of life and productivity of the elderly in society.

Asia, one of the largest land areas on earth, is home to the largest number of elderly people in the world. At present it is witnessing an enormous explosion in the population of older people and is faced with the challenge of dealing with the implications of a graying society. Japan, with a population of 127.7 million, has 26.6 million elderly persons, accounting for 28.8% of its total population. This makes it the first super-aging society in Asia. Paradoxically, Japan also faces a declining population, expected to be below a 100 million in 2046. This is a predicament for many countries, not only in Asia but all over the world.

Dr. Priscilla Allen, U.S., has noted that in the past the "disengagement theory," whereby older people opted to drop out of activity in society, was widely accepted. The social environment and the political economy did not support participation by the elderly. However, today the situation is very different. There is a worldwide effort to keep the elderly in the mainstream, to whatever extent possible, to counter the effects of the imbalance in the numbers of the old and the young.

DEMOGRAPHIC TRANSITIONS

The extraordinary impact of this rapidly growing segment of the population can be appreciated when looking at the actual demographic picture. Every country is struggling with the sheer numbers of older people who need care and protection in every area of life. As stated above, there are 26.6 million people over the age of 65 in Japan, 28.8% of its total population, and this is expected increase to 30 million by 2012 and 35 million by 2018. The U.S., another developed country, is facing the same predicament. In 1914, the elderly population made up only 7% of its total population; this is projected to increase to 14% by 2013.

Developing countries, with their limited resources, are finding the problem even more difficult to handle. India's elderly population of 6.8% in 1991 has increased to 7.2%. This is 76.6 million people, giving India the dubious distinction of being the second largest population of elderly in the world! That population is projected to increase to 137 million by 2021.

Other countries throughout the world have shown the same trend. The ROC, for example, expects its present aging population of 10% to increase to 13% by 2016. Sri Lanka has projected that elderly persons, who formed 10.8% of the total population in 2003, are likely to be more than double that percentage, i.e., 22%, by 2033. Thailand has also seen an increase, from 5% in 1980 to 10.72% in 2007.

Today Iran has a population of 5,200,000 elderly people, or 7.3% of the total population, up from 5.2% in 1976. The projected growth of Iran's elderly population is shown in Table 1.

Table 1. Projected Growth of Iran's Elderly Population, 2010–50

	2010	2020	2030	2040	2050
Growth (%)	6.9	9.2	12.3	16.8	24.8

Both Singapore and the Philippines also expect a steep rise in their aging populations. Singapore's aged population of 300,000 (8.4%) in 2005 is expected to increase to 900,000 (18.7%) in 2030. Similarly the Philippines, though its population is generally young, also has senior citizens, presently numbering 5.2 million and growing at the rate of 2.36% per year.

The elderly population of Malaysia has also shown a steady increase over the past years, and this is expected to continue. Table 2 shows the number of elderly in relation to the total population.

Table 2. Total Population and Number of Elderly in Malaysia, 1991–2025

	1991	1995	2000	2005	2010	2015	2020	2025	2030
Total population (millions)	18.4	20.1	23.3	26.1	28.9	31.8	34.9	38.0	41.1
Number of elderly (65+)	1.1	1.2	1.5	1.7	2.1	2.7	3.4	4.2	4.9

A similar trend can be seen in Indonesia, where the aging population of 14,653,700 in the year 2000 has increased to over 17 million today and is expected to be 34.5 million by 2025. The trend for other countries is shown in Table 3.

Table 3. Increase and Projected Increase in Number of Elderly Throughout the Region, 1950–2025

	Number of Elderly (thousands)			
	1950	1975	2007	2025
Asia	49,759.3	100,852.2	198,963.9	354,139.5
Cambodia	197.4	330.7	856.2	1,706.5
Fiji	13.0	25.8	58.4	114.5
Indonesia	4,952.5	7254.0	19,486.3	34,592.3
India	20,098.2	38,489.0	92,438.5	168,145.5
Iran	1,396.0	1831.0	4,667.9	9,748.9
Japan	6,437.0	13,048.0	35,822.8	43,992.8
Philippines	1,104.3	2079.5	5406.4	11,268.3
ROC	41,572.2	64,334.8	152,064.7	289,984.7
Singapore	38.2	151.5	597.3	1,600.0
Sri Lanka	572.3	859.9	2,357.2	4,292.3
Thailand	991.0	2072.0	7,187.0	13,957.8

GLOBAL TRENDS

Aging has become a global phenomenon. All countries are now facing an increase in the absolute and relative numbers of the aged in their populations. Japan, Spain, and Italy have the fastest-growing aging populations, and the fastest-growing age group is that of 80 years and over.

Another aspect that can be seen all over the world is that while people are living longer and healthier lives, the younger generation been significantly diminished in number. Since the younger generation would be the support group for the elderly, this imbalance is of great concern to policymakers. Interestingly, the reasons for this phenomenon are the same worldwide: there is a general trend of late marriages or non-marriages, divorces, low fertility, increased longevity, and migration. The increasing role of women in economic activity, their financial independence, and the high cost of raising a child are some reasons for the low fertility rate. The impact of this situation is now being felt in all areas: individual, social, developmental, and economic. The burden of the ever-growing population of elderly people, in terms of both care-giving and financial dependence, is falling to the younger generation, despite its smaller numbers.

Due to urbanization and liberalization, there have been fundamental changes in the value systems, lifestyles, and family structures of younger people. Because of career ambitions, financial constraints, employment away from home, or lack of space in urban areas, the younger generation is often unwilling to take on the responsibility of caring for older people for long periods of time. This is compounded by the fact that women are often involved in career activities outside the household, and thus daughters and daughters-in-law are not available as primary caregivers. This lack of an adequate support system is another issue that needs to be addressed.

EMERGING ISSUES

In looking at the trends, a number of issues emerge that require the attention of policymakers at all levels. As mentioned above, one of the most important aspects is the steadily growing number of elderly people. Policies made today need to focus on the current projected increase in the aging population, as earlier projections are no longer appropriate or realistic, as Dr. Angelique Chan, Singapore, has pointed out.

The decrease in both the fertility and the mortality rate has brought about a high degree of dependence ratio. The number of those who bear the burden of the ever-growing population of elderly people, in terms of both caregiving and financial dependence, is getting smaller. Financial security, employment, and care for the elderly are some of the challenges being faced by most countries today. When Singapore achieved independent rule in 1965, the Total Fertility Rate (TFR) was six children per woman. By 1975, it was 1.24, one of the lowest in Asia. Currently, 7% of Singapore's population is over the age of 65 years, and this is expected to increase to 19%. The old age dependency ratio will increase from one older adult relying on 10 working adults to three, i.e., 1:10 to 3:10.

The dependency ratio in India reached a new high of 75% in 2001. This means that the non-working population is rising steadily compared to those who work, resulting in a situation where a smaller group of young people will bear the burden of a larger group of children and the elderly.

The fertility rate all over the world has decreased over the years, as shown in Table 4.

Shifts in the world's age structure and increases in the old age dependency ratio highlight the need to rethink avenues toward economic productivity.

Table 4. Worldwide Fertility Rate, 1990–2050

	1990	2000	2010	2020	2030	2040	2050
Fertility Rate (%)	3.3	3.1	2.6	2.2	1.9	1.9	1.9

Source: United Nations (2007) World Population Prospects (2006 Revision)

The shrinking workforce is another important impact of the aging population, as it has the potential to erode economic growth as a result of the reduced labor force and the reduced rate of domestic savings. Older people are retiring, and the numbers of the younger generation are dwindling. In the ASEAN 4 and China it is believed that the rate of increase in the working population has already declined. One country facing this issue more than any other is Japan. Currently, 17% of its people are over the age of 65 years, and this number is predicted to reach 30% in less than 15 years. This gives rise to a fear that the GDP will shrink and the economy and the social security system could be severely compromised.

Similar problems exist for other countries, like Italy, Spain, the ROC, and Germany. It will be crucial to offset the negative effects of the declining population and diminished savings by increasing total factor productivity. In particular, improvement of productivity through innovative means will be key to maintaining a vibrant economy and quality of life, as suggested by Osaki and Saito from Japan. Likewise, countries like Japan will need to relax their immigration laws to allow for more foreign workers to provide for needed services.

Health care for the elderly for increasingly longer periods of time is also a challenge for most countries. Although general health is improving all over the world, longevity sometimes gives rise to chronic problems that require long-term medical care. Many older people may also be disabled and require special attention. It is quite evident that people living at or below poverty level experience significantly higher levels of disability than those with more resources. Research has also found that women suffer from chronic illnesses more than men, and since they also generally live longer, providing health care for them is another aspect to be considered.

Providing nursing homes and old-age homes is also becoming an urgent issue as the family, which has long been the primary care unit, finds it increasingly difficult to look after elderly family members. Long-term chronic illnesses are difficult for family members to deal with at home. The physical and financial drain as well as the psychological toll become burdensome on a long-term basis. Cognitive impairments like Alzheimer's disease also cause disruption of family life. For all these reasons, nursing homes and old-age homes are also becoming a necessity increasingly felt even in family-based Asian societies.

In addition to these implications, which affect all countries to a greater or lesser extent, certain aspects pose a challenge to specific countries. These issues were also examined at the APO study meeting.

COUNTRY-SPECIFIC ISSUES

Cambodia faces a special challenge in that the majority of the current generation of the elderly are uneducated. 60% cannot read and another 22% can read only with difficulty. Finding ways to disseminate information on healthy lifestyles or to provide employment is a difficult task. Elderly Cambodians live in one of the poorest countries in Asia; poverty is widespread. This makes issues of economic well-being extremely important, more so since there are no formal social protection measures. Most elderly persons depend on themselves or their families for material support. Most of the women are not active economically but usually work at home or help out in farming and fishing.

Although the situation of the elderly in Cambodia has improved considerably during the last decade, lack of assets, isolation, and physical problems remain serious threats. Economic and social exclusion have undermined the value of the knowledge and wisdom of elderly people in community development.

Another country facing the challenge of caring for its growing elderly population in the face of poverty and intermittent wars is Sri Lanka. While for most developed economies an increase in aging population occurs hand in hand with industrialization and economic growth, Sri Lanka has had to deal with the transition under conditions of relative poverty.

Certain social changes have made problems more acute for some countries. Countries like the People's Republic of China, Vietnam, and Laos are moving toward a market-led economy, which has created new conditions of vulnerability for people previously protected by the socialist system. In the PRC, the sheer number of people who need long-term care is staggering. On the other hand, large counties like India, while experiencing high rates of economic growth, are struggling to include significant marginal groups in their protection schemes. The ever-increasing numbers of the elderly are a challenge that the policymakers of India are facing along with the ever-increasing younger population. There is a saying among some gerontologists in the United States that the best long-term care insurance is a daughter and the second-best is a daughter-in-law.

The family provides the majority of elderly care-giving in most countries; 80% of care in U.S. is provided by family members. But care-giving does not necessarily mean cohabitation, which is more common in the Asian countries. In the U.S., 6% of the population over the age of 65 years resides long-term in nursing homes, and this rate increases with increasing age. Those living to age 80 years and over have a 50% chance of spending some time in a nursing home. The female to male ratio is at least 3:1 in terms of spending time in a nursing home. On the other hand, smaller countries like Korea, Fiji, and Malaysia are facing the problem of a declining younger generation. They are facing a dual problem: there are not enough younger people to look after the elderly, and the low level of education of the elderly makes it difficult to rehabilitate them. The major challenge for countries like Singapore and Iran is removing myths about aging and changing mindsets to see that with productive aging, seniors are a resource and not a burden. They seek to promote healthy, active, and secure lives for seniors who can age with respect and dignity.

As a matter of interest, the way that the so-called "dependency ratio," or "elderly support ratio" is expressed in the literature already makes older people seem "dependent" and "unproductive." Traditionally, this ratio is used to indicate the relationship between the proportion of the population that is employed (referred to as "productive years") and the proportion that is not in the workforce (viewed as "dependent" or "unproductive"). The aged make great many contributions at this stage in their lives, especially in the present-day context of the knowledge economy, and these labels may not fully take this into account.

Countries all over the world are experiencing the phenomenon of graying populations—with the exception perhaps of the Philippines. According to Hendricks and Yoon (2006), the Philippines is experiencing a slow aging process as compared to economically advanced Asian countries like Japan, Korea, Singapore, and the ROC. Surveys show that the Philippines has a young population: 37% are under 15.

POLICIES AND THEIR IMPACT

Most countries have begun to realize the impact of the world trend of aging populations and its effect on existing resources. Some have made efforts to deal with the problem. Malaysia, for example, in 1995 drew up the National Policy for Older Persons, the aim of which was to create a society that encourages older persons to develop a sense of self-worth and dignity. Malaysia

also established the National Advisory and Consultative Council of the Elderly (1996) and the National Action Plan for Older Persons (1998). The technical committee of the National Policy for Older Persons was formed in 1996 in order to ensure the integration and participation of the elderly in the country's development.

The Ninth Malaysian Plan (2006–2010) focuses on family and community development. Greater emphasis is given to building resilient families and a more caring society. Concentrated efforts are being made to increase unity and integration in order to develop social stability as well as to shift from a welfare approach to a developmental approach to ensure active and productive aging. The emphasis is on community participation that promotes healthy lifestyles, social and recreational activities, lifelong learning programs, and skills to enable productive contributions. The Department of Social Welfare under the ministry plays a very important role, serving as the focal point for all issues related to aging.

The Royal Thai government is also aware of the challenges caused by an aging population, and priority has been given to issues relating to older persons. The aim of these policies is to inculcate a positive attitude toward aging in society. The National Long-Term Plan of Action of the Elderly (1986–2001) covered health, education, income, employment, and social and cultural aspects. In 1997, constitutional provisions were established to give older persons with insufficient income the right to receive aid from the state. In 1999, the government established the National Commission on the Elderly, which focused on a high-quality aging process and the well-being and social security of older persons, and called for research to support policies and programs. The government has also taken initiatives to strengthen income security in old-age and promote lifelong education, day centers for health care, family assistance counseling, and healthy behaviors from a young age, and to create awareness about the process of aging in the community, organizing social activities for older persons.

Korea has, on the one hand, been very enterprising in encouraging the growth of a "silver-friendly" industry; and, on the other hand, it has made it a policy to encourage population growth through steps like decreasing child care expenses and reinforcing the temporary leave system for child care.

Most countries dealing with care of the elderly have tried to insure stability against financial difficulty through the public pension system, retirement benefits, and other social security systems. This is essential to provide the elderly with a sense of financial independence, dignity and self-esteem. But providing social security for the elderly population is not an easy task.

In Japan, the total social security benefit amounted to JPY85.6 trillion, the highest amount spent on social security anywhere. Japan has dealt with this problem, as well as the issue of shrinking labor force, by implementing a policy of allowing elderly people to work beyond retirement age and also re-employing them. It has worked toward an age-free society where a person with will and ability can continue to work regardless of age. As Asia's first super-aging country, Japan's way of dealing with the graying population can be looked upon as a model. Its policies all aim toward encouraging the work force to work beyond retirement age. The Employment Continuation Benefit for the Aged (1995) gives supportive benefit to those aged 60 to 64 whose wages have fallen by more than 25%. Employers also are assisted and encouraged in employing older persons: their salary and any reduced output are subsidized by the government.

In 1998, the government introduced the Education and Training Benefit, which directly assists individuals in taking required courses and training by covering part of the cost. Self-training, placement services, guidance and assistance, and developing job opportunities are some of the unique services provided by the government. A group of three persons above the age of 45 years who are starting a joint venture is also eligible for government subsidy.

However, this model may not be an appropriate model for countries with large populations like India or China. If the numbers of the elderly are large, there is an equally large number of

young people. In a country where unemployment is endemic, providing employment for the elderly is a difficult problem.

RECOMMENDATIONS

Improved health standards have led to increased life expectancy. On an average, people are entering old age in better health than in the past, and they are also expected to live longer. So although work is already being done for the benefit of the elderly, there is also a need for more policies. Keeping in mind their own country's problem areas, recommendations were given as to future programs by all the participants in the APO study, as the elderly in all countries, including the United States, remain one of the most vulnerable groups, especially in natural disasters. For example, in the case of the U.S., more than two-thirds of deaths in recent disasters, such as Hurricane Katrina, were people over 65; many perished in nursing homes and similar facilities, making planning for the elderly a vital component of any policy that affects the elderly. At the same time, it is important to have the elderly as part of the consultative policy-making process, as they make very effective contributions.

It is important to note that social security and retirement benefits are only given in only a few countries, and even when they are, they are unsufficient to cover the cost of living; countries like Sri Lanka, Cambodia, Iran, and Malaysia do not yet have a financial security plan for the elderly. Singapore has the Central Provident Fund (CPF), but it is not a primary source of financial support. In most cases, the family continues to be the main source of financial support, leading to dependence by the elderly on a younger generation which has neither the ability nor the will to look after them. It is important to provide some kind of social security for the elderly to grow old with dignity.

The present generation of elderly is both healthy and willing to work beyond retirement age, as can be seen in the Japanese culture. Allowing people to work as long as they are willing and able to work would also result in a physically and mentally healthy aging population, a concept called "active aging." It is also important to provide the elderly with continuing education and training to help them deal with role changes.

There is a strong relationship between education and ongoing healthy aging. It is through education and dissemination of information that the elderly can learn about the importance of a healthy diet, exercise, and lifestyle management that will ensure a healthy old age. This information also needs to be provided to the younger generation, as healthy practices need to begin early. A healthy and active aging process will reduce the burden on public health services as well as families.

With increasing longevity, plans for health care are also required in terms of availability of hospitals, nursing homes, and clinics in every area and of the means to pay for them. There is a great need for health insurance programs like Medicare and MedClaim so that the elderly do not have to depend on their families for basic medical care. Studies have shown that those who live to 80 years and above have a 50% chance of spending some time in a nursing home. Cognitive impairment and difficulty with activities of daily living (ADL) are the primary causes.

Easy and age-friendly means of transport are also needed. Elderly people are often confined to their homes and unable to take care of their daily needs because no transportation is available. This can lead to social isolation as physical movement becomes increasingly difficult with advancing age.

Another very important aspect to be considered when formulating policies for the elderly is the need for laws that protect them against neglect, abuse, and exploitation, sometimes even by their own family members. It is important also to identify vulnerable areas where many elderly people live and provide them with protection. Areas where large numbers of older persons reside need to be considered as risk areas and be equipped with security and other services.

Home-care services, adult day-care programs, and old-age homes have become indispensable. The dwindling numbers of the younger generation and their changing value systems and lifestyles posing a problem in looking after older people, and the increased dependency ratio has made these programs a necessity.

Beside the government, society and the family also have major roles to play. Changing attitudes toward aging are an important step toward making the elderly feel accepted in society. Eliminating bias towards the elderly is a great service for them. Strengthening of family ties is vital for long-term support. It is important to build a strong support system for the elderly. Although in many countries the elderly continue to live with their children and grandchildren, this does not always mean cooperation and care. The increasing cost of living and changing lifestyles are making it difficult for the younger generation to care for their own elderly. However, it also needs to be kept in mind that in many countries, like the U.S., for example, the elderly do not like being dependent on their children. There are many people, young and old, who base success on independence and self-sufficiency. Recognizing the above, the APO study meeting made three major recommendations at the level of family, society, and government for consideration by all parties involved in aging-related issues.

RECOMMENDATIONS

Family

- Strengthening of family ties.
- Care of their own elderly.
- Encouraging intergenerational relationships.
- Age-friendly household structures/construction.

Society

- Change in attitudes toward aging.
- Homes for the elderly.
- Dissemination of information on healthy living.
- Support of NGOs.
- Building social support system.
- Developing community programs.
- Entertainment centers.
- Age-friendly facilities.

Government

- Social support systems.
- Health care programs.
- Hospitals and nursing homes.
- Disaster planning.
- Protection from fraud and exploitation.
- Laws against neglect and abuse.
- Transportation availability and at least 50% reduction in cost.
- Home care services.
- Adult day-care programs.
- Old-age homes.

CONCLUSION

Although global aging is indicative of a triumph of medical, social, economic, and technological advances over disease, it also presents tremendous challenges and opportunities for the government, society, and NGOs. There is an obvious need for long-term planning to keep pace with the demands of an aging population, and policies are needed to respond to these challenges. However, in considering aging issues, it is important to also consider the needs of all generations in order to avoid a narrow and divisive view of the life span. Further, policies should be developed using research-based data to help understand the needs of older people as well as the cultural aspects of each country.

The APO Study Meeting on Productivity in Aging Societies helped highlight many of the issues raised above. The collective knowledge and wisdom possessed by the aged would be worth billions of dollars if we were to assign them a monetary value. This pool of knowledge should not be lost, and continuous efforts must be made to tap into these intellectual assets so that they can contribute to raising productivity in the various spheres of life in all societies. While some countries are working on raising the level of awareness to generate the respect that the elderly deserve, others are marching ahead with a mix of policy interventions to help raise the productivity and quality of life of the elderly.

One thing that seems evident is that the APO needs to do more in this often-neglected area, for example, to undertake an in-depth study on best practices in policy and other measures that exist in the other super-aged societies. This will help us to formulate relevant practices that may be understood and adapted in the Asian context for the advancement of the quality of life of the aged, including those who will become the elderly in the years to come.

CHAPTER 2. THE AGING POPULATION IN INDONESIA

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LEARNING OBJECTIVES

- Demographic distribution of the elderly in Indonesia.
- Characteristics of the elderly population.
- Growing needs of the elderly.
- Current policies related to the needs.
- Implications for future policies.

BACKGROUND

Seven percent of the population worldwide was estimated to be 65 years or over in 2006 (Population Reference Bureau 2006). This figure was three times higher in more developed countries than in less developed countries (15% versus 5%). The percentage of the elderly population ranged from a low of 1% in Qatar and United Arab Emirates and 2% in countries with a high total fertility rate (TFR), such as Sudan (TFR=5), Liberia (TFR=6.8), Niger (TFR=7.9), Eritrea (TFR=5.3), Kenya (TFR=4.9), Mayotte (TFR=4.5), Rwanda (TFR=6.1), and Afghanistan (TFR=6.8), to a high of 19% in Germany and Italy, 20% in Japan, and 22% in Monaco.

Responses to the increase in the elderly population vary across countries. Developed countries with more stable and better institutionalized fiscal and monetary institutions have anticipated the implications with various programs such as old-age social security systems, flexible working schemes, and well-equipped nursing homes. But even under these circumstances, problems related to this phenomenon are inevitable, in particular the sustainability of a program's financing. Meanwhile, developing countries are struggling to support both current and future older people and must depend heavily on non-governmental programs, families, and community to support the elderly population.

Demographers have long predicted this change in population structure. Around the world a decline in fertility and mortality has caused a decline in the percentage of young people (0–14 years) and an increase in the working-age (15–64 years) and aging populations (65 years and over). As a consequence, the dependency ratio (DR), i.e., the ratio between the number of young and old and the number of those of working age, has also declined. The DR measures the economic responsibility of the working-age population to the population of the young and the old. However, in the long run, since the mortality level has also declined, the DR will increase due to the continuous increase of the elderly population. This means an increase in government, family, and community expenditures to meet the needs of the elderly.

Demographer-economists argue that the decline of the DR will bring benefits to countries, called demographic dividends or bonuses, where countries can increase family savings, investments, and workers' productivity and accelerate economic growth. In Asia, Japan is the first country to have enjoyed the demographic dividend, followed by China, Republic of Korea, and Singapore. However, this demographic dividend can be enjoyed if and only if a country invests in improving the quality of its human resources, particularly health, education, and economic productivity. A country whose population improves its health, education, and economic productivity can achieve more. Today's young people are the development actors of the future; their human resources quality should be improved. The working-age population today is the elderly population of the future; their human resources quality should be improved so that they

are financially able to meet their needs in old age. Meanwhile, the needs of the older population today should also be met. All this implies that governments should improve their role in development planning to meet the needs of their populations.

Demographers also have recommended that governments anticipate the impacts of the increase in the aging population. One of these impacts is labor-related. In developed countries such as Japan, companies have proposed working schemes that allow the elderly to continue to work with an agreed-upon plan. This more relaxed working scheme has helped the aged to remain economically productive and hence contribute to economic growth. Japan is able to do this because most of its workers are formal workers. However, developing regions, including Indonesia, are facing heavier burdens in having to create more formal employment for new workers as well as meeting the needs of the elderly population.

The number of elderly will continue to grow, so it is important to study the characteristics, existing policies, issues, and challenges of this population. The objective of this study is to analyze the demographic and socioeconomic conditions of the aging population in Indonesia. Specifically, it aims to describe the characteristics of the elderly in Indonesia, analyze their productivity, describe existing policies that affect the aging population, and address issues, challenges, and future policy demands.

INDONESIA IN BRIEF

Indonesia is the fourth most populous country in the world, after China, India, and the U.S. It is estimated that in 2007 the population of Indonesia was 224.9 million with a growth of 1.27% per annum in 2006–07 (Central Board of Statistics et al., 2005). 112.6 million Indonesians are males and 112.3 million are females. With a declining population growth to 0.82% per annum, it is projected that in 2025 the Indonesian population will increase to 273.2 million, 136.3 million males and 136.9 million females.

The population will continue to increase in all 30 provinces. As shown in Table 1, most people live in West Java (17.4%), East Java (16.9%), and Central Java (15.2%). The percentage of population living in West Java will continue to increase to 19.3% in 2025, while the percentage of population living in Central Java and East Java will decline to 12.1% and 13.6%, respectively.

The world has witnessed the Indonesia's success in controlling its population growth by lowering the birth rate through official government policies. The Total Fertility Rate (TFR) was 5.6 children per woman in 1960, and it has declined today to 2.19 children per woman and is projected to be 2.07 children per woman in 2025. Together with an improvement in health services, the decline of the TFR has resulted in a decline in the Infant Mortality Rate (IMR), from around 140 infant deaths per 1,000 live births in the 1960s to 29 in 2007; it is projected to be 15 in 2025. As a result, on average an Indonesian may live up to age 69.8 now, and that life expectancy is projected at 73.7 in 2025. However, the Maternal Mortality Ratio (MMR) is still among the highest in South East Asian countries, at 307 maternal deaths per 1,000 live births in 2002–03 (Central Board of Statistics et al., 2003).

The unemployment rate is high: around 10%. Almost 2 of 10 Indonesians are poor. In addition, more than 4 of 10 workers work in the informal sector. As a result, Indonesia ranks among the lowest in human development achievement: 108th in the world in 2006.

Indonesia is experiencing a decline in its dependency ratio (DR). The percentage of young people in the population will decline from 27.3% in 2007 to an estimated 22.8% in 2025. Meanwhile, the percentage of the working-age population and aging populations will increase from 67.5% and 5.1% in 2007 to 68.7% and 8.5% in 2025, respectively. The DR will continue to decline until it will reach its lowest level, 44.5% in the period of 2015–20. It will increase again to 45.5% in 2025 (Table 2).

Table 1. Estimated Population by Province, 2000–2025

Province	2000	2005	2015	2025
Nanggroe Aceh Darussalam	3,929,300	4,037,900	4,166,300	4,196,300
North Sumatra	11,642,600	12,452,800	13,923,600	15,059,300
West Sumatra	4,248,500	4,402,100	4,693,400	4,846,000
Riau	4,948,000	6,108,400	8,997,700	12,571,300
Jambi	2,407,200	2,657,300	3,164,800	3,636,800
South Sumatra	6,899,100	7,526,800	8,780,800	9,960,300
Bengkulu	1,564,800	1,744,200	2,119,800	2,488,800
Lampung	6,730,800	7,291,300	8,377,400	9,330,000
Bangka Belitung Islands	900,000	971,500	1,116,400	1,240,000
DKI Jakarta	8,361,000	8,699,600	9,168,500	9,259,900
West Java	35,724,000	39,066,700	46,073,800	52,740,800
Central Java	31,223,000	31,887,200	32,882,700	33,152,800
DI Yogyakarta	3,121,100	3,280,200	3,580,300	3,776,500
East Java	34,766,000	35,550,400	36,840,400	37,194,500
Banten	8,098,100	9,309,000	12,140,000	15,343,500
Bali	3,150,000	3,378,500	3,792,600	4,122,100
West Nusa Tenggara	4,008,600	4,355,500	5,040,800	5,671,600
East Nusa Tenggara	3,823,100	4,127,300	4,694,900	5,194,800
West Kalimantan	4,016,200	4,394,300	5,142,500	5,809,100
Central Kalimantan	1,855,600	2,137,900	2,757,200	3,414,400
South Kalimantan	2,984,000	3,240,100	3,767,800	4,258,000
East Kalimantan	2,451,900	2,810,900	3,587,900	4,400,400
North Sulawesi	2,000,900	2,141,900	2,402,800	2,615,500
Central Sulawesi	2,176,000	2,404,000	2,884,200	3,372,200
South Sulawesi	8,050,800	8,493,700	9,339,900	10,023,600
Southeast Sulawesi	1,820,300	2,085,900	2,653,000	3,246,500
Gorontalo	833,500	872,200	937,500	979,400
Maluku	1,163,200	1,172,000	1,163,100	1,125,300
North Maluku	732,200	780,300	870,400	939,200
Papua	2,213,800	2,518,400	3,119,500	3,682,500
Indonesia	205,843,600	219,898,300	248,180,000	273,651,400

Table 2. Estimated Dependency Ratio (DR) and the Share of Aging DR, 2000–25

	DR	Youth DR	Aging DR	Aging DR (%)
2000	55	48	7	13.2
2005	50	42	8	15.0
2015	45	36	9	19.2
2025	46	33	13	27.0

Although the aging population in Indonesia is relatively small, its absolute number is significant: 11.5 million in 2007, higher than the figure for the United Kingdom (9.7 million) and Australia (2.7 million). Even in the future, if the percentage of the aging population in Japan increases to 22%, the absolute number of the aging population in Indonesia will be close to the absolute number of the aging population in Japan: 23.2 million versus 26.6 million.

With significant differences in development achievements, in particular in human resources and economic development, between Indonesia and the above-mentioned developed countries, it is all the more urgent that the government formulate policies that meet the needs of the aging population both today and in the future.

CHARACTERISTICS OF THE AGING POPULATION

It is estimated that the population aged 60 and over was 14.7 million in 2000 and that it increased to 16.4 million in 2005 and will increase to 23.2 million in 2015 and 36.0 million in 2025 (Table 3). Meanwhile, the population aged 65 and over was estimated to be 9.6 million in 2000, it increased to 11.0 million in 2005, and it will be 14.7 million in 2015 and 23.2 million in 2025. As a result, the relative percentage of the population aged 60 and over will continue to increase, from 7.1% in 2000 to 7.5% in 2005, 9.4% in 2015, and 13.2% in 2025 (Figure 1). The percentage of the population aged 65 and over will continue to increase, from 4.7% in 2000 to 5.0% in 2005, 5.9% in 2015, and 8.5% in 2025 (Figure 2). It can be seen that both the absolute and the relative number of elderly women is significantly higher than the absolute and relative number of elderly men, implying that Indonesian women live longer than Indonesian men do.

Table 3. Estimated Number of the Population Aged 60 or Over by Age Group And Sex, 2000, 2005, 2015, and 2025

Year	Sex	Age group				P60+	P65+
		60–64	65–69	70–74	75+		
2000	Male	2,481,500	1,810,600	1,267,600	1,369,200	6,928,900	4,447,400
	Female	2,592,100	2,012,200	1,392,300	1,728,200	7,724,800	5,132,700
	M+F	5,073,600	3,822,800	2,659,900	3,097,400	14,653,700	9,580,100
2005	Male	2,719,100	2,136,100	1,433,500	1,501,200	7,789,900	5,070,800
	Female	2,753,700	2,329,500	1,683,900	1,883,500	8,650,600	5,896,900
	M+F	5,472,800	4,465,600	3,117,400	3,384,700	16,440,500	10,967,700
2015	Male	4,334,000	2,938,600	1,932,300	2,040,500	11,245,400	6,911,400
	Female	4,163,200	3,001,600	2,151,400	2,648,500	11,964,700	7,801,500
	M+F	8,497,200	5,940,200	4,083,700	4,689,000	23,210,100	14,712,900
2025	Male	6,243,400	4,810,900	3,202,700	2,968,400	17,225,400	10,982,000
	Female	6,578,900	5,049,200	3,399,400	3,732,800	18,760,300	12,181,400
	M+F	12,822,300	9,860,100	6,602,100	6,701,200	35,985,700	23,163,400

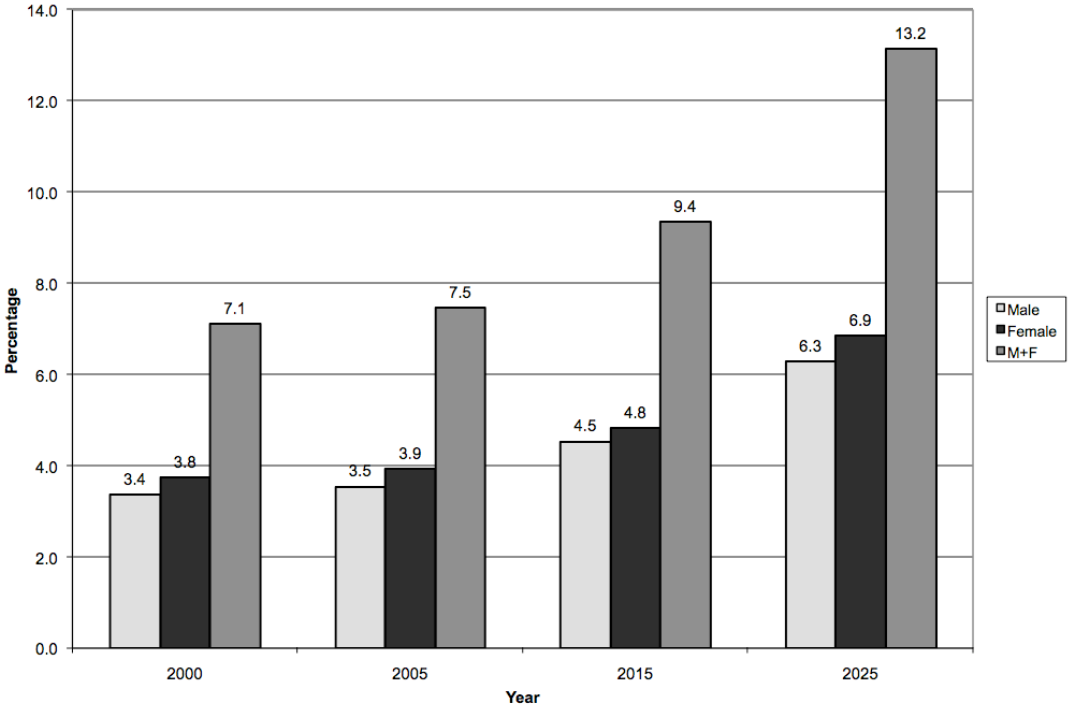

Figure 1. Estimated Percentage of the Population Aged 60 or Over, 2000, 2005, 2015, and 2025

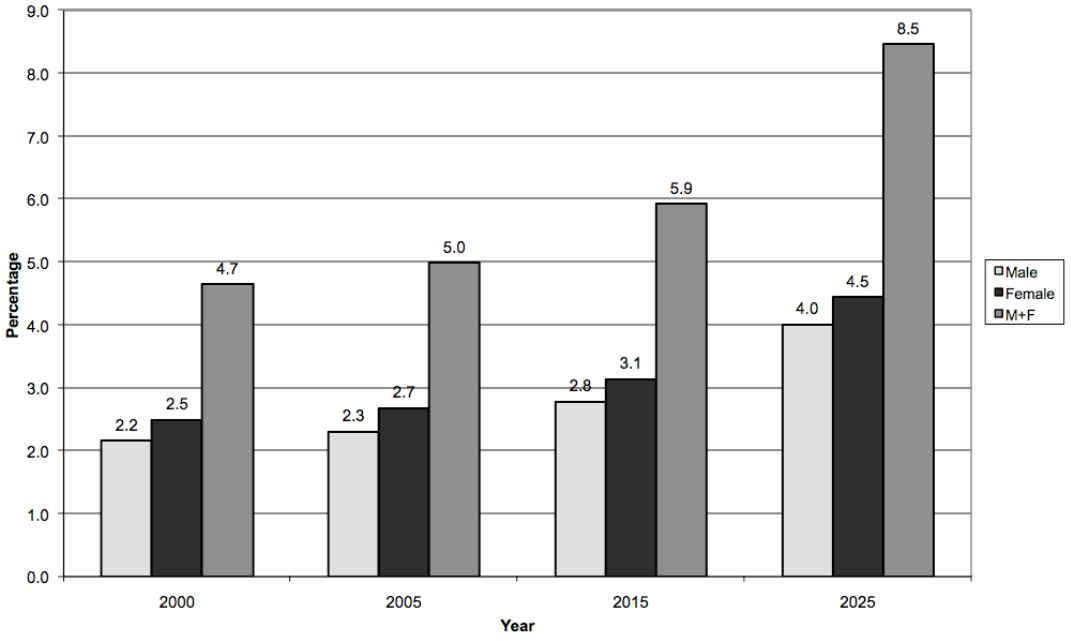

Figure 2. Estimated Percentage of Population Aged 65 or Over, 2000, 2005, 2015, and 2025

As a whole, most old persons aged 65 or over live in West Java, Central Java, and East Java (Table 4). In East Java the population aged 65 and over was estimated to be 2.2 million in 2000 (22.6% of the population aged 65 and over), and it will increase to 4.7 million in 2025 (20.2% of the population aged 65 and over). Responding to these figures, community-based services have been established for the elderly in these three provinces, such as exercising together, giving help to disabled elderly people, starting income-generating activities such as making souvenirs, and going on excursions. However, support is needed to sustain these services, since the number of elderly to be served greatly exceeds the services available.

Table 4. Estimated Percentage Distribution of Population Aged 65 or Over by Province, 2000, 2005, 2015, and 2025

Province	2000	2005	2015	2025
Nanggroe Aceh Darussalam	1.30	1.43	1.45	1.24
North Sumatra	4.21	4.30	4.56	4.86
West Sumatra	2.42	2.28	1.99	1.90
Riau	1.07	1.28	1.72	2.27
Jambi	0.72	0.80	0.91	1.03
South Sumatra	2.28	2.46	2.70	2.95
Bengkulu	0.50	0.54	0.58	0.70
Lampung	2.64	2.79	2.92	3.13
Bangka Belitung Islands	0.35	0.36	0.40	0.43
DKI Jakarta	2.07	2.29	2.94	3.07
West Java	16.62	16.70	17.31	17.91
Central Java	20.33	20.01	18.41	16.11
DI Yogyakarta	2.87	2.74	2.37	1.96
East Java	22.64	22.63	21.64	20.15
Banten	3.10	2.88	2.98	3.83
Bali	1.92	1.91	1.94	1.79
West Nusa Tenggara	1.45	1.51	1.65	1.66
East Nusa Tenggara	1.74	1.73	1.73	1.61
West Kalimantan	1.16	1.28	1.55	1.62
Central Kalimantan	0.46	0.51	0.68	0.87
South Kalimantan	1.02	1.09	1.21	1.32
East Kalimantan	0.53	0.61	0.88	1.19
North Sulawesi	1.05	1.09	1.17	1.20
Central Sulawesi	0.67	0.72	0.87	0.97
South Sulawesi	3.74	3.71	3.83	3.53
Southeast Sulawesi	0.55	0.59	0.72	0.82
Gorontalo	0.28	0.29	0.34	0.34
Maluku	0.48	0.45	0.41	0.37
North Maluku	0.21	0.21	0.23	0.23
Papua	0.25	0.32	0.58	0.89
Indonesia	100.00	100.00	100.00	100.00

The percentage of population aged 65 and over varies greatly across provinces, ranging from 1.4% in Papua to 9.2% in DI Yogyakarta in 2005 (Table 5). In 2025, West Sumatra, Central Java, DI Yogyakarta, East Java, Bali, and North Sulawesi will have high percentages of population aged 65 and over, between 9.1% and 12.6%.

Table 5. Estimated Percentage of Population Aged 65 or Over by Province, 2000, 2005, 2015, and 2025

Province	2000	2005	2015	2025
Nanggroe Aceh Darussalam	3.2	3.9	5.1	6.9
North Sumatra	3.5	3.8	4.8	7.5
West Sumatra	5.5	5.7	6.2	9.1
Riau	2.1	2.3	2.8	4.2
Jambi	2.9	3.3	4.2	6.6
South Sumatra	3.2	3.6	4.5	6.9
Bengkulu	3.1	3.4	4.0	6.5
Lampung	3.8	4.2	5.1	7.8
Bangka Belitung Islands	3.8	4.1	5.2	8.1
DKI Jakarta	2.4	2.9	4.7	7.7
West Java	4.5	4.7	5.5	7.9
Central Java	6.3	6.9	8.2	11.3
DI Yogyakarta	8.9	9.2	9.7	12.1
East Java	6.3	7.0	8.6	12.6
Banten	3.7	3.4	3.6	5.8
Bali	5.9	6.2	7.5	10.1
West Nusa Tenggara	3.5	3.8	4.8	6.8
East Nusa Tenggara	4.4	4.6	5.4	7.2
West Kalimantan	2.8	3.2	4.4	6.5
Central Kalimantan	2.4	2.6	3.6	5.9
South Kalimantan	3.3	3.7	4.7	7.2
East Kalimantan	2.1	2.4	3.6	6.3
North Sulawesi	5.1	5.6	7.1	10.7
Central Sulawesi	3.0	3.3	4.4	6.7
South Sulawesi	4.5	4.8	6.0	8.2
Southeast Sulawesi	2.9	3.1	4.0	5.9
Gorontalo	3.3	3.7	5.3	8.0
Maluku	4.0	4.2	5.1	7.6
North Maluku	2.8	3.0	3.8	5.8
Papua	1.1	1.4	2.7	5.6
Indonesia	4.7	5.0	5.9	8.5

The results of the 2000 population census show that most older persons aged 60 and over, 54%, live in rural areas (Table 6). By marital status, most of them were married (62%), with older men more likely to stay in a marriage than older women (85% versus 41%) (Table 7), implying that elderly women were more likely to stay unmarried.

Table 6. Percentage Distribution of Population Aged 60 or Over by Age Group, Sex, and Place of Residence, 2000

Age group	Sex	Urban	Rural	Total
60–64	Male	36.5	63.5	100.0
	Female	36.8	63.2	100.0
	M+F	36.7	63.3	100.0
65–69	Male	36.0	64.0	100.0
	Female	37.4	62.6	100.0
	M+F	36.8	63.2	100.0
70–74	Male	35.0	65.0	100.0
	Female	36.6	63.4	100.0
	M+F	35.8	64.2	100.0
75+	Male	35.2	64.8	100.0
	Female	37.3	62.7	100.0
	M+F	36.3	63.7	100.0
60+	Male	35.9	64.1	100.0
	Female	37.0	63.0	100.0
	M+F	36.5	63.5	100.0
65+	Male	35.5	64.5	100.0
	Female	37.1	62.9	100.0
	M+F	36.3	63.7	100.0

Table 7. Percentage Distribution of Population Aged 60 or Over by Age, Sex, and Marital Status, 2000

Age group	Sex	Single	Married	Divorced	Widowed	Total
60–64	Male	1.1	90.7	1.2	7.0	100.0
	Female	2.0	53.7	3.4	40.8	100.0
	M+F	1.6	71.8	2.3	24.3	100.0
65–69	Male	1.3	87.7	1.2	9.8	100.0
	Female	2.2	45.8	3.1	48.9	100.0
	M+F	1.8	65.4	2.2	30.6	100.0
70–74	Male	1.6	83.1	1.2	14.0	100.0
	Female	2.8	30.7	2.9	63.5	100.0
	M+F	2.2	56.0	2.1	39.7	100.0
75+	Male	8.2	71.6	1.5	18.6	100.0
	Female	8.6	23.3	2.4	65.7	100.0
	M+F	8.4	45.7	2.0	43.9	100.0
60+	Male	2.6	85.0	1.2	11.2	100.0
	Female	3.5	41.4	3.0	52.1	100.0
	M+F	3.1	62.2	2.2	32.6	100.0
65+	Male	3.4	81.5	1.3	13.7	100.0
	Female	4.3	34.4	2.8	58.4	100.0
0.5	M+F	3.9	56.6	2.1	37.4	100.0

Most of the population aged 60 and over, 51%, was the head of the household (Table 8), with older men more likely to hold this status (78% versus 26%), indicating that they still have responsibilities in meeting the needs of their families, including children and grandchildren. Older women tended to be the "spouse" or "other" in the household (35% and 38%, respectively), indicating that elderly women were more likely to stay with their children or relatives; many Indonesians believe that it is the responsibility of children or relatives to take care of their elderly parents or relatives.

Table 8. Percentage Distribution of Population Aged 60 or Over by Age, Sex, and Relationship to Head of Household, 2000

Age group	Sex	Head	Spouse	Children	Others	Total
60–64	Male	94.0	0.0	0.1	5.9	100.0
	Female	28.5	46.6	0.2	24.7	100.0
	M+F	60.4	23.9	0.2	15.5	100.0
65–69	Male	91.1	0.0	0.1	8.7	100.0
	Female	30.1	38.1	0.1	31.6	100.0
	M+F	58.6	20.3	0.1	20.9	100.0
70–74	Male	86.9	0.1	0.0	13.0	100.0
	Female	33.3	22.8	0.1	43.9	100.0
	M+F	59.2	11.8	0.1	29.0	100.0
75+	Male	27.5	15.1	0.1	57.4	100.0
	Female	8.6	23.3	2.4	65.7	100.0
	M+F	18.1	19.2	1.2	61.5	100.0
60+	Male	78.3	3.1	0.1	18.5	100.0
	Female	26.0	35.3	0.6	38.1	100.0
	M+F	51.3	19.7	0.3	28.6	100.0
65+	Male	69.2	4.9	0.1	25.8	100.0
	Female	24.6	29.0	0.8	45.6	100.0
	M+F	46.1	17.4	0.4	36.1	100.0

As a whole, most older people, 89%, are Muslim (Table 9). By ethnicity, most of them are Javanese (48%) (Table 10), followed by Sudanese (16%). These two characteristics are typical of the Indonesian elderly population.

In terms of human resources quality, most older persons in Indonesia have a low level of education. The generation born in or before 1935 went through difficult times when education was not easily accessible. The results of the 2000 population census show that 65% of the population aged 65 had no schooling or did not complete primary school (*Sekolah Dasar*/SD), 27% completed SD, 3% completed junior high school (*Sekolah Menengah Tingkat Pertama*/ SMTP), 4.3% completed senior high school (*Sekolah Menengah Atas*/SMA), and only 0.7% had a university education (Table 11). The percentage of old people who had no education or did not complete SD was much higher in rural areas than in urban areas and was much higher among older women than older men. Meanwhile, the percentage of older people with university educations was much higher in urban areas than in rural areas and much higher among older men than older women.

Table 9. Percentage Distribution of Population Aged 60 or Over by Age, Sex, and Religion, 2000

Age group	Sex	Moslem	Christian	Hindu	Buddhist	Others	Total
60–64	Male	88.4	8.0	2.2	1.1	0.3	100.0
	Female	89.0	7.6	2.1	1.0	0.3	100.0
	M+F	88.7	7.8	2.1	1.1	0.3	100.0
65–69	Male	88.1	8.0	2.4	1.2	0.3	100.0
	Female	88.8	7.7	2.2	1.1	0.3	100.0
	M+F	88.5	7.8	2.3	1.1	0.3	100.0
70–74	Male	89.3	7.1	2.3	1.0	0.3	100.0
	Female	89.3	7.3	2.2	1.0	0.3	100.0
	M+F	89.3	7.2	2.3	1.0	0.3	100.0
75+	Male	88.6	7.0	3.0	1.1	0.3	100.0
	Female	88.2	7.6	2.7	1.2	0.3	100.0
	M+F	88.4	7.3	2.8	1.1	0.3	100.0
60+	Male	88.5	7.6	2.4	1.1	0.3	100.0
	Female	88.8	7.5	2.3	1.1	0.3	100.0
	M+F	88.7	7.6	2.3	1.1	0.3	100.0
65+	Male	88.6	7.4	2.5	1.1	0.3	100.0
	Female	88.8	7.5	2.4	1.1	0.3	100.0
	M+F	88.7	7.5	2.4	1.1	0.3	100.0

Table 10. Percentage Distribution of Population Aged 60 or Over by Age Group, Sex, and Ethnicity, 2000

Age group	Sex	Javanese	Sundanese	Maduranese	Minang	Others	Total
60–64	Male	46.0	16.1	4.0	2.5	31.5	100.0
	Female	48.7	13.9	4.5	2.7	30.2	100.0
	M+F	47.4	15.0	4.2	2.6	30.8	100.0
65–69	Male	49.2	15.1	3.5	2.6	29.6	100.0
	Female	51.5	13.3	4.1	2.9	28.3	100.0
	M+F	50.4	14.1	3.8	2.7	28.9	100.0
70–74	Male	48.7	17.0	3.6	2.6	28.1	100.0
	Female	50.4	14.3	4.0	3.2	28.1	100.0
	M+F	49.6	15.6	3.8	2.9	28.1	100.0
75+	Male	43.7	24.5	2.7	2.1	27.0	100.0
	Female	46.4	19.5	3.3	3.0	27.8	100.0
	M+F	45.1	21.8	3.0	2.6	27.4	100.0
60+	Male	46.9	17.6	3.5	2.5	29.5	100.0
	Female	49.3	14.9	4.1	2.9	28.9	100.0
	M+F	48.1	16.2	3.8	2.7	29.2	100.0
65+	Male	47.4	18.4	3.3	2.5	28.4	100.0
	Female	49.6	15.5	3.8	3.0	28.1	100.0
	M+F	48.6	16.9	3.6	2.7	28.2	100.0

The Labor Force Participation Rate (LFPR) is the percentage of economically active population to working-age population (economically active and not-economically active, usually aged 15 or over). The Employment Rate (ER) is the percentage of those who work or look for work in the economically active population. The results of the 2000 population census show that the LFPR of those aged 65 ans over was 60% (Table 12). The figure was much higher in rural areas than in urban areas and was much higher among men than among women, indicating that the ability to work for a living in rural areas and job opportunities were more available to men than to women. Meanwhile, it can also be seen that among those who were economically active, almost all people aged 65 or over worked or were looking for work, showing that being

unemployed is a luxury even to many of the elderly in Indonesia, although the retirement age is 55.

Table 11. Percentage Distribution of Population Aged 65 or Over by Place of Residence, Sex, and Educational Attainment, 2000

Place of residence	Sex	No schooling/ incomplete SD	SD	SMTP	SMA	University	Total
Urban	Male	38.6	40.7	7.8	10.0	2.9	100.0
	Female	58.6	31.4	4.5	4.6	0.8	100.0
	M+F	49.4	35.7	6.0	7.1	1.8	100.0
Rural	Male	63.0	30.4	2.4	3.9	0.3	100.0
	Female	81.4	15.8	0.9	1.8	0.1	100.0
	M+F	73.3	22.2	1.6	2.8	0.2	100.0
Urban+Rural	Male	54.3	34.0	4.3	6.1	1.2	100.0
	Female	73.7	21.1	2.1	2.8	0.3	100.0
	M+F	65.0	26.9	3.1	4.3	0.7	100.0

Table 12. Labor Force Participation Rate (LFPR) and Employment Rate of Population Aged 60 or Over by Place of Residence and Sex, 2000

Place of residence	Sex	LFPR		Employment Rate	
		60–64	65+	60–64	65+
Urban	Male	79.95	64.82	99.24	99.17
	Female	43.79	32.89	98.57	98.34
	M+F	61.38	47.55	99.00	98.86
Rural	Male	93.89	81.95	99.66	99.60
	Female	69.78	54.57	99.25	99.14
	M+F	81.57	67.64	99.48	99.40
Urban+Rural	Male	88.80	75.88	99.52	99.47
	Female	60.22	46.53	99.07	98.93
	M+F	74.17	60.34	99.33	99.25

Most older people in Indonesia, 67%, worked in the agriculture sector (Table 13), followed by the industrial sector (20%) and others (11%), with only 1.5% in the service sector. Most of the population aged 65 and over, 81%, worked in the informal sector (self-employed, assisted self-employed, or unpaid worker) (Table 14). Older women were much more likely to work as unpaid workers.

Being elderly is in many cases accompanied by health problems. As shown in the results of the 2004 National Socioeconomic Survey, some elderly people had specific health problems ranging from diarrhea (1.7%) to coughs (22.8%) (Figure 3).

The lack of access to health services is still an important development issue. Health insurance is available only for those who work in formal jobs. As a result, many Indonesians have to rely on pocket money to pay for health services. As shown Figure 4, among the elderly who had specific health problems only 6.2% had health insurance (*Asuransi Kesehatan*/Askes), with more elderly men than elderly women (7.3% versus 5.2%). Although the government provided a health card for those who were poor, only 2% stated that they had the card for health services. These results confirm that despite all that has been done, many elderly have no security in health care.

Table 13. Percentage Distribution of Population Aged 60 or Over by Place of Residence, Sex, and Main Industry, 2000

Place of residence	Sex	Agriculture	Industry	Services	Others	Total
Urban	Male	36.1	43.5	4.7	15.7	100.0
	Female	28.6	43.3	4.1	24.0	100.0
	M+F	33.3	43.5	4.4	18.8	100.0
Rural	Male	83.3	10.2	1.5	5.0	100.0
	Female	73.1	11.8	2.3	12.8	100.0
	M+F	79.1	10.8	1.8	8.2	100.0
Urban+Rural	Male	69.2	20.2	2.4	8.2	100.0
	Female	61.4	20.1	2.8	15.8	100.0
	M+F	66.8	20.4	1.5	11.3	100.0

Table 14. Percentage Distribution of Population Aged 60 or Over by Place of Residence, Sex, and Employment Status, 2000

Place of residence	Sex	Self employed	Assisted self employed	Employer	Employee	Unpaid worker	Total
Urban	Male	40.5	17.4	2.5	34.8	4.9	100.0
	Female	39.4	9.0	1.6	23.9	26.1	100.0
	M+F	44.8	16.0	2.4	34.4	2.4	100.0
Rural	Male	34.3	46.0	1.3	12.8	5.7	100.0
	Female	27.9	16.7	0.7	11.0	43.7	100.0
	M+F	40.3	42.8	1.4	15.3	0.2	100.0
Urban+Rural	Male	36.2	37.0	1.7	19.6	5.4	100.0
	Female	30.9	14.6	0.9	14.4	39.1	100.0
	M+F	34.0	27.8	1.4	17.5	19.2	100.0

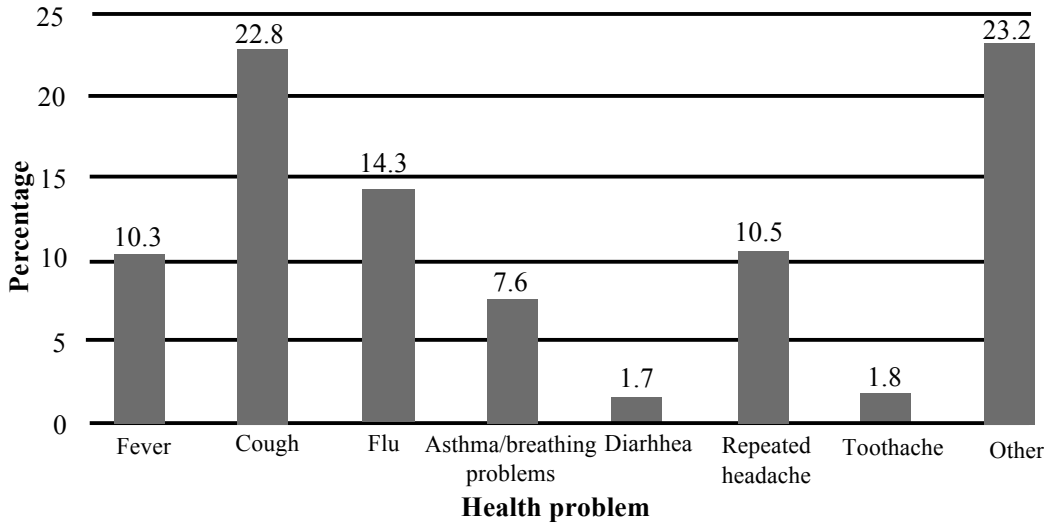

Figure 3. Percentage of Population Aged 60 or Over Who Had Specific Health Problems by Sex, 2004

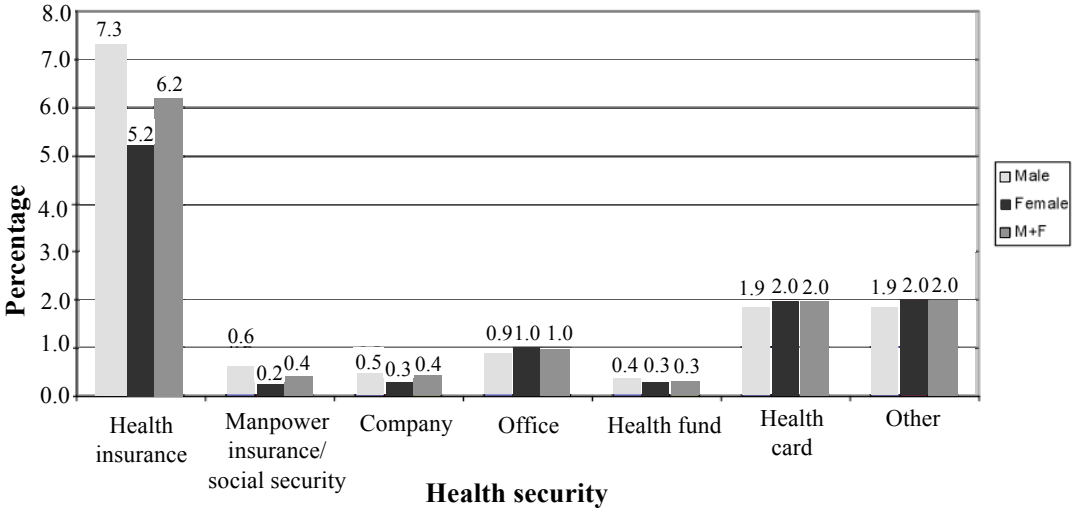

Figure 4. Percentage of Population Aged 60 or Over Who Had Specific Health Security by Sex, 2004

EXISTING POLICY FOR THE AGING POPULATION

In response to the increased elderly population, the government has stipulated a national commitment to older persons as follows:

- Laws No. 6 of 1974 on the Main Stipulation of Social Welfare.
- Laws No. 13 of 1988 on the Elderly Welfare.
- Government Decree No. 43 of 2004 on the Implementation of Efforts to Improve Elderly Social Welfare.
- Presidential Decree No. 52 of 2004 on the National Commission on the Elderly.
- Presidential Decree No. 93/M of 2005 on the Membership of the National Commission on the Elderly.
- Decree of Coordinating Minister of People's Welfare No. 15/Kep/Menko/Kesra/IX/ 1994 on the National Committee on the Institutionalization of the Elderly in Nation's Life.
- National Action Plan for the Elderly Welfare in 2003–08.

The policies for social services to the aging population aim to:

- Create family and community support for elderly life.
- Create protection and social security that can improve the life of the elderly.
- Create working opportunity activities to actualize the elderly person's life in the family and the community.
- Create a life climate that can encourage the elderly to conduct spiritual and religious social activities.
- Create public facilities and services that are accessible to the elderly.

Meanwhile, there are certain strategies for social services for the elderly.

- Social empowerment: improve professionalism and performance of services staff and beneficiaries to prevent and solve problems and to respond to the aspirations and hope of the elderly to improve their quality of life.
- Social partnership: collaboration, caring, togetherness, equity, and network to develop mutual benefits between the government, the community, and the business world in the provision of services for the elderly.
- Social participation: initiative, active participation, and involvement of all parties and components of the community, including business people, in implementing services for the elderly.
- Social advocacy: efforts to provide supervision, protection, and advocacy to those whose rights are violated.

ISSUES AND CHALLENGES OF THE AGING POPULATION

Despite policies that aim to protect and support the life of the elderly, many issues and challenges exist for all parties involved in the provision of social welfare for the aging population.

The Ministry of Social Affairs is the primary government institution responsible for providing social welfare for the aging population. The capacity of this government institution should be improved in the areas of planning and implementing services for the increasing aging population. Coordination with other government and non-government institutions—the Ministry of Health, the Coordinating Ministry of People's Welfare, and donors—should be improved so that the target elderly group's rights are protected. In addition, this Ministry should also support community-based services by permitting community organizations to carry out their activities and programs.

In 2007 the Ministry of Social Affairs planned to develop the social security program and to give support to 3,500 elderly people. Support should increase to 5,000 in 2008. This number is very small compared to the number of the elderly in the country. The government should create formal social security for all of the aging population.

Other support to the aging population should include lifelong identity cards, discounted prices for public transportation and tourist sites, and special counters at health facilities. This is not without its problems; in some cases the staff who serve the aging population are not able to be friendly and patient.

Stigmatization is another issue. Older people are considered weak and unable to perform daily activities. Young people should be encouraged to respect their elderly parents or relatives, in particular in Indonesia, where the elderly still expect the young to respect them. In addition, the younger generation should be encouraged to involve their elderly parents or relatives in decision-making in order to share their experiences—one thing the elderly population loves to do.

Community-based services need support, since they have no certainty of financial or human resources. Community bonds need to be strengthened to ensure that these services can be sustained.

A report from the Ministry of Social Affairs shows that 15% of the aging population were neglected and 29% were vulnerable to being neglected. The cycle of poverty circle and changes in family structure are contributing factors here. Poverty alleviation and strengthening the role of the family to include taking care of the elderly may result in reducing elderly neglect.

FUTURE POLICY DEMANDS FOR THE AGING POPULATION

The aging population will continue to increase. Future aging populations will be better prepared than the aging population today. More elderly people will have a better education, good health, and economic productivity. There will be an increasing demand for elderly-friendly facilities for health, work, entertainment, tourism, sports, and housing.

The working-age population today is the elderly population of the future. They should be encouraged to prepare for their old age by achieving financial security today so they can meet their needs in the future. This also means changing social behavior and welcoming old age with positive attitudes. However, since elderly people with a lower quality of human resources will still outnumber those with better education, health, and economic productivity, the government should work hard to coordinate and facilitate all parties, including families, community, business people, and donors, to support efforts to meet the needs of the aging population. The government must strive to meet the needs of the aging population today and in the near future. Their number is increasing, while facilities available for them are far from adequate.

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CHAPTER 3. THE AGE OF CONCERN

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LEARNING OBJECTIVES

- Trends and transitions of the aging population in India.
- Demographic distribution of the elderly.
- Challenges faced by the government in dealing with issues related to aging.
- Current policies for the elderly.
- Future needs of the growing elderly population.
- Future focuses and policy demands.

INTRODUCTION

Aging is a universal, continuous, and insidious process that begins with conception and ends with death. What is understood as "old age" or "growing old," in terms of structure and function, may be observed in one person in earlier years and in another many years later. Old age is associated with declining physical and mental health, susceptibility to diseases, limited regenerative abilities, inability to carry out actions—the list goes on and on.

Though older people have traditionally enjoyed a sense of honor and dignity, had the power and responsibility of decision-making in the family and community, and enjoyed care, respect, and reverence, at the same time an older person is often viewed negatively. Elderly folk are associated with many stereotypes in our society: the use of walking sticks, frequent doctor visits, and the inability to sleep. When we talk about old age what comes to mind is the image of an elderly person suffering from a plethora of ailments. The younger generation is moving ahead, with rapid changes in technology, attitudes, values, and priorities, and leaving behind the older population, unable to cope with the fast pace of life of today.

However, it must not be forgotten that older people play an important role both in the family and in society as a whole. They often provide excellent care-giving services, looking after grandchildren and working as volunteers for important causes. There are certain wider benefits of the older population which are not easily visualized or recognized. Their life experiences can offer valuable approaches to problems that the younger generation face. They tend to be socially more responsible, more law-abiding, and more likely to attend cultural programs beccause they have more leisure time than younger people, from which the cultural heritage benefits. They continuously prove themselves to be useful members of the family and society. The younger generation and policymakers as a whole should realize the importance of their role and understand the demands of this challenging stage of their life.

Many initiatives are currently under consideration by the government and non-governmental agencies to ensure the well-being of the aging and to strengthen their legitimate expectation of leading a dignified and peaceful life. The Ministry of Social Justice and Empowerment has finalized a draft of national policy for senior citizens that could become a milestone in the lives of millions of older people as it seeks financial security, health care, shelter, welfare, protection against abuse and exploitation, and opportunities for developing the abilities of the elderly. The policy also envisages prompt settlement of pension and other retirement benefits, an expansion in coverage under old-age pension schemes, and a revision in the rate of monthly pensions. High priority has been given to geriatric health packages. Housing for the elderly is another major thrust area; it is proposed to allocate 10% of houses under housing schemes

through easy loans. On other fronts, issuing of identity cards, fare concessions in all modes of transport, discounts for tickets for cultural and entertainment programs, and priority in sanctioning gas and telephone connections have also been proposed. Through this scheme, voluntary organizations are provided financial assistance to set up and maintain day-care centers, old-age homes, and mobile medicare units. The government supports their efforts by giving 90% of the expenditure as grants. Non-institutional services for the aged who lack family support and are unable to fend for themselves is another program run with the support of the central government.

As per the latest directory of "Helpage India," Kerala has the highest number of old-age homes (123), followed by Tamil Nadu (115) and then Andhra Pradesh, Maharashtra, Karnataka, Gujarat, and West Bengal. There are nearly 700 old-age homes in India that cater to the needs of around 30,000 elderly people, but still there is lot of room for planning and implementation.

AGING SOCIETY: TRENDS AND ISSUES

Demographic Transitions

Aging has become a global phenomenon. There has been a considerable increase in both the absolute and relative numbers of elderly people. In developing countries like India, this process is accelerating exponentially; the number of elderly people is increasing more rapidly due to a decline in mortality rates and better medical facilities. About 60% of the elderly live in the developing world, and this is expected to rise to 70% by 2010.

Data released recently by the Census Commission reveals that India's population is steadily aging, though not as rapidly as was projected by United Nations demographers. The proportion of people older than 60 exceeds 7% of India's 1.02 billion population, qualifying it as an "aging" country, as defined by the United Nations. But it is still far from ballooning to the 8.1% that the World Health Organization (WHO) had projected for 2001.

According to Census 2001 data on the age of India's population, there were just over 76.6 million people older than 60, constituting 7.2% of the population. People older than 60 composed 6.8% of the population in 1991. According to WHO estimates, India's aging population (76.6 million), currently the second largest in the world, will reach 137 million by 2021.

An interpretation of data in Census 2001 also shows an unsettling steady rise in the dependency ratio, which reached a new high of 75% in 2001, up from 72.75% in 1991. This means that the non-working section of the population is rising steadily compared to the working section, resulting in a situation where a smaller group of young people will bear the burden of supporting a larger group of children and the elderly. However, there was a marginal decline in the 0–14 age group, down to 35.2% in 2001 as against 37.3% in 1991.

A rapid transition from high to relatively low mortality and fertility has fundamentally altered the age composition of India's population. Because of the continuing decline in fertility and increase in life expectancy (though of small magnitude), the proportion of older persons in the population will increase substantially. The percentage of population aged 65 and over is expected to rise from 4.5% in 2001 to 7.4% in 2026 and to 14.6% by 2051. In Kerala, where the fertility and mortality declines occurred earlier than other states, the proportion of older persons will increase from 6.6% in 2001 to 23.7% in 2051. Thus almost every fourth individual in Kerala will be a senior citizen, aged 65 and above, by the year 2051. On the other hand, in Uttar Pradesh, where the demographic transition is occurring after a considerable time lag, the proportion of older persons will increase from 4.4% in 2001 to 9.4% by 2051.

According to the NSS 52nd round, while 82% of elderly males are considered heads of household, only 15% of females enjoy this status. Around 63% of the elderly in India are illiterates; around 44% of elderly men and 24% of elderly women are economically active, whereas in most countries of the world, older women outnumber the men. It has been found that 70% of the elderly have family support, and around 3.45% of the elderly live alone, either as an

resident of an old-age home or otherwise. While 75% of elderly men live with a spouse, only around 39% of elderly women do; the rest live with children. According to the 1991 census, half of elderly females are widows, adding to their vulnerability. The demographic aging of the population has implications at both the macro and micro levels of population worldwide.

Issues and Challenges

While aging represents a triumph of medical, social, and economic advances over disease, it also presents tremendous challenges. Global trends present a snapshot of challenges and opportunities that will require enhanced initiatives and efforts from government and non-governmental agencies. Many trends are expected to emerge in the coming years, among them:

An Aging Population

Because of advances in medical science and easier access to improved health care facilities, the old age exponential will outnumber the younger generation in the coming years. This trend is emerging everywhere around the globe, including India.

A Rising Number of the Oldest Old

Not only will there be increased life expectancy, but also, over time, it is expected that older people will survive to even more advanced ages, and there will be progressive aging of the aging population itself.

Burden on Global Resources

The increased longevity and larger aging population will strain economic growth, trade, disease patterns, social insurance pensions, and other social systems. It will have a number of implications:

- Pension and retirement income will cover a longer period of time.
- Health care services will become more costly due to increase in the population of older people.
- There will be dramatic effects on local, regional, and national economies. More significantly, financial expenditures, labor supply, and total savings will be affected.

A Change in the Structure of the Family

Other important implication of aging population will be change in family structures. In future generations, people will live longer and have fewer children, as of result of which there will be less familial care and support as they age. Due to urbanization and liberalization there have been visible changes in the values and lifestyles of younger people. There is a desire not to be encumbered by responsibilities of old people for long periods of time because of career ambitions, employment outside the home, and lack of space in urban areas. Thus, intergenerational relationships will be weakened.

The Growing Burden of Chronic Diseases

There will be more loss of health and life due to chronic diseases—heart disease, cancer, and diabetes—rather than from infectious diseases. Some common diseases are dementia, Alzheimer's, diabetes, cancer, stroke, constipation, etc. There will be an increased concern about attending to old people's illnesses and giving timely medical treatment and aid. Disease epidemiology will also experience a shift with global aging.

Increased Cases of Social and Psychological Problems

Older people often feel alienated, neglected, marginalized, and helpless. Mental disorder in old age is not due to aging of the brain, but rather to losses associated with aging, a compromised quality of life, socioeconomic problems, a feeling of loneliness, and a loss of self-worth. Since such feelings are harmful for a healthy social existence and mental peace, these will lead to increased incidence of psychological disorder in the elderly. Thus, there is a need for long-term planning to keep pace with their needs.

Social policy for older people needs to respond to the above-mentioned trends and challenges. The role of the state needs to be seriously reappraised. Social policies should be compatible with the changing social, economic, and cultural contexts of older people. Challenges will include the status of older women, widows, and disabled persons who need special attention. The social policy formulation for the elderly in low-income countries must be different; to date, they have tended to focus on the needs of other age groups, such as children, mothers, and workers. The main challenge for these countries will be to factor older people into social policies for the first time. As a result, a shift in the priorities of external donors and non-governmental organizations will also be required.

CURRENT POLICIES FOR THE ELDERLY

The National Policy for Older Persons (NPOP) was announced in January 1999, with its primary objectives being to encourage individuals to make provision for their own as well as their spouse's old age, to encourage families to take care of their older family members, to enable and support voluntary and non-governmental organizations in supplementing care provided by the family, to provide care and protection to vulnerable elderly people, to provide health care facilities to the elderly, to promote research and training facilities to train geriatric caregivers and organizers of services for the elderly, and to create awareness within elderly persons in order to enable them to be fully independent citizens.

The government of India has established a National Council for Older Persons (NCOP) under the chairmanship of the Minister of Social Justice and Empowerment to advise and aid it on policies and programs for older persons and also to provide feedback on the implementation of the National Policy on Older Persons as well as on specific program initiatives for older persons. The NCOP is the highest body to advise and coordinate with the government in the formulation and implementation of policy and programs for the welfare of the aged.

The National Council for Older Persons was reconstituted in 2005. Presently, it has 37 members. Areas of concern have been emphasized, including:

- Uniform age of 60+ for extending facilities/benefits to senior citizens.
- Financial security for the elderly population: (a) proposing tax benefits and higher interest rates for senior citizens, (b) promotion of long-term savings in both rural and urban areas, (c) increased coverage and revision of old-age pension schemes for the destitute elderly, (d) prompt settlement of pension, provident fund, gratuity, and other retirement benefits.
- Health care and nutritional needs of the elderly population: (a) strengthening of the primary health care system to enable it to meet the health care needs of older persons, (b) training and orientation for medical and para-medical personnel in health care for the elderly, (c) promotion of the concept of healthy aging, (d) assistance to societies for the production and distribution of material on geriatric care, (e) provision of separate queues and reservation of beds for elderly patients.
- Food security and shelter: (a) coverage under the Antyodaya Scheme to be increased with emphasis on provisions for the benefit of older persons, especially the destitute and

marginalized, (b) earmarking 10% of houses/house sites for allotment to older persons, (c) a barrier-free environment for disabled and elderly persons.
- Meeting the educational, training, and information needs of older persons.
- Identification of the most vulnerable among older persons and working for their welfare.
- Realizing the crucial role played by the media in highlighting the situation of older persons and emphasizing their important role in society.
- Protection of life and property of the elderly population.

The various schemes for the elderly include:

An Integrated Program for Older Persons: Under this scheme, financial assistance of up to 90% of the project cost is provided to NGOs for establishing and maintaining old-age homes, day care centers, and mobile Medicare units and for providing non-institutional services to older persons.

Scheme of Assistance to Panchayati Raj Institutions/Voluntary Organizations/Self Help Groups for Construction of Old-age Homes/Multi Service Centers for Older Persons: This scheme provides for a one-time construction grant for old-age homes/multi service centers.

Another very important initiative taken by the Indian government is the Maintenance and Welfare of Parents and Senior Citizens Bill 2007. This bill proposes to cast an obligation on children and relatives who will inherit the property of their aged relatives to maintain them. Abandonment of senior citizens by children and relatives would be considered a punishable offense. The bill also recommends that the state governments may establish and maintain Old Age Homes (OAH), at least one in every district, to accommodate a minimum of 150 senior citizens who do not have sufficient means to maintain themselves. Another aspect of the bill is that geriatric facilities are to be set up in district hospitals headed by a medical officer with experience in geriatric care. State governments are to provide beds in government hospitals for all senior citizens, have separate queues for senior citizens, and provide facilities for treatment of chronic, terminal, and degenerative diseases in senior citizens.

FUTURE POLICY DEMANDS

At its broadest, policy is considered "the principles that govern actions towards given ends" that provide a framework for action. Policy signals not only desired ends but also, through the processes of implementation, the manner in which these will be achieved. Policy and its implementation therefore inform decisions and choice about the level and allocation of resources and types of programs developed.

The policies for old age stipulate that government organizations as well as private agencies will take the affirmative action needed to provide facilities, securities, concessions, and relief to older persons that will improve their quality of life and to ensure that existing public services are user-friendly to older persons. The policies should provide a comprehensive picture of various facilities and should cover many areas: financial security, health care, education, welfare, protection of life, and property, etc. However, no policy is effective unless it is based on extensive and systematic research into actual needs. Policy statements should include:

A Respectful Life For Elders

The elderly would be recognized and treated not as a liability, but as individuals worthy of respect and a legitimate place in society. They would not be ignored, marginalized, or remain unprotected, and they would be helped in living their lives with peace and dignity.

Special Focus on Vulnerable Groups

Special attention and care would be extended to vulnerable groups: widows, disabled and infirm older persons, and the destitute. Special consideration would also be given to older females so that they do not become victims of neglect and discrimination.

A Basic Support System Like Family Caregiving to be Strengthened

The state would make efforts to provide and facilitate in the provision of adequate institutional care (both day care and residential) for older persons. The role of the family in providing support to the elderly would be recognized as a vital element in the care of the aged and efforts would be made to strengthen the social support system and sensitize caregivers so that the capacity of families to take care of the elderly is strengthened and they can continue to live with their families.

Expansion of Services, Making Them User-friendly

The government would support the expansion of existing and the development of new services and programs for older persons and try to make them accessible, client-oriented, and user-friendly, particularly in the field of transportation, where senior citizens feel most handicapped, and also in fields of health and shelter, which become primary concerns in old age.

Encouraging Voluntary Action

NGOs, voluntary organizations, and senior citizens' groups would be encouraged and assisted, through appropriate financial and non-financial measures, to come forward with innovative ideas, pilot projects, new schemes, and programs for addressing concerns of older persons and providing welfare services to them.

Sharing the Skills and Experience of Senior Citizens

Support services would be provided to utilize the experience and skills of older persons so that they are able to live as productive members of society. Efforts would also be made to organize older persons into effective self-help groups capable of articulating their rights and interests and providing support to each other.

The Proactive Role of the State

The state would play a positive interventionist and leadership role in implementation of the State Policy on Older Persons and the Plan of Action.

Participatory Action and Policymaking

Senior citizens would be involved in making decisions affecting their lives by way of suitable institutionalized mechanisms like the State Council for Older Persons and the State Level Association of Older Persons.

The rapid aging of the population within the next two decades will undoubtedly require a comprehensive aging policy. Due to increased longevity, the elderly will no longer be able to depend exclusively on assistance from their children and family members, as in the past. The birth rate is declining, and family relationships are being strained as a result of the continued modernization and social change experienced in all countries. Some additional recommendations can be considered in a country's policy that can meet the demands of the elderly in a changing social scenario:

- Aging policy should be dynamic and adaptable to changing demographics, medical advancements, and resource availability for elderly.
- Most elderly prefer to receive care from their family and kin, feeling more cared for and comfortable under their family canopy than in institutions run by government and non-government organizations. There should be incentives to ensure long-term sustainability of familial care. This can be done by introducing tax incentives to induce families to care for their aged members, which can also lessen the financial burden on the family. There should be provisions to provide training for families of the sick to ensure proper care.
- There should be collaborative arrangements between government, NGOs, and the private sector for designing and implementing security programs, such as privatization, contracts, and schemes. This goal of proper implementation of programs in collaboration can be attained through a three-pillar approach. Government, in form of a social safety net, sponsors the first pillar for those among the elderly whose lifetime incomes were low. The second pillar should be a privately managed fund that handles various schemes and insurance plans for the elderly. The third is voluntary work by people toward a higher standard of living for elderly.
- In regard to elderly healthcare, government should encourage the purchase of private health policies and schemes that prove to be beneficial.
- Finally, there is need to encourage development of a capacity for finance-building activities between the private sector and NGOs. Resources to support elderly in need, both in cash and in kind, need to be increased, and better training is needed for these institutions to meet the special needs of the elderly.

POLICY DIRECTION AND PRACTICAL RECOMMENDATIONS FOR MEMBER COUNTRIES

Population aging is unique in Asia given the speed at which it is occurring and the immense social and economic changes that the region is experiencing at the same time. Compared to their Western counterparts, Asian governments have much less time to prepare for population aging. Asian countries that have traditionally relied on family-based support for older family members are worried that an increased number of older adults may strain these family systems.

Aging in India

In India, the planning commission played an ambiguous role and showed indecisiveness in allocating central planning funds. An international event of vital importance to the cause of the elderly was the decision of the United Nations to convene the World Assembly on Aging in 1982, in order to provide a forum to launch "an international action program aimed at guaranteeing economic and social security to older persons, as well as opportunities to contribute to national development." The rapid aging of populations throughout the world prompted the action.

The National Policy on Older Persons (NPOP) was framed in 1998 and adopted in January 1999. The policy provides a framework for action. A 10- to 15-year perspective has been kept in view. The principal areas of intervention and action identified by NPOP are: financial security, health care and nutrition, shelter, welfare, protection of life and property, etc. These aspects are still important and need to be kept in mind when formulating policies.

Aging in China

China is the most populated country in the world. According to statistics from the State Statistical Bureau, the population of China was estimated to be 1,236.26 million in 1997, 21% of the world's total. China also has the largest population of people aged 60 and over, comprising

one-fifth of the world's total number of older people. The elderly population of China was 96.97 million in the 1990, and it increased to 121 million in 1998. Regional differences are evident in socioeconomic development, in the age structure of the population, and also in the levels of population aging between rural and urban areas. The government therefore has to make policies that will bridge the gap within this group of elderly people and ensure that the facilities reach people according to the need rather than other factors.

Aging in Japan

In Japan, elderly persons have experienced a political and cultural reevaluation since their younger days. Despite its severe setback in the Great Depression and its later collapse after the Second World War, between 1900 and 1970 the Japanese manufacturing industry expanded by a factor of 150. The vast knowledge and experience of the elderly can be tapped and utilized. This is what the government's policies must target.

Aging in Korea

Since the early 1960s, when the Korean government launched a five-year economic development plan and adopted a family planning program as a national policy, fertility and mortality have continually declined. With the decline of fertility and mortality, life expectancy at birth has substantially increased, and consequently the proportion of the elderly has greatly increased over the past 40 years. Life expectancy at birth for men and women increased from 52.5 and 53.7 years, respectively, in 1960 to 69.6 and 77.4 years, respectively, in 1995. Life expectancy is expected to reach 74.5 and 81.7 years, respectively, in 2020. However, since aging is a multi-faceted and multi-causal phenomenon, the government should take into consideration not only the increased numbers and proportion of the population but also the physical, psychological, social, cultural, economic, and political implications.

STRATEGIC POLICY DIRECTION FOR THE FUTURE

Adoption of a Leadership Role by Disability Services

In order to ensure the development and implementation of comprehensive policies, one sector must take a leading role. Without external advocacy, the needs of the elderly are likely to be overlooked or lost among competing demands. It is logical that the disability sector should take the lead role, given the thrust of much of its policy and service development towards inclusion, focused on the removal of obstacles and ensuring that services available to the general community are accessible, appropriate, and sensitive to people's needs.

Systematically Bridging Gaps with Specialist Services or Initiatives

New initiatives are necessary to meet the needs of some older people with intellectual disabilities that are not currently covered by any service sector. These may be directed to supporting inclusion of aging people with an intellectual disability in other service sectors, adapting and resourcing the disability sector, or the development of a partnership and joint planning--for example, development of a mechanism such as a regional planning and brokerage service to facilitate choice and plan supported access for an older person with a disability to some of the many mainstream activities available in the community, or specialist health and monitoring programs to ensure that this group has preventive health screening, regular health assessments, and access to high-quality health care.

Development of Partnerships and Joint Planning

Collaboration and coordination between individuals and their families and all parts of the service system are necessary to ensure that appropriate support is a part of the service system

provided as people age. Efforts must be made to break down barriers created by service types that sometimes fragment people's lives and instead build collaboration between services. The obvious example where collaboration is required is between residential and day services. As service systems move towards individualized funding, such program distinctions may disappear, but in the meantime, making boundaries more permeable and less rigid is a key task.

Linkages and the development of working partnerships between the disability service system and that sector of the aged care or health system that will increasingly be accessed by older people with disabilities is a key strategy. For example, dementia services, aged care assessment teams, community health centers, and medical specialists such as geriatricians should be linked. Joint initiatives with areas such as these will ensure that health and assessment services work together to draw on the expertise of all sectors.

AN OVERVIEW OF ECONOMIC PROGRAMS FOR OLDER PERSONS

The economic support of older adults has traditionally been the responsibility of the family in Asian societies. In the last several decades, however, a number of Asian societies have begun developing state-based programs to take care of the financial needs of older adults. The development of such programs has gone hand-in-hand with the increase in the number of formal sector jobs, which makes accounting and management of such programs easier. Currently, most countries in Asia have some form of state-run pension or social security program, but coverage varies greatly, tending to be higher in countries with a higher GDP per capita, as shown by the World Bank (1994). As governments in Southeast and East Asia reassess their formal programs for older persons or seek to develop new ones, certain key issues need to be taken into account. The major difficulty lies in fine-tuning the amount of formal support governments should provide. On the one hand, the provision of formal economic care for older persons may, to some extent, replace functions performed by the family. The availability of social security incomes to older persons may lessen the amount of financial support received from family members. Indeed, this has been proven true in the United States and Peru (Cox and Jimenez, 1992; Schoeni, 1992). Work by Goodkind, Anh, and Cuong (1999) on the old-age security system in Vietnam suggests that parents are least dependent on their children's income in the northern region of Vietnam, where pensions are most prevalent. The propensity to rely on familial support decreases with the availability of formal sources of support (Central Provident Fund, 2006) in Singapore.

The World Bank (1994) has provided a number of reasons why governments might want to be cautious regarding the implementation of formal programs. Formal programs also need to be instituted in a supportive economic and social environment. In an uncertain economic arena, e.g., in an arena that lacks infrastructure or legislation, the attempt to implement social security or alternative programs is more likely to fail. In many Asian countries, as social security plans now stand, workers are often able to evade contributions but manage to qualify for benefits. Savings are often not indexed for inflation, and recipients receive lower payments than anticipated. Most Asian countries do not have adequate social security systems in place. Asher (1996) notes that social security systems in the Philippines and Indonesia are inadequate and underfunded, leading to an uncertain economic horizon for current and future older persons. In addition, only a minority of older persons are covered by formal systems in most countries. Singapore stands out as an Asian country with a well-developed social security program (Central Provident Fund, 2006). The recent Asian economic crisis has had detrimental effects on many savings plans in Asia, decimating the investments of many older persons. Various government incentives are offered as rewards for providing economic support to older parents. For example, in Singapore, tax incentives are provided to children who contribute to their parents' retirement accounts. At present, there is very low reliance by older adults on pension or retirement income in most Asian countries. We need to repay our debts to them by taking care of them.

CHAPTER 4. AGING SOCIETY: EMERGING ISSUES AND PERSPECTIVES FROM THE REPUBLIC OF CHINA

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Executive Yuan
Republic of China

LEARNING OBJECTIVES

- Demographic transitions of the population of the Republic of China.
- Relationship between aging and low fertility rate.
- Current policies for the aging population.
- Challenges of the increasing size of the elderly population.
- Future policy demands.

INTRODUCTION AND DEMOGRAPHY OF THE AGING POPULATION IN REPUBLIC OF CHINA

This paper provides a brief overview of demographic transitions in the Republic of China, paying specific attention to the relationship between the aging process and the lowest–low rates of fertility and analyzing the most significant determinants causing Republic of China to be an aging society as a whole. The process of aging is a very important global issue, both in Western countries and in East Asian societies. As is the case in many industrialized countries, Republic of China's fertility declines began relatively early, and it has been experiencing rapid increases in its proportion of elderly population.

Table 1 shows two important data regarding changes in the age structure of the population in the Republic of China: the co-existence of the low fertility rate and the rapid aging rate. The number of babies born is declining annually, to below 200,000 in 2006, as compared to 326,000 on average in 1990, and therefore the percentage of the population aged 0–14 has decreased enormously within less than 20 years. Meanwhile, the population aged 65 and above is growing dramatically. with the aging index in 2006 (55.2%) increasing by 5 times that of the 1970s (11.3% on average).

Table 1. Lowest-low Fertility Rate and Aging Population in ROC

	Population		No. of newborns (thousands)	Age distribution			Dependency ratio [(1)+(3)] /(2)(.)	Aging index (3)/(1) (.)
	Thou-sands	Annual increase rate		0; 14(1)	15; 62 (2)	65 and above (3)		
1974–1980	16,889	1.9*	363	34.0	62.2	3.8	60.9	11.3
1981–1990	19,363	1.3*	326	29.3	65.5	5.3	52.8	17.9
1991–2000	21,451	0.9*	295	23.5	68.8	7.7	45.4	32.7
2001	22,406	0.6	246	20.8	70.4	8.8	42.1	42.3
2002	22,521	0.5	237	20.4	70.6	9.0	41.7	44.2
2003	22,605	0.4	217	19.8	70.9	9.2	41.0	46.6
2004	22,689	0.4	207	19.3	71.2	9.5	40.5	49.0
2005	22,770	0.4	195	18.7	71.6	9.7	39.7	52.1
2006	22,877	0.5	193	18.1	71.9	10.0	39.1	55.2

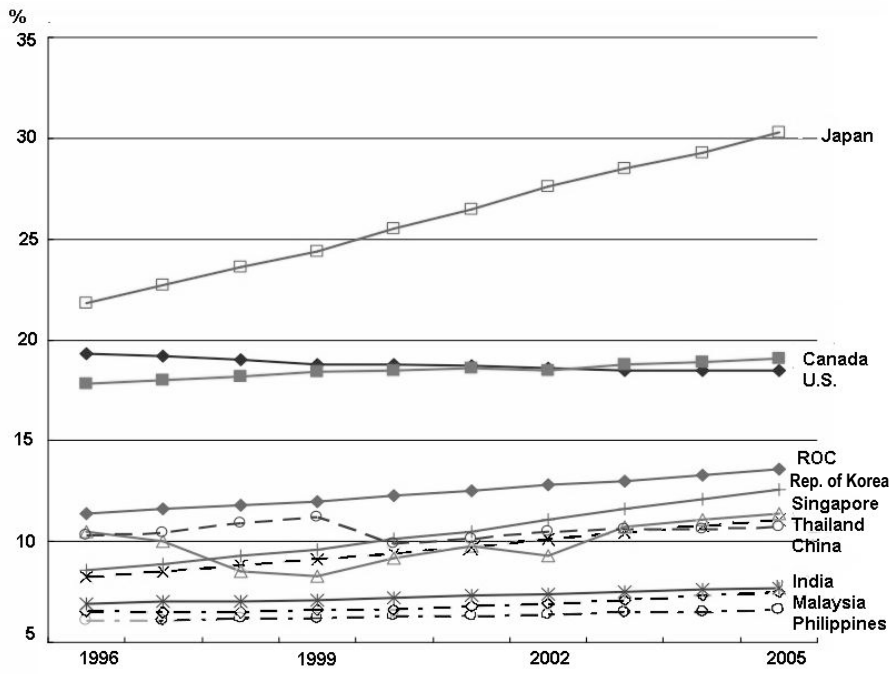
*indicates the average value of the annual increase rate
Source: Department of Statistics, Ministry of the Interior, Republic of China

From the table it can be seen that the growth rate of the elderly population increased from 7.9% in 1996 to 9.7% in 2005, and it increased by about 0.3 percentage point during 2006 to 2007. Accordingly, the aging population comprises about 10% of the total population, numbering around 2.3 million in 2007. The percentages of the corresponding aging population in several Asian countries, the U.S., and Canada are presented in Table 2 and Figure 1. In contrast to the steady growth of the aging population in the U.S. and Canada, the elderly population in Asian countries such as Japan and the Republic of China has experienced a dramatic expansion in the past 10 years.

Table 2. The Percentage of Aging Population of Some Asian and Selected Countries, 1996–2005

	ROC	Philippines	Thailand	Malaysia	Indian	Singa-pore	Rep. of Korea	Japan	China	U.S.	Canada
1996	7.9	3.5	5.6	3.9	4.2	6.4	6.1	15.1	6.3	12.7	12.2
1997	8.1	3.6	5.8	3.9	4.2	6.5	6.4	15.7	6.4	12.6	12.4
1998	8.3	3.6	6.1	3.9	4.3	6.6	6.6	16.2	6.6	12.5	12.5
1999	8.5	3.7	6.3	4.0	4.4	6.7	6.9	16.7	6.8	12.5	12.6
2000	8.6	3.7	6.5	4.1	4.4	6.8	7.2	17.3	6.9	12.4	12.7
2001	8.8	3.8	6.8	4.2	4.5	7.0	7.6	18.0	7.1	12.4	12.8
2002	9.0	3.8	7.0	4.3	4.6	7.0	7.9	18.5	7.2	12.4	12.9
2003	9.2	3.9	7.3	4.4	4.7	7.7	8.3	19.1	7.4	12.4	13.0
2004	9.5	3.9	7.5	4.5	4.8	8.0	8.7	19.5	7.5	12.4	13.1
2005	9.7	4.0	7.8	4.6	4.9	8.2	9.1	20.0	7.6	12.4	13.2

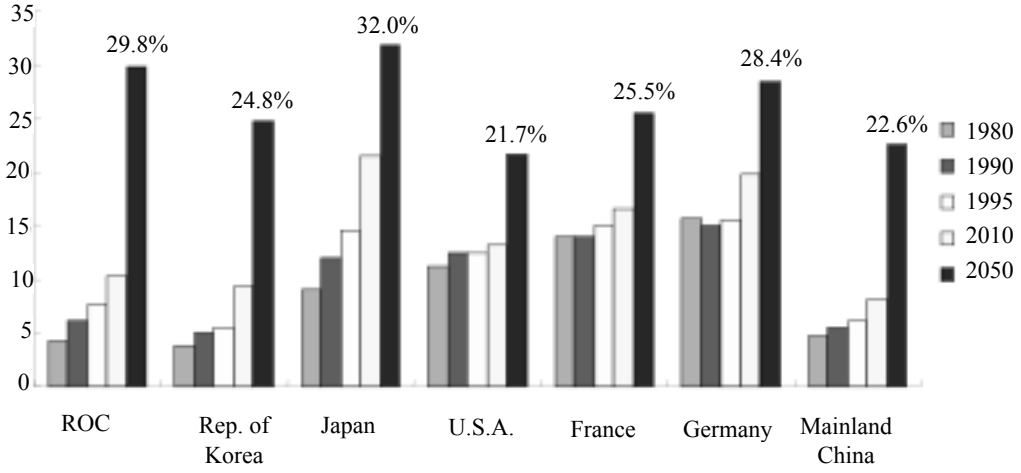
Source: Department of Statistics, Ministry of the Interior of the Republic of China



Source: Dept. of Statistics, Ministry of the Interior of the Republic of China

Figure 1. Percentage of Aging Population of Selected Countries in Asia and North America, 1996–2005

Based on a United Nations population projection, the aging population as a proportion to the total population for selected countries is shown in Figure 2. In 2050, the aging population is 32% and 29.8% for Japan and the Republic of China, respectively. The speed of aging in these two countries will be among the first and second highest by 2050, and by then at least one-third of the population in these two countries will be the elderly. In other Asian countries, such as Republic of Korea and Mainland China, the aging population will be about 24.8% and 22.6%, respectively, by 2050 and will then overtake the percentage of the aging population in the U.S. (21.7%).



Source: Department of Statistics, Ministry of the Interior of the Republic of China. United Nations, 2005

Figure 2. Old Age as a Proportion of the Total Population

Increasing longevity changes people's lives in every respect. A large fraction of the older population and anticipated longer life spans represent two of the most important public policy issues to be addressed. In particular, important concerns about the future well-being of the elderly include economic security, intergenerational transfers and living arrangements, health care, and long-term care. The issues highlight important interactions among demography, health, and economic factors as well. In this chapter, the following section analyzes the critical reasons for rapid graying in the Republic of China. Subsequent sections describe existing policies for the aging population and explore issues and challenges. Finally, future policy perspectives and concluding remarks are offered.

CRITICAL REASONS WHY THE REPUBLIC OF CHINA IS AN AGING SOCIETY

The Declining Natural Increase Rate of Population

Several critical factors lead to an aging society. First is the declining natural increase rate of population. On the one hand, the rapid increases in the aging population reduced the gross death rate in the early '70s and the '80s. On the other hand, a dramatic declining trend in fertility in the past decades led to the prevailing low gross birth rate (Figure 3). Accordingly, except for Japan, the natural increase rate in the Republic of China is falling over time and is relatively lower than other Asian countries, United States and Canada.[1] As shown in Table 3, the natural increase rate

[1] The natural increase rate of population is equal to the gross birth rate minus the gross death rate. The speed of reduction in the gross birth rate is faster than that in the gross death rate, as shown in Figure 3.

other Asian countries, United States and Canada.[1] As shown in Table 3, the natural increase rate of population in Republic of China dropped by about 7% in 10 years, 1996–2005, from 9.5% to about 3.0%.

Table 3. Natural Increase Rate (‰) in Selected Asian and North American Countries, 1996–2005

	ROC	Philip-pines	Thailand	Malaysia	India	Singa-pore	Rep. of Korea	Japan	China	U.S.	Canada
1996	9.5	18.0	10.8	21.7	21.2	10.5	10.0	2.5	10.4	5.8	5.2
1997	9.5	--	9.8	20.4	20.8	10.0	9.5	2.2	10.1	5.7	4.4
1998	6.8	22.3	9.6	19.2	17.4	8.5	8.5	2.1	9.1	5.8	4.1
1999	7.2	22.3	6.4	19.3	16.7	8.3	8.0	1.6	8.2	5.6	3.9
2000	8.1	22.0	6.6	18.1	16.5	9.2	8.2	1.8	7.6	5.9	3.5
2001	5.9	22.0	6.7	17.8	15.8	7.5	6.5	1.6	7.0	5.6	3.4
2002	5.3	20.9	6.4	17.3	15.2	7.0	5.2	1.4	6.5	5.4	3.4
2003	4.3	20.7	5.7	16.8	14.8	6.0	5.1	0.9	6.0	5.8	3.4
2004	3.6	20.3	7.2	15.7	14.4	5.8	4.7	0.7	5.9	5.9	3.2
2005	2.9	19.8	7.0	15.2	16.7	5.7	4.0	-0.2	5.9	5.8	3.4

Source: Department of Statistics, Ministry of the Interior of the Republic of China

In addition, as change in the proportion of the working population aged 15–64 was relatively stable during 1951–2005, the population aged 65 and above increased about 10% over the same period of time. The dependency ratio of the elder population in Republic of China is higher than other Asian countries, except for Japan (Table 4 and Figure 4).[2] The significant structural changes in the population distributions can be shown by the divergent variations in the growth paths for the population both aged 15–64 and aged 65 and above, and the increasing difference between these two groups of population over time. Hence, the pace of the aging process in the Republic of China is rapid in both absolute and relative terms.

Table 4. Old Age Dependency Ratio (%) in Selected Asian and North American Countries, 1996–2005

	ROC	Philip-pines	Thailand	Malaysia	Indian	Singa-pore	Rep. of Korea	Japan	China	U.S.	Canada
1996	11.4	6.1	8.2	6.6	6.9	10.5	8.6	21.8	10.3	19.3	17.8
1997	11.6	6.1	8.5	6.5	7.0	10.0	8.9	22.7	10.4	19.2	18.0
1998	11.8	6.2	8.8	6.5	7.0	8.5	9.3	23.6	10.9	19.0	18.2
1999	12.0	6.2	9.1	6.6	7.1	8.3	9.6	24.4	11.2	18.8	18.4
2000	12.3	6.3	9.4	6.6	7.2	9.2	10.1	25.5	9.9	18.8	18.5
2001	12.5	6.3	9.7	6.8	7.3	9.8	10.5	26.5	10.1	18.7	18.6
2002	12.8	6.4	10.1	6.9	7.4	9.3	11.1	27.6	10.5	18.6	18.5
2003	13.0	6.5	10.4	7.1	7.5	10.7	11.6	28.5	10.6	18.5	18.8
2004	13.3	6.5	10.8	7.3	7.6	11.1	12.1	29.3	10.6	18.5	18.9
2005	13.6	6.6	11.1	7.5	7.7	11.4	12.6	30.3	10.7	18.5	19.1

Note: The old age population dependency ratio is the ratio of the number of individual aged 65 and above to the number of individual aged 15 to 64.
Source: Department of Statistics, Ministry of the Interior of the Republic of China

[1] The natural increase rate of population is equal to the gross birth rate minus the gross death rate. The speed of reduction in the gross birth rate is faster than that in the gross death rate, as shown in Figure 3.

[2] As pointed out by Gavrilov and Heuveline (2003), an increase in the old-age dependency ratio is one of many important socioeconomic and health consequences of an aging population.

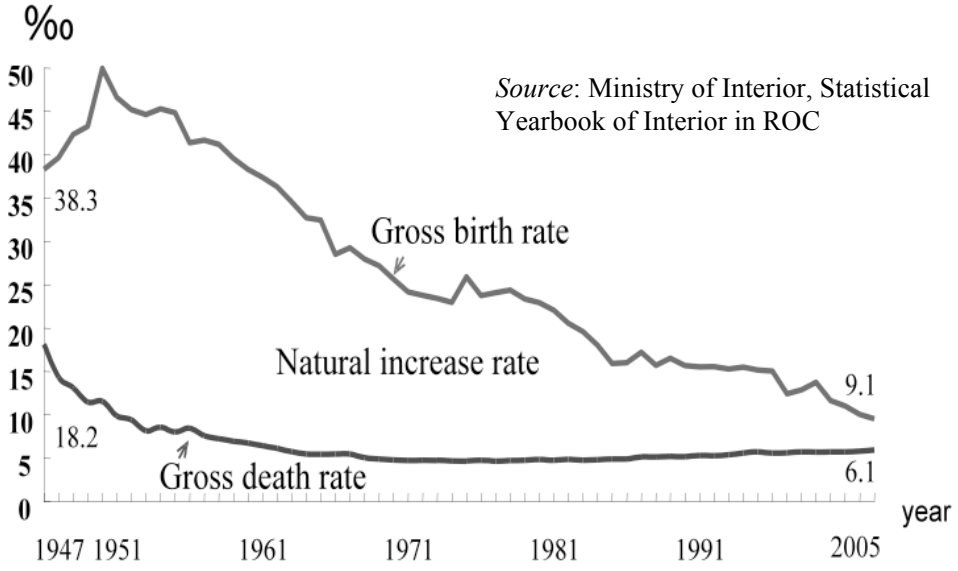


Figure 3. Changes in Gross Birth Rate, Gross Death Rate, and Natural Birth Rate, 1947–2005

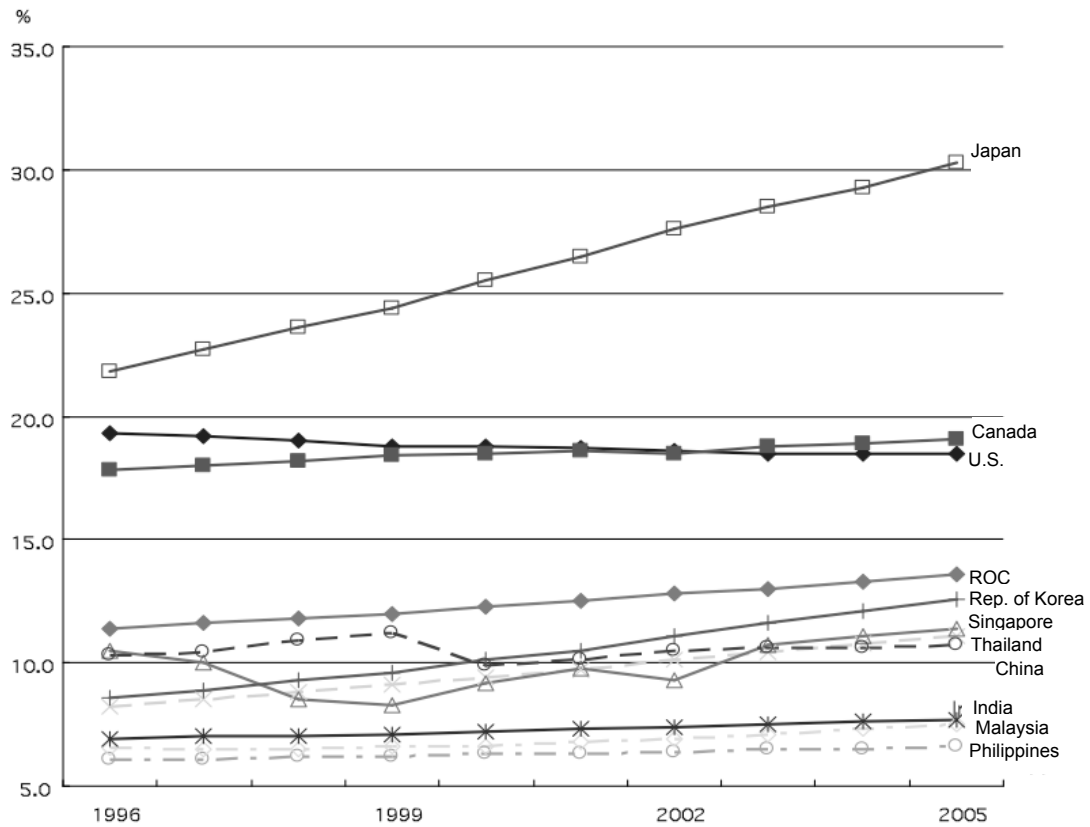
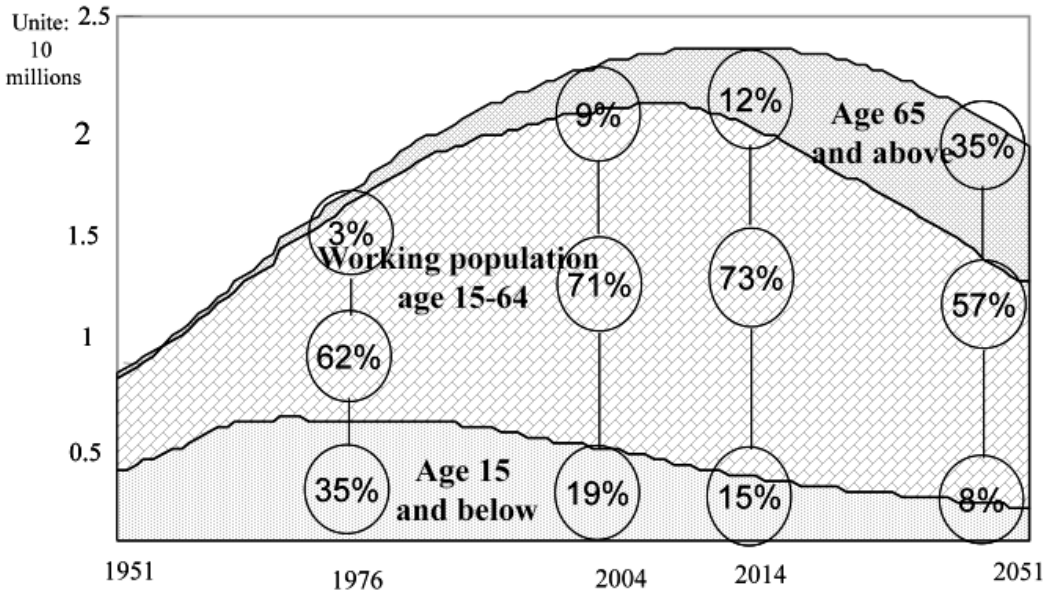


Figure 4. Dependency Ratio of Elder Population in Selected Asian and North American Countries, 1996–2005



Source: Council for Economic Planning and Development, Population Projection for ROC Area, 2004–2051, Low-Variant Projection

Figure 5. Structure Changes in Population and Estimates of Dependency Ratio

Delayed Marriage

A second crucial reason for the dramatic increase in the aging population is delayed marriage, a dominant phenomenon in the society as a whole. The age at first marriage is increasing over time for both men and women. In particular, the age at first marriage for women is increasing faster than that for men. As shown in Figure 6, during the period 1975–2005, the age at first marriage increased from 22 to 27 for women and from about 27 to 31 for men. Accordingly, the birth of the first child is also delayed for women, with the average age at first childbirth increasing over time.

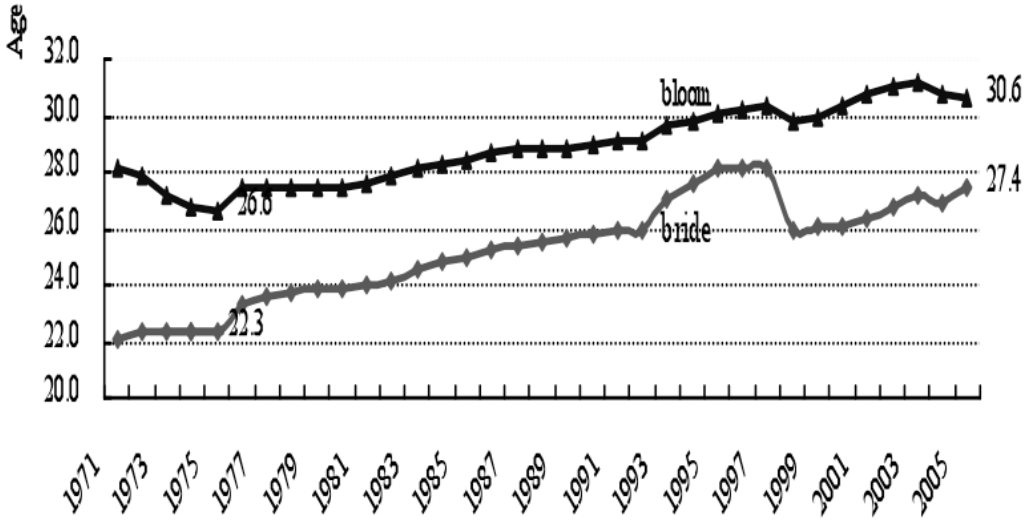


Figure 6. Age of First Marriage by Gender, 1971–2005

In addition, the percentage of women of ages 15–44 who never have a child increased from 8% in 1991 to 20% in 2003 (Figure 7). As a result of structural changes in the marriage market, there is a negative correlation between the age of having the first child and total fertility rate (Figure 8). As the age for having the first child increases, the total number of children that a woman will have during her total life span is reduced over time.

The driving forces behind delayed marriage can primarily be attributed to economic factors. From the point of view of a marriage market theory, the number of women who are willing to engage themselves in the marriage market declines with substantial increases in women's years of education, labor market participation, and market productivity. Women become more economically independent and thus less interested in marriage. As a result, the supply of marriageable women to the marriage market is reduced. A shortage of marriageable local women causes an increase in the demand for cross-border marriages and foreign brides who fit the needs of less educated and economically disadvantaged men. This further reduces the likelihood of getting married for those women who are still single in their late thirties. In turn, this increases the ratio of women age 15–44 who never have a child.

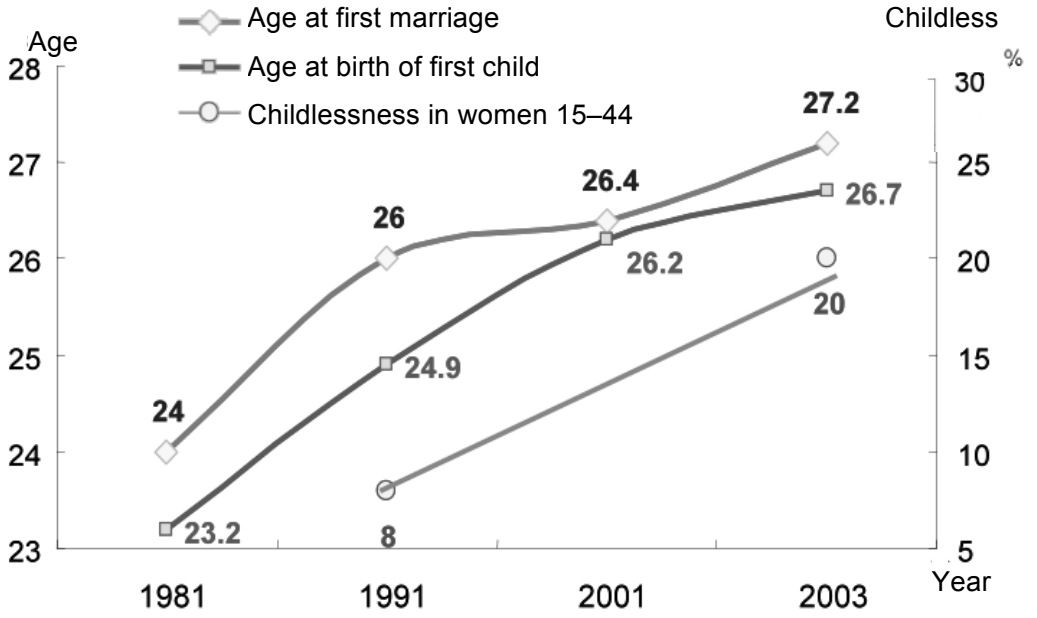


Figure 7. Trends in Ages at First Marriage and Birth of First Child, and in Rates of Childlessness

A Rapidly Declining Trend in Fertility

The third reason the Republic of China is rapidly becoming an aging society is a rapidly declining trend in fertility. The total fertility rate declined from 5.59 in 1961 to 1.12 in 2006. In light of this, there are two dimensions to consider in analyzing the falling fertility rate. First, there is a significant reduction in age-specific fertility rates. For all age cohorts, as shown in Figure 9, the age-specific fertility rates for married women dropped dramatically in the early 1980s and have declined gradually over time since. In particular, the fertility rate of women in the cohort age 30–34 is relatively lower than their younger counterparts.

Next, if we study the yearly fertility distribution, it can be seen that it shifts downward across all different age cohorts and becomes flatter over time. In the meantime, the peaks of these fertility distributions also shift to the right. This indicates that young married women not only have a smaller number of children but also delay the timing of childbirth toward the be-

ginning of their thirties as compared to older married cohorts. In particular, from 1951 to 1981, the peak of the yearly fertility distribution is on the left of age cohort 25–29, and the fertility peak locates between ages 24 and 25. Thereafter, the fertility peak stands at the top of the 1991 fertility distribution which centers at age cohort 25–29, and then it continues to shift toward the right of age cohort 25–29. Finally, the fertility peak of 2005 distribution is located somewhere between age 29 and 30, which is 5 years older than in the 1981 fertility distribution.

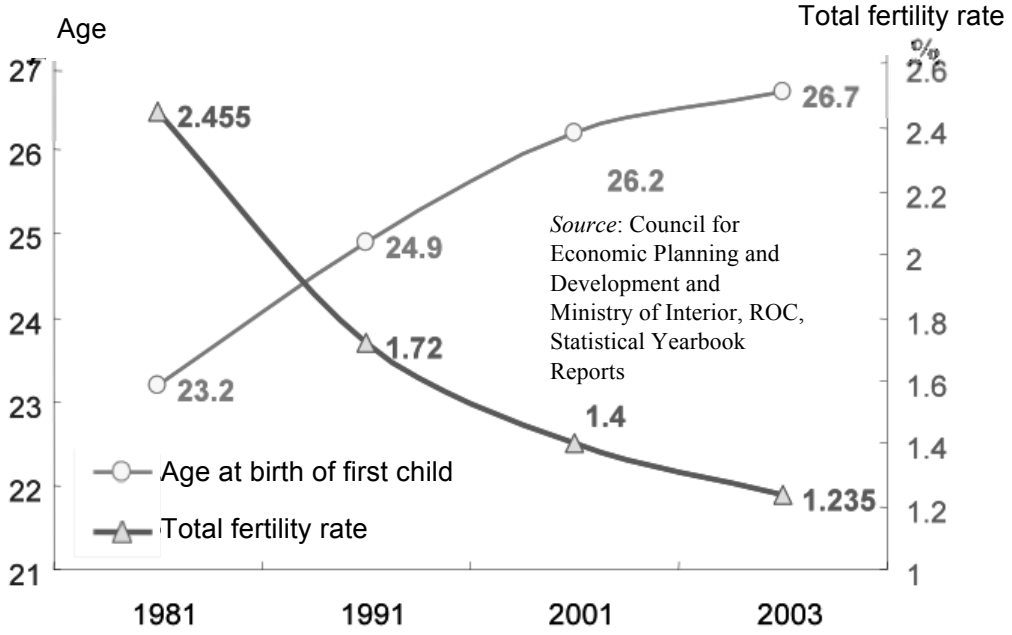


Figure 8. Negative Correlation between Age at Birth of First Child and Total Fertility Rate

Accordingly, in view of the evidence of both the age-specific fertility rates and the yearly fertility distributions of married women in the past decades, we may conclude that the declining fertility rate is rooted in not only the state of lowest–low fertility but also in a delay in the tempo of childbirth for married women. Consequently, the pace of population aging, and thus the aging index, increased dramatically in the past decades at the same time as the fertility rate declined markedly, and this has an influential impact on the structural changes in the age distribution of population.

EXISTING POLICIES FOR THE AGING POPULATION

The social impact has become complex in the Republic of China as it experiences a stunning growth in the aging population, and policies are intrinsically multidimensional. The purpose of existing policies geared towards the aging population is to maintain a balanced age distribution within the population, to maintain a satisfactory level of economic well-being of the elderly in their later life, and improve their quality of life.

Under existing policy, pensions are available only for retired civilians and public sector employees, who are eligible for a pension if they have workd at least 25 years and are at least 50 years old. Eligible retired public employees can choose among a monthly payment for the whole pension, a payment of half the total pension and a monthly payment from the remaining half pension amount for life, or withdrawing the entire amount at once. However, no similar pension program is provided to employees working in the private sector. An employment improvement

projects called the Public Service Employment Program (PSEP), implemented during 2003–04, was adopted in order to reduce unemployment and to provide labor income for elderly people.[3] Those who are 50 and above who have been unemployed for six months or more are qualified to apply for a temporary job in the public sector on a first priority. This is one way that the government can provide specific job training and raise the productivity of the older workforce.

To balance the age distribution of population, the government encourages young people to marry early and to have children by their thirties, and it also provides incentives to have more than one child, including subsidies for preschool education. However, the effect of these subsidies is limited, perhaps because the amount of subsidy covers only a small portion of the total cost of raising a child.[4]

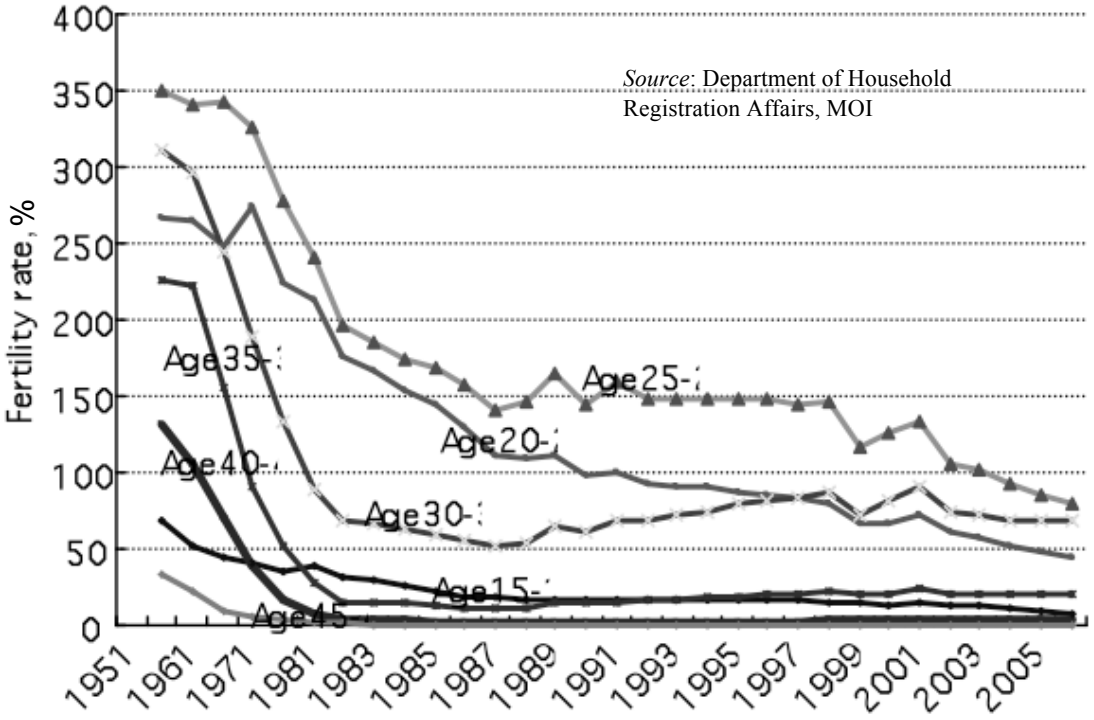


Figure 9. Age-Specific Fertility Rates of Married Women, 1951–2005

Health care reform was implemented in 1995, and coverage is more than 95% nationwide. The main source of financing national health care expenditures is from a portion of the monthly salary of the insured, except for those aged 65 and over, who either pay a small lump sum each month or pay nothing if they reside in the city of Taipei. Thus the aging population has been covered since 1995 by National Health Insurance, at either a small charge or no charge, in order to increase the availability and the accessibility of health care for the increasing number of

[3] The related information is from "Report of Evaluations on the Public Service Employment Program," written in Chinese with an English abstract. The PDF version of this report is available from the website of the Human Resources Development, Council for Economics and Development (CEDP). In addition, Lin and Hsu (2007) evaluate the effect of the public service employment scheme on a reduction in the unemployment rate in Taiwan by using an econometric model.

[4] By applying 1989–98 household survey data in the ROC to a complete demand system approach and imposing the condition of "Equivalence Scale Exactness," Liu and Hsu (2003) show most of the households bearing an increasing marginal cost for raising a second child and decreasing marginal cost.

elderly people. This health policy is one of the public policies that ensures that the aging population has better health conditions and quality living in their later life.

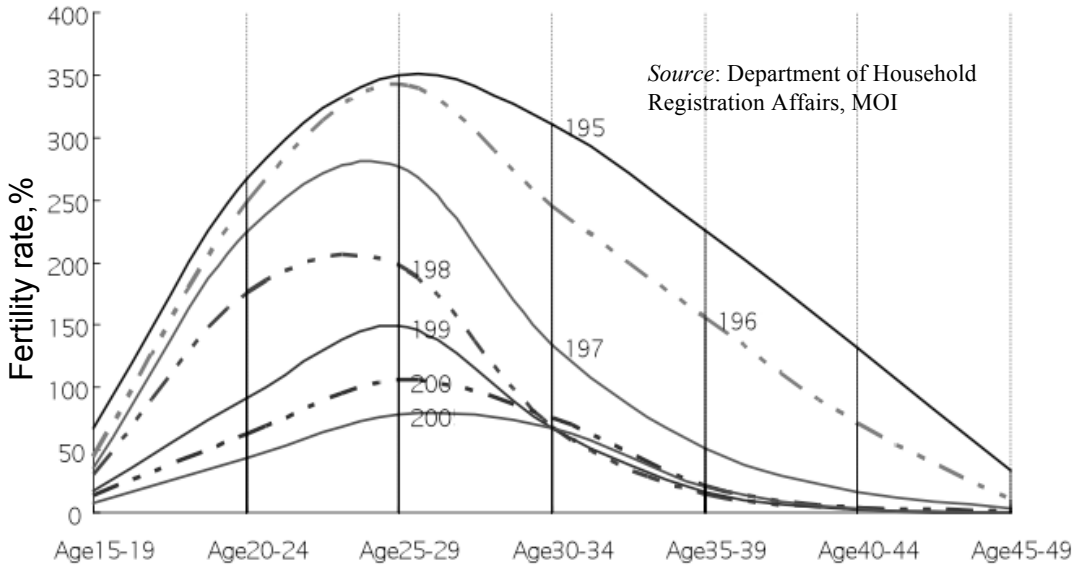


Figure 10. Yearly Fertility Distribution of Married Women, 1951–2005

CHALLENGES AND ISSUES DUE TO THE INCREASE IN THE AGING POPULATION

As a result of industrialization and development, social norms and family structures have changed since the late 1980s. The traditional value of filial piety of young generations in the Republic of China has been diluted, and the patterns of household formation and living arrangements with elder parents have changed (Hu, 2001; Hsu, 2004). In addition, the current lowest–low fertility rates may cause a reduction in working among the young-generation population in the labor market. Furthermore, there is simultaneously an increase in the percentage of the aging workforce and a severe shortage in the labor force as population is aging and fertility is declining. The projections of the aging workforce are illustrated in Table 5, which shows that the ratio of the workforce aged 15–64 to the total population stood at 70.8% in 2003 and has decreased since then. On the contrary, the ratio of workforce aged 45–64 to the total population is increasing over time. In the year 2051, the ratio of workforce aged 45–64 to the total population is projected to increase to 50.6%, as compared with 30% in the year 2003.

Table 5. Inference of Aging Workforces

	Workforce aged 15–64		Workforce aged 45–64		
	Number (thousands)	Ratio to total population (%)	Number (thousands)	Ratio to total population (%)	Ratio to the workforce (%)
2003	15,916	70.8	4,770	21.2	30.0
2011	17,095	73.4	6,385	27.4	37.4
2021	16,769	70.8	7,145	30.2	42.6
2031	15,132	64.9	7,200	30.9	47.6
2051	10,979	55.7	5,560	28.2	50.6

Source: Council for Economic Planning and Development and Ministry of Interior, ROC

With a rapid shift in industrial structure, it is difficult for elderly people to learn job-specific skills and work in high-technology industries. Given the status of shrinking and aging workforces, national competition and productivity of the labor force as a whole may be weakened in the near future. Recently, further reforms in National Health Insurance have been adopted to slowdown the expanding health utilization rate and expenses of health care that could otherwise cause the risk of bankruptcy of the National Health Insurance system. These are the challenges that society as a whole may have to confront. These challenges also bring forth important issues addressed in the next section.

FUTURE POLICY DEMANDS

As pointed out by Gavrillov and Heuveline (2003), population aging is also a great challenge for the health care system. Disability, frailty, and chronic disease are expected to increase dramatically. Therefore, with increasing longevity, more attention needs to be paid to the issues of health care and the living arrangements of the elderly, as well as the development of a long-term care industry, in order to give elderly people a better quality of later life, on the one hand. On the other hand, improvement in the productivity and utilization of the elderly workforce is also one of the major issues.

In order to meet the increasing needs of the aging population and lessen the negative effects of the aging process, policies need to be designed more thoughtfully and comprehensively. In terms of living arrangements for the elderly, the development of a formal care market for older people and its implementation would be the first priority for government.

One of the consequences of population aging is poverty, and therefore a reform in pension programs might need to focus special attention on the older poor. This is also a critical issue discussed by Lloyd-Sherlock (2000). The government is working on these issues and designing some policies that hopefully will be able to mitigate the adverse consequences of population aging.

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CHAPTER 5. CHALLENGES AND PERSPECTIVES OF ELDER CARE IN THE REPUBLIC OF CHINA

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LEARNING OBJECTIVES

- Current status of elder health in the Republic of China.
- Coming challenges of eldercare.
- National strategies and policies.
- Community eldercare plan: Aging in place.
- Quality of geriatric care.

Second only to Japan, as the world's second-fastest aging country, the Republic of China has seen the percentage of its elderly population increasing from 7% in 1993 to 10% in 2006, projected to hit 15% by 2020. This ever-quickening tempo of aging renders the relative scarcity of professionally trained eldercare specialists and allied institutions an alarming issue. Established in 2003, the NHRI Division of Gerontology Research has worked with great dedication to address these issues by developing and launching the NHRI Geriatrics Fellowship Training Program, promoting a screening and certification system for geriatricians, publishing treatment guidelines for common geriatric diseases, and establishing geriatric hospitals.

There are four dimensions of integrated geriatric care: disease management, function-oriented, person-centered, and goal-directed. For high-risk elderly people, comprehensive geriatric assessment is mandatory. Evidence suggests that CGA programs linking geriatric evaluation with strong long-term management are highly effective in improving survival and functioning in older persons.

Principles of geriatric care are highlighted in practice by asking the right questions, keeping clinically alert, advocating integration of the roles of the family and caregivers, and focusing on function with accurate diagnosis and serial observation. There are five interacting components to assess: geriatric care team, person-centered care, evidence-based medicine, quality assurance, and informative technology for assistance.

To accomplish these goals, self-education of the elderly through communication based on the so-called patient-centered clinical model is necessary. Eventually, integrated eldercare should be extended into domains related to quality end-of-life care.

INTRODUCTION

The Republic of China is an island approximately 100 miles from the Chinese mainland that comprises about 4.25 million square miles of land area. The island is mostly mountainous with dense population concentrations in cities. The total population was 23 million in 2005, 5 million of whom lived in the three major cities: Taipei, Kaoshiung, and Taichung (Hermalin, 2002).

Its demographic transition started in the early 1960s, mainly as a result of the interaction of rapid socioeconomic development and the full-scale adoption of family planning programs. In 1993 the Republic of China's aging population accounted for 7.1% of the total population, and the ratio has since escalated at a steady pace, as shown in Table 1. With the progressive increase of elder population and the aging index, the aging trend has become irreversible. Compared to

other countries, especially those in the Asia Pacific region, the Republic of China is definitely one of the world's most rapidly aging countries (Table 2).

Table 1. Demographic Change in an Aging Society

Year	Whole population	Aged population (above 65 years old)	Young population (0-14 years old)	Working population (15-64 years old)	Ratio of aged people (%)	Aging index (%)*	Aged depending rate (%)**	Depending rate (%)***
1990	20,401,305	1,268,631	5,525,365	13,607,309	6.22	22.96	9.32	49.93
1991	20,605,831	1,345,429	5,427,150	13,833,252	6.53	24.79	9.73	48.96
1992	20,802,622	1,416,133	5,361,347	14,025,142	6.81	26.41	10.10	48.32
1993	20,995,416	1,490,801	5,179,705	14,224,910	7.10	28.24	10.48	47.60
1994	21,177,874	1,562,356	5,169,581	14,445,937	7.38	30.22	10.82	46.60
1995	21,357,431	1,631,054	5,076,083	14,650,294	7.64	32.13	11.13	45.78
1996	31,525,433	1,691,608	4,982,543	14,851,282	7.86	33.95	11.39	44.94
1997	21,742,815	1,752,056	4,914,280	15,076,479	8.06	35.65	11.62	44.22
1998	21,928,591	1,810,231	4,815,400	15,302,960	8.26	37.59	11.83	43.30
1999	22,092,387	1,865,472	4,734,596	15,492,319	8.44	39.40	12.04	42.60
2000	22,276,672	1,921,308	4,703,093	15,652,271	8.62	40.85	12.27	42.32
2001	22,405,568	1,973,357	4,661,884	15,770,327	8.81	42.33	12.51	42.07
2002	22,520,776	2,031,300	4,598,892	15,890,584	9.02	44.17	12.78	41.72
2003	22,604,550	2,087,734	4,481,620	16,035,196	9.24	46.58	13.02	40.97
2004	22,689,122	2,150,475	4,387,082	16,151,565	9.48	49.02	13.31	40.48
2005	22,770,383	2,216,804	4,259,049	16,294,530	9.74	52.05	13.60	39.74

* Aging index=aged population (above 65 years old)/young population (0-14 years old) x 100
** Aging depending rate=aged population (above 65 years old)/working population (15-64 years old) x 1
*** Depending rate=[young population (0-14 years old)/aged population (above 65 years old)]/working population (15–64 years old) x 100
Source: Department of Interior, Executive Yuan, ROC (2006)

In fact, the ever-expanding elderly population has triggered a series of problems and challenges, the most serious of which may be the drastic impacts on families and society generated by the dramatic changes in age structure and the alarming shortage of medical, social, and other allied resources.

CURRENT HEALTH STATUS OF THE ELDERLY

There are four issues to be addressed when examining the current health status of elderly people in the Republic of China. The first is: How long do people live? As a result of improvements in public health and medical services, average life expectancy increased from 75.8 for

females in 1985 to 79.8 in 2005, and 70.8 for males in 1985 to 73.9 in 2005. Implementation of the National Health Insurance (NHI) program in 1995 marked a turning point in the status of life expectancy during the two decades. Growth in life expectancy during the decade after the NHI program was introduced appeared to be slightly faster than during the decade prior (Figure 1). As Table 3 shows, the crude mortality rate increased, while the standard mortality rate decreased. A major reason may be the steady growth in population during 1985–2005. If we examine the number of deaths among the three age groups (i.e., under 64, 65–79 , and over 80) during this period, we find that in spite of a extended life span, there was an upward trend in the number of deaths reported for people over 65, and more deaths could be noted among those over 80.

Table 2. Percentage of Population for Ages 65 and Over by Selected Countries, 1996–2005

Countries	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Republic of China	7.9	8.1	8.3	8.5	8.6	8.8	9.0	9.2	9.5	9.7
Philippines	3.5	3.6	3.6	3.7	3.7	3.8	3.8	3.9	3.9	4.0
Thailand	5.6	5.8	6.1	6.3	6.5	6.8	7.0	7.3	7.5	7.8
Malaysia	3.9	3.9	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.6
India	4.2	4.2	4.3	4.4	4.4	4.5	4.6	4.7	4.8	4.9
Singapore	6.4	6.5	6.6	6.7	6.8	7.0	7.0	7.7	8.0	8.2
Japan	15.1	15.7	16.2	16.7	17.3	18.0	18.5	19.1	19.5	20.0
Republic of Korea	6.1	6.4	6.6	6.9	7.2	7.6	7.9	8.3	8.9	9.1
China	6.3	6.4	6.6	6.8	6.9	7.1	7.2	7.4	7.5	7.6
United States	12.7	12.6	12.5	12.5	12.4	12.4	12.4	12.4	12.4	12.4
United Kingdom	15.7	15.7	15.7	15.6	15.6	15.8	16.1	16.0	16.0	15.8
France	15.1	15.3	15.5	15.7	15.8	15.9	16.0	16.1	16.2	16.2
Italy	16.9	17.2	17.5	17.7	18.0	18.3	18.5	18.8	19.1	19.4
Australia	12.2	12.2	12.3	12.4	12.4	12.5	12.6	12.6	12.8	13.1
New Zealand	11.5	11.5	11.6	11.7	11.7	11.9	11.9	11.9	12.0	12.3

Source: Statistical Yearbook of each country, monthly bulletin, United Nations Demographic Yearbook, and Internet data

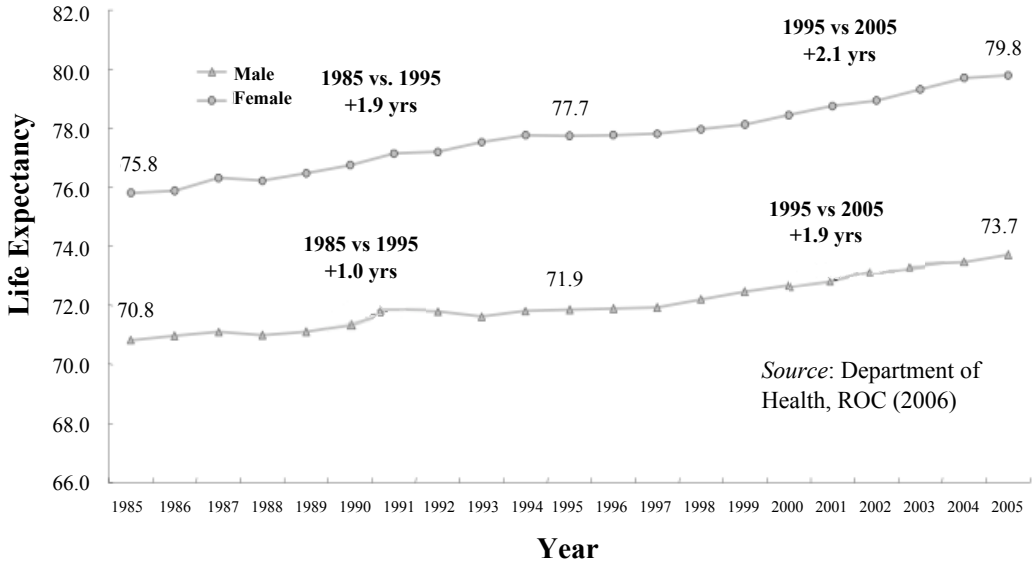


Figure 1. Life Expectancy, Republic of China, 1985–2005

Table 3. Number of Deaths and Mortality, 1985, 1995, 2005

	Number of Deaths				Crude Mortality	Standardized Mortality
	Total	0–64	65–79	≥ 80		
1985	91,121	44,216	33,556	13,349	476.2	735.9
1995	117,954	46,701	46,005	25,248	554.6	647.7
2005	123,957	47,026	50,430	41,501	611.3	530.0

Source: Department of Health, ROC (2006)

The second issue is the cause of death. The 10 leading causes of death in 2005 in order of occurrence were malignancy, cerebrovascular accident (CVA), heart disease, diabetes mellitus (DM), accidental injuries, pneumonia, liver disease, kidney disease, suicide, and hypertension. Malignancy was the primary cause of death during the past decade. The common cancers in 2005 in order of occurrence were lung, liver, colon, breast, stomach, and oral cavity.

If we again use the implementation of NHI program as a watershed to review the changes in the leading causes of death during the two decades prior to and after 1995 (Figure 2), we find that the mortality rate from diabetes moved up significantly, i.e., 67% from 1985 to 2005, followed in terms of growth in mortality rate by malignancy (18%), suicide (17%), and pneumonia (13%). On the other end of the spectrum, hypertension showed the greatest decrease in mortality rate, with an impressive drop of 77%, followed by tuberculosis (TB) and chronic obstructive pulmonary disease (COPD). The changing pattern of cancer during 1985–2005 is shown in Figure 3; among various types of malignancy, oral cancer showed the highest growth in mortality rate, followed by colon cancer and breast cancer, respectively.

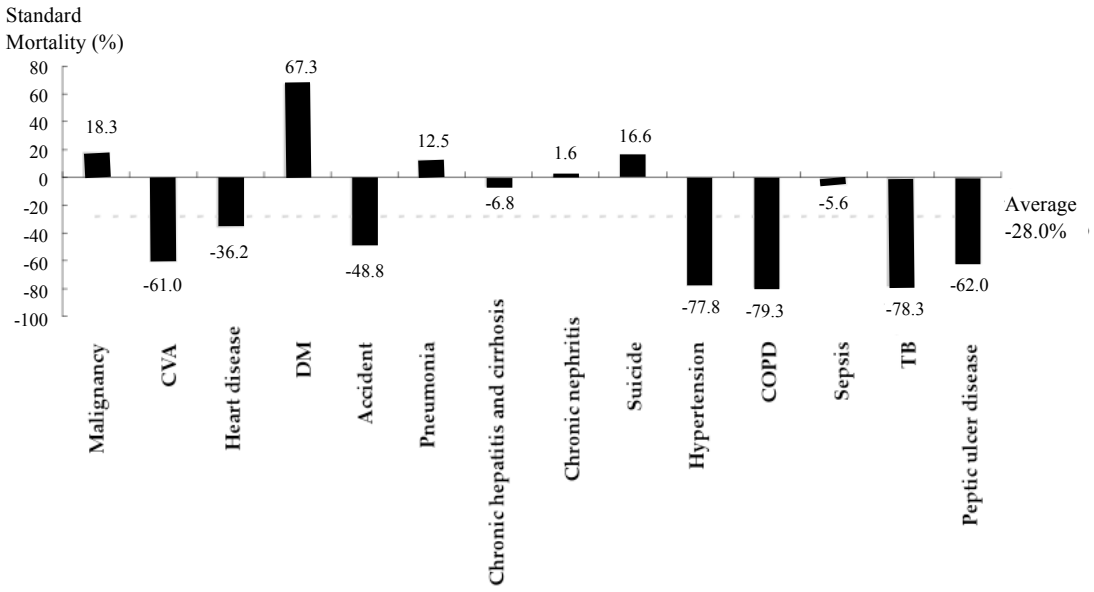


Figure 2. Comparison of Primary Causes of Death, 2005 vs. 1985

Third among the issues to be addressed is how elderly people rate their own health status. According to the results of the National Health Information Survey (NHIS) conducted by the Department of Health in 2005, the common chronic health problems facing elderly people were hypertension, cataract, osteoporosis, hyperlipidemia, heart disease, diabetes, and arthritis. When

the results of the NHIS conducted in 2001 are compared to those from 2005, the section on self-rating health status reveals a fairly significant rise, from 17% to 23%, in the category "poor." The percentage of elderly people rating their health status as "good to excellent" stays around 35%; however, this percentage was nearly twice as high in a similar study carried out in the United States (National Health Research Institutes, 2005).

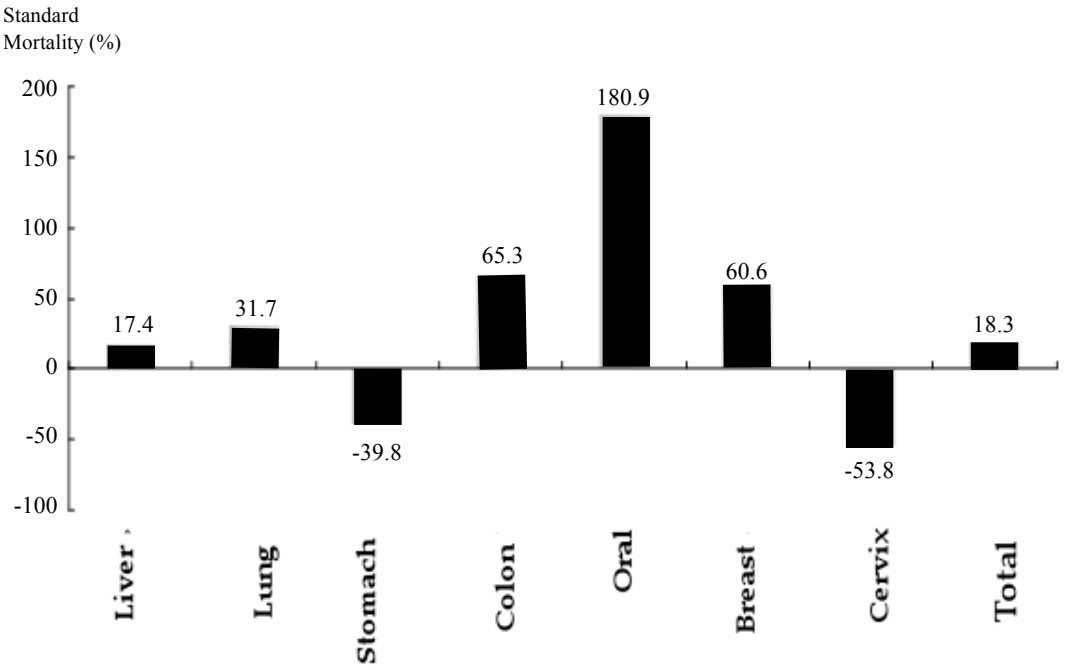


Figure 3. Comparison of Primary Cancers Causing Death, 2005 vs. 1985

The fourth issue to highlight is the increasing disability of the elderly. Questionnaire surveys on functional limitations of elderly people were conducted in 1993, 1996, and 1999. A ratio greater than 1.00 was considered statistically significant and indicated a greater chance of reporting functional limitations. The survey results show both the number and severity of impaired functions and functional limitations in climbing and walking increasing steadily from 1993 and from 1996 to 1999. High risk factors were found to be older age, female gender, low education, and marital status (Zimmer et al., 2002).

Based on the above reviews, we can identify the four major characteristics of the current health status of elderly people:

- Prolonged life expectancy vs. increased mortality.
- Specific causes of death related to lifestyle and mental health: DM, malignancy (oral, colon, breast cancers), and suicide.
- Increased vulnerability to disability.
- Poor self-rated health status.

Three major health problems influence the longevity and quality of life: cardiovascular diseases (CVD), malignancy, and suicide. Risk factors for these common diseases are DM and metabolic syndrome for CVD, betel quid chewing for oral cancer, and depression for suicide. According to statistics published the Bureau of National Health Insurance, there were approximately 1 million cases of DM, 2 million cases of hypertension, 1.2 million cases of heart disease,

and 0.4 million cases of CVA in 2000. Treatment of these patients cost TWD46 billion, about 14.5% of the total medical expenditures in the NHI budget. Combined deaths from CVD and DM was about 25.9% of all deaths.

The hypothesis of the natural course of cardiovascular disease consists of both genetic and environmental factors. The different kinds of risk factors occur in various patterns, alone or combined, early or late, leading to health problems like insulin resistance, obesity, dyslipidemia, impaired glucose tolerance, DM, and hypertension. The end outcome is CVD, disability, or death.

Obesity causes insulin resistance, which leads to impaired glucose tolerance and ends in DM. Insulin resistance and obesity may further produce metabolic syndrome, including dyslipidemia and hypertension. DM, hypertension, and dyslipidemia produce micro- and macrovascular diseases.

High-density lipoprotein-cholesterol (HDL-C) is also a criterion in the diagnosis of metabolic syndrome (MS), a condition for which the ATP III guidelines have developed diagnostic criteria. For men, HDL-C <40 mg/dL and for women, HDL-C <50 mg/dL contribute toward the diagnosis of metabolic syndrome (Expert Panel on Detection, 2001). With the broad spectrum of MS, the medical strategy is early detection and prevention to avoid clinical complications and reduce medical costs. The most important preventive and therapeutic strategy is lifestyle change for reversible core causes of MS, such as obesity and physical inactivity. For obesity, the first-line therapeutic goal is a 5–7% BW reduction with exercise and diet control.

Oral cancer is the disease with the second-highest growth in mortality. The incidence of oral cancer in male patients increased five times in 20 years, escalating from 5 in 1980 to more than 25 per 100,000 in 2000. Mortality from male oral cancer has also increased more than four times during the past 30 years. Oral cancer is closely related to the habit of betel nut chewing. It is distributed geographically from the Republic of China, Southeast Asia, and India to Kenya. The prevalence of male betel quid chewing in the ROC is around 8%–19% in Taipei and Kaohsiung; it increases to 20%–25% on the west coast and 27% on the east coast.

Community screening programs have been conducted by the Bureau of Health Promotion (BHP) since 1999, with oral cavity examinations administered at dental clinics to a target population of smokers and adult betel nut chewers once every three years (Bureau of Health Promotion, 2005–2009). From 2000–05, over 1,000,000 adults received the examination, with a positive rate of 1.3%. Among the positive cases, 64.6% received follow-up. Of these follow-up cases, 12.2% were diagnosed with oral cancer and 29.2% were found to be in a precancerous state, yielding a prevalence rate of oral cancer of around 1 per 1,000. Distribution by age revealed the peak to be at 50–59 years, followed by 60–69 and 40–49.

The risk behaviors of positive cases are associated with betel quid chewing and smoking. Why was the incidence of oral cancer not reduced in the past decades? People addicted to betel quid chewing or smoking possess low abstinence motivation; oral screening consumes considerable manpower and time; once diagnosed positive for oral cancer, patients tend to withdraw from further intervention; and the economic benefits of betel quid production and sales make public education difficult (Second International Conference on Areca Nut and Betel Quid Use, 2005).

Suicide poses the third major problem. After Republic of Korea and ahead of the United States, Japan, Singapore, Australia, and European countries, the Republic of China reported the second-highest percentage of elderly people committing suicide. Related data shows a constantly increasing elderly suicide rate over the past 20 years, with the male-to-female ratio at approximately 2:1. Common methods include hanging, strangulation and suffocation, toxic substances, and jumping from heights. Epidemiologic characteristics of suicide in older adults are male gender, divorced or widowed status, and use of highly lethal tools.

Risk factors for suicide include:

- Personality.
- Physical or mental illness.
- Overlooked or misdiagnosed psychiatric disease and drug abuse or depression.
- Major life events, such as death of a spouse, family, economic burden, lack of social support, and isolation.
- Easily accessible killing tools (guns, pesticides).
- Previous suicidal behavior.

Findings of studies on the problem of elderly suicide can be summarized as follows (National Suicide Control Center, 2007):

- Suicide rate higher in the elder groups, and the older the person the higher the mortality.
- Motivation usually stronger in the elder than in the younger.
- Higher incidence in males than in females.
- Three most common suicide methods: hanging, strangulation and suffocation; poisoning with lethal solid or liquid substances; jumping from heights.
- Over 90% suffering from disability, chronic diseases, or frailty.
- Over 30% experiencing loss of spouse.
- Prevalence of depression on the rise, 16–25% in community and 12% in institutions.

COMING CHALLENGES OF ELDER CARE

Many of the problems and challenges that will have to be faced in the future are related to the rapidly increasing population of aging people. Based on past trends in population growth, it is projected that the total population will grow from 22.9 million in 2007 to 23.2 million in 2025, and then drop to 18.9 million in 2050.The proportion of people over 65 is estimated to increase from 9.4% in 2004 to 20.4% in 2026 and 35.5% in 2051. The ratio of people over 75 versus people younger than 75 was 40% to 60% in 2004, but it is expected to be 54% to 46% in 2050 (Population Reference Bureau, Inc., 2007).

These will be the challenges for the aging society:

Reduced productivity. The ratio of working to retired people was 7:4 in 2005 and is projected to be 3:3 in 2026 and 1:7 in 2051.

Constant growth in social welfare expense. The percentage of disabled persons in the total population was 1.3% in 1995; it increased slightly to 1.7% in 2000 and is expected to reach 2.4% in 2010, 3.5% in 2020, 5.6% in 2030, and 7.0% in 2035.

Increased exploitation of medical resources. Under the current hospital-based sub-specialized care system, the high OPD visit frequency in older adults (an average of 15 times per person each year) shows the serious problem of abuse of the medical resources provided under the National Health Insurance program.

Rapid increase in medical expenses. According to the NHI statistics, in 2000 OPD and hospital expenses for the elderly were 3 times and 6 times higher, respectively, than those for their younger counterparts. In terms of overall medical expense, treating elderly people incurred a cost 4.4 times greater than taking care of younger people.

NHRI STRATEGIES AND NATIONAL POLICIES

The NHRI Division of Gerontology Research, the first institute dedicated to aging studies in the Republic of China, was founded in 2003. Upon its establishment, the division proposed the following strategies to promote an elderly health care system:

- Expediting professional training for geriatric physicians and related health care professionals.
- Developing a comprehensive eldercare system.
- Incorporating gerontology as an essential part in hospital accreditation and review.
- Implementing comprehensive research in gerontology.
- Optimizing the resources of NHRI forums.
- Establishing a geriatric clinic and demonstration center.
- Editing and publishing treatment guidelines for common geriatric diseases.
- Designing and maintaining a gerontology website.
- Normalizing the training of gerontologists and geriatricians.

The most important decision in promoting geriatric care was to launch the NHRI geriatric fellowship training program. During the period from July 2004 to June 2006, the program successfully trained 15 fellows from seven teaching hospitals and had the following major achievements:

- Developing a comprehensive fellowship training program in clinical geriatrics to train competent pioneers in this field.
- Working with these well-trained pioneers to facilitate further educational efforts in geriatrics, promote the quality of health care for the elderly, and enhance the caliber of geriatric research.
- Assistinging three medical centers in establishing multidisciplinary geriatric teams for promoting geriatric care.
- Editing a comprehensive training manual for future geriatrics and gerontology education.

In addition to foreign experts invited from the New York-based Mount Sinai Medical Center and other prestigious institutes, two local medical centers collaborated and provided the necessary teaching faculty and training facilities. Detailed contents of the one-year training program can be found in its training manual (Bloom and Bloom, 2007). The program offered intensive specialty training in neurology, psychiatry, and rehabilitation. Acute care was taught in the wards at National Taiwan University Hospital (NTUH) and Chang Gung Memorial Hospital. Long-term care was taught at a respiratory care ward, a home care, and a nursing home. Hospice palliative care was also included (Figure 4).

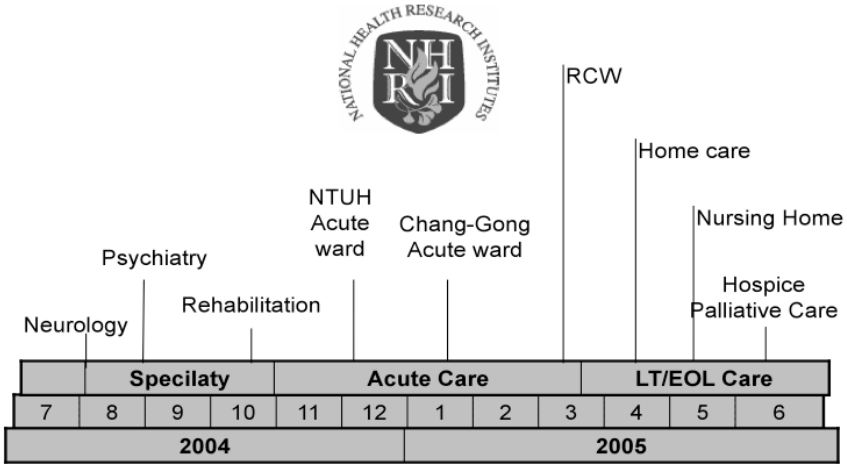


Figure 4. Geriatric Fellowship Training Program

Upon the successful completion of two terms of this pioneering one-year geriatric fellowship training program, a training manual was published to serve as a guideline for medical centers interested in establishing geriatrics departments and for medical schools interested in incorporating geriatrics and gerontology.

The specialty of geriatric medicine provides innovative approaches to taking care of older adults, with its emphasis on the need for interdisciplinary team care carried out successfully in hospital, outpatient, home, and nursing home settings. Geriatric medicine as a medical specialty focuses on the diagnosis and treatment of common geriatric conditions such as falls, urinary incontinence, delirium, and osteoarthritis. It aims at developing new insights into the heterogeneity of aging, ranging from frailty to successful aging, in which good health and functional ability persist well into older age. Moreover, geriatric medicine encourages active integration with other areas of health care (e.g., ethics, hospice and palliative care, and chronic disease management), medical professions, hospital accreditation, and management.

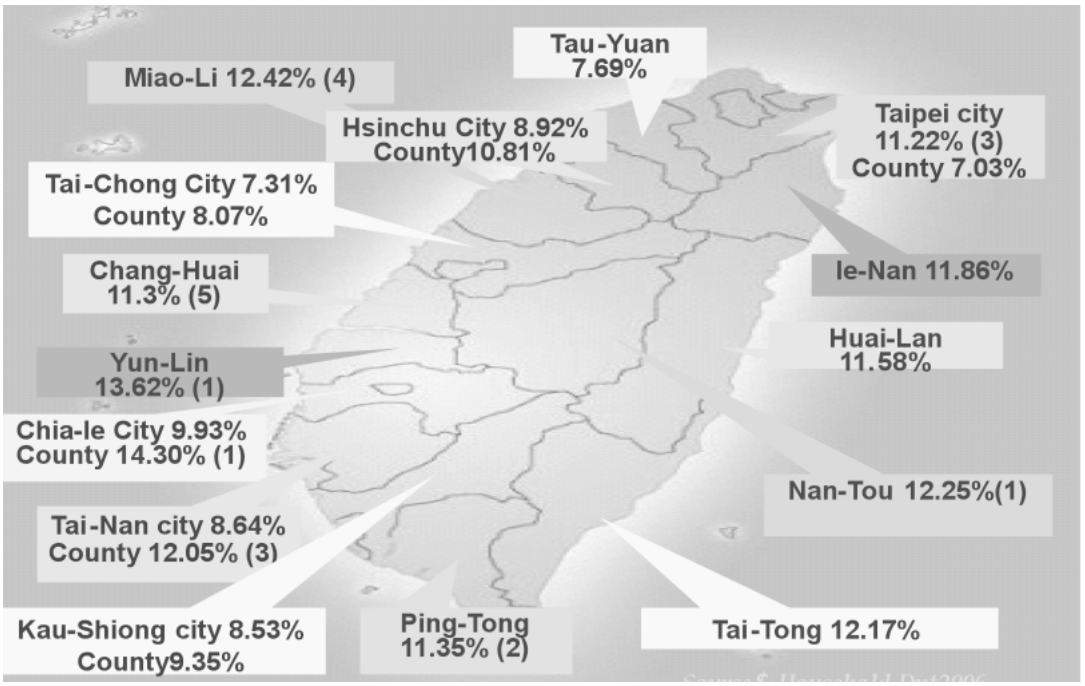
In addition to the geriatrics fellowship training program, the NHRI Division of Gerontology Research further works with the Department of Health and the Gerontological Society of Taiwan (GST) to help transform underused community hospitals into local geriatric centers. During 2005, two community hospitals were assigned to GST to be restructured into demonstration centers to train professional geriatric caregivers and to promote both accessibility to and quality of eldercare in local communities.

With geriatrics incorporated into the hospital accreditation program, various geriatric teams that include a geriatrician, a geriatric nurse, a social worker, a physical therapist, an occupational therapist, and a nutritionist have been organized. On-the-job training courses and seminars on improving the quality of eldercare have been provided with active assistance from GST.

In 2006, a new policy was implemented to subsidize all the community hospitals in counties and cities whose elderly population exceeds 11%. Through February 2007, a total of 19 community hospitals receiving this subsidy were approved by DOH to provide intermediate care. Two of the demonstration centers for community geriatric hospital are located in the Bei-Hu Branch of National Taiwan University Hospital in northern Republic of China and the Dalin Branch of Ko's Hospital in central Republic of China. According to the regulations of the Medical Development Fund, each approved hospital can expect to receive in the first year a grant of TWD3,000,000 for reconstructing its acute ward for eldercare and another grant in the same amount for upgrading the quality of eldercare. Using the Medical Development Fund, DOH will continue to subsidize these geriatric hospitals through the end of 2008. Figure 5 shows the distribution of these geriatric hospitals island-wide.

COMMUNITY ELDERCARE PLAN: AGING IN PLACE

With the valuable experiences in infection control learned from the SARS outbreak, both the government and the medical community have come to realize the importance of strengthening community-level medical services and accordingly have made it a primary focus in reforming the health care system. The community-oriented health care system aims to integrate primary care clinics and second-level community hospitals to form two new kinds of primary care units—community medical care groups and community public service groups—to provide preventive, acute, and chronic care for local residents. The core manpower will consist of family physicians and community hospital specialists. Under this health care structure, medical centers can be granted more resources to concentrate critical care, teaching, and research. To foster communications across these three levels, an informatics platform will be built at each level to facilitate electronic medical record exchange and to expedite two-way referral of patients.



Source: Household Department (2006)

Figure 6. Distribution of 19 Community Hospitals in Cities and Counties in Which the Elder Population is More Than 11%

On 27 July 2006, at a conference held by the Executive Yuan on sustaining Republic of China's economic development, resolutions were passed on national strategies needed to respond to the aging of society (Council for Economic Planning and Development, 2004). The government will endeavor to expedite the establishment of stable and viable fiscal and budgetary systems to support the development of extensive eldercare that is diversified, community-based, high-quality, and comprehensive, taking into account differences in conditions between genders, urban and rural areas, cultures, professions, economic status, and health conditions. Moreover, improvement in the quality of life for disabled and low-income elderly people will receive top priority in government budgeting. To achieve this goal of enhancing the quality of life, a framework of comprehensive geriatric healthcare in the community has been proposed (Figure 6).

Within this framework, elderly people and their families and caregivers are supported by geriatric teams offering professional care, preventive services, and valuable information for healthy living and aging. The public sectors of social welfare, health administration, and health insurance collaborate to assure the provision of effective eldercare and the establishment and active operation of supportive networks at the community level in terms of disease management, resource integration, and insurance requirements.

Additional efforts are needed to integrate novel primary care infrastructures—a reformed community hospital led by geriatricians to provide intermediate care, a community medical group and a public health care group led by family physicians and local health officers, and a center that manages long-term care to support these organizations in terms of human and medical resources (Figure 7)—into a solid cornerstone for future community eldercare.

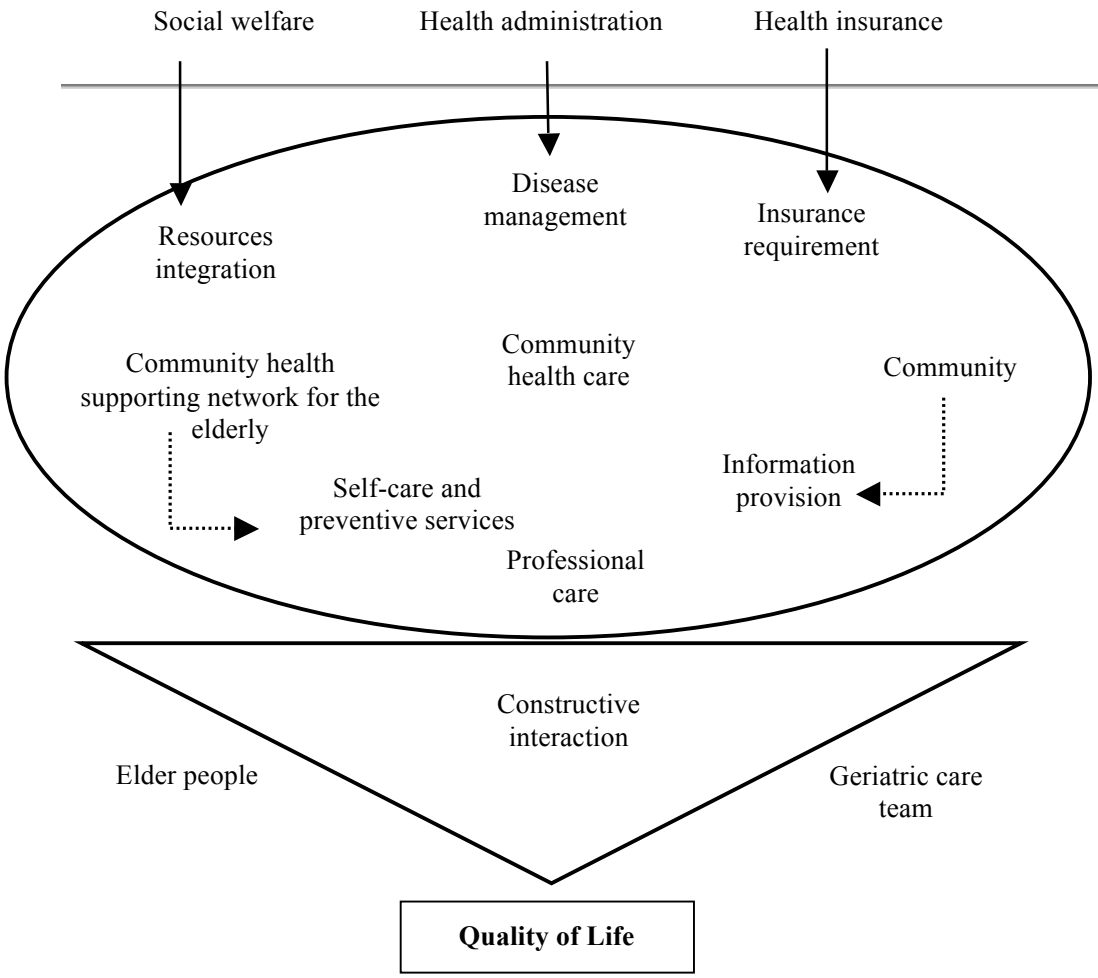


Figure 6. Community Eldercare Framework

The eldercare system is an example of a continuum of healthcare. This complex system is composed of the two major components of medical care and life care. It relies to a great extent on advanced information technology to integrate various services and facilities, using electronic records, tele-consultation, and remote monitoring to assure continuity in the delivery of health care. The Ministry of Economic Affairs has proposed a three-year incentive project to encourage enterprises to develop innovative eldercare services in residential, community or emergent care systems/services for the elderly, creative services for living and recreation, effective services or systems for chronic disease management, and innovative health technologies or devices for safety, protection, delivery of telecare, transportation, traveling, and self-care education for the elderly. Three continuing waves of electronic technological development—e-Taiwan in 2002, m-Taiwan in 2005, and u-Taiwan in 2008—have been launched to develop a National Health Information system to provide the following managed care:

- Telecare.
- Electronic health records.

- e-Service.
- e-Health.
- Health smart card.

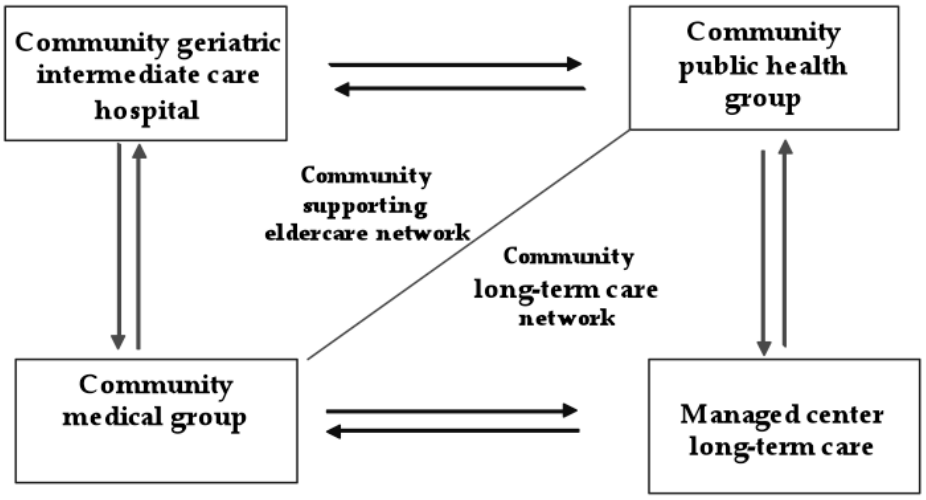


Figure 7. Community Eldercare Plan: Aging in Place

QUALITY OF GERIATRIC CARE

To integrate the eldercare infrastructures proposed above into future policies of geriatric care, four key points need to be highlighted:

- Person-centered care, including asking the right questions, maintaining clinical alertness, and recognizing the crucial roles of the family and allied caregivers.
- Emphasis on function, including accurate diagnosis, serial observation, and clear recognition that even well-intentioned intervention may cause harm.
- Setting clear goals, including identifying target symptoms, organizing good follow-up, pursuing noncompliant or no-show patients, allowing sufficient time for recovery of function, and postponement of dependency.
- Maintenance of active communication as the foundation of a good doctor–patient relationship.

In the context of person-centered communication, education, needs assessment, identification of goals, elimination of barriers, provision of role models, verbal encouragement, and ongoing reinforcement and rewards must be involved in the process of promoting healthy behavior for elderly people. Through education, the final objective is to motivate and promote the self-care ability of elderly people.

There are five measures by which to evaluate whether a geriatric care team has succeeded in incorporating geriatric care principles into actual practice: person-centered, goal-directed care; evidence-based practice; quality improvement; informatics technology (U-care); and geriatric teamwork.

Through self-care promotion and geriatric care teamwork, the clinical model of goal-directed care for the elderly can be carried out by following these four steps (World Health Organization, 2001) (Figure 8):

- Assess body structures and functions for rehabilitation therapies, treatment of barriers, information giving, and skills training.
- Evaluate the potential capacity to set goals for motivation and behavior change.
- Arrange various activities for health promotion and geriatric rehabilitation through aids, appliances, and adaptations.
- Overcome personal and environmental barriers and devise and apply promotion strategies to enhance participation to achieve the goal.

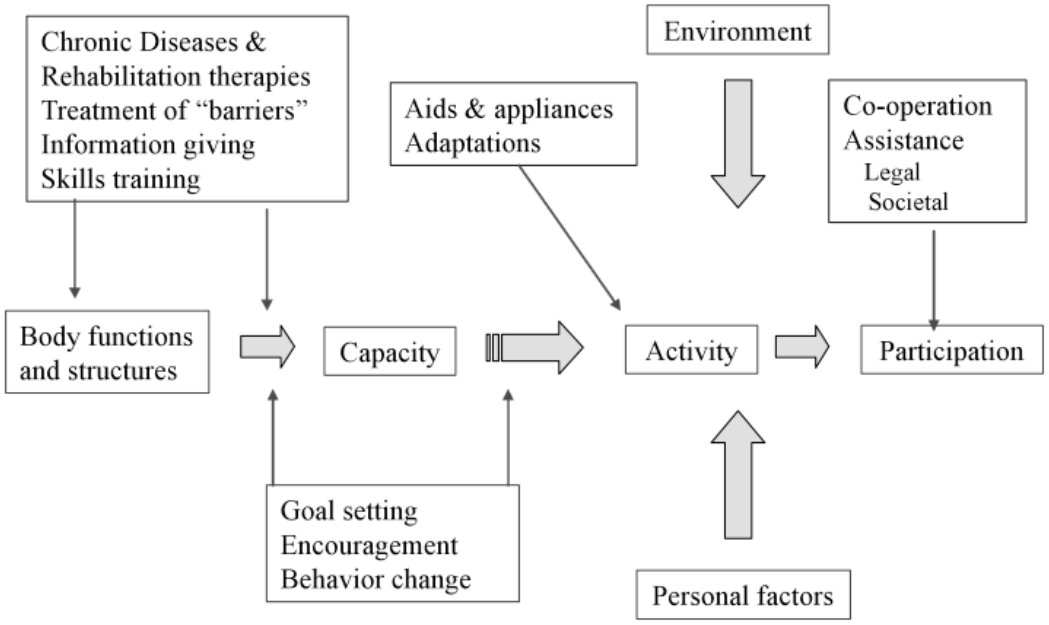


Figure 6. Goal-directed Comprehensive Integrated Care Model for the Elderly

Preventive geriatric care aims to adopt varying activities and participation methods to meet the needs of different groups within the elderly population. The priority is to classify the target elderly population into different groups by individual disease, function, and frailty (Pacala, 2003). Geriatric integrated care can be planned as follows:

- *Primary and secondary disease prevention*. Recruit healthy and functionally independent elders to participate in screening, immuno-prophylaxis, counseling, and chemo-prophylaxis.
- *Tertiary disease prevention*. Recruit chronically ill elders to participate in disease management with practice guidelines and protocols, formal disease management programs, cooperative health care clinics, and specialty referral.
- *Prevention of frailty*. Recruit healthy and chronically ill elders who are functionally independent to participate in exercise and diet supplementation.
- *Prevention of accidents.* Recruit chronically ill and frail elderly people to participate in falls prevention, driving tests, seat belts, home safety checklist, and PT/OT referral.

- *Prevention of iatrogenic illness*. Recruit chronically ill and frail elders to participate in case management, pharmacist consultation, and advanced directives.
- *Prevention of psychosocial illness*. Recruit all older adults to participate in depression screening, increased social contact, and developing increased self-worth.

It is inevitable that every older adult will have to deal with end-of-life issues. The quality of end-of-life care is highly important in overall quality of life, physical well-being and functioning, a sense of spiritual peace and well-being, a patient's perception of care (for example, advanced directives), and family well-being and functioning.

In conclusion, by using optimal care processes to assess needs and functions, designing activities and promoting participation, both the government and the medical community in the Republic of China need to develop effective measures to help elderly people achieve the goals of a healthy, active, positive and successful aging process (World Health Organization, 2002). To achieve the goal of a society aging with vigor, creativity, dignity, and wisdom calls for the practice of integrated geriatric care. The ideal society for the elderly depicted by Confucius in the chapter on Great Harmony in his *Analects* has yet to be realized. We all should strive for a society in which, as envisioned by Confucius, "provision is secured for the aged till death, employment for the able-bodied, and the means of growing up for the young. Helpless widows and widowers, orphans and the lonely, as well as the sick and the disabled, are well cared for."

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CHAPTER 6. AGING SOCIETIES: EMERGING ISSUES AND PERSPECTIVES FROM THE PHILIPPINES

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LEARNING OBJECTIVES

- The demographic profile of the Philippines.
- Programs, policies, and initiatives.
- Issues and challenges of the aging population.
- Health, gender, and other related issues of aging.
- Future policies regarding the elderly population.

DEMOGRAPHIC PROFILE OF THE PHILIPPINES

Population 1903–2000

From 1903, when the first census that counted the population in the entire archipelago was undertaken, to the latest census of May 2000, the population of the Philippines increased ten-fold. There were 7.6 million persons counted in the 1903 census, 76.5 million in 2000. The 2000 figure is 7.9 million more than the 1995 census count of 68.6 million (Table 1).

Table 1. Population and Average Annual Growth Rate, 1903–2000

	Population (millions)	Average Annual Rate of Increase Over Previous Year (%)
1903	7.6	–
1918	10.3	1.9
1939	16.0	2.22
1948	19.2	1.91
1960	27.1	3.06
1970	36.7	3.01
1975	42.1	2.78
1980	48.1	2.71
1990	60.7	2.35
1995	68.6	2.32
2000	76.5	2.36

The population grew by 2.36% annually between 1995 and 2000, making it one of the few countries in the world with a relatively high population growth rate (PGR), slightly higher than the annual growth rate during the first half of the 1990s (2.32%). The annual population growth rate showed a generally declining trend which appears to have slowed down in the last two decades. The average annual growth rate during the entire 1990s was 2.34%, while it was 2.35% in the 1980s. More noticeable declines in the growth rate occurred in the earlier intercensus periods. From 3.0% during the 1950s and 1960s, the annual growth rate dropped to 2.75% in 1970–80 and to 2.35– in 1980–90.

Age Structure: 1960–1995

The Philippine population is young. The proportion of the population under 15, 45.7% in the 1960 and 1970 censuses, exhibited a downward trend, falling to 38.3% in 1995, possibly as a result of a declining fertility. On the other hand, the proportion of the population 60 and over increased from 4.3% in 1960 to 5.4% in 1995. The proportion of the population 15 to 59 increased from 50.0% to 56.2%.

Table 2. Distribution of Population by Broad Age Group, 1960–95 (%)

Age Group	1960	1970	1980	1990	1995
Total (millions)	27.1	36.7	48.1	60.7	68.6
0-14	45.7	45.7	42.0	39.6	38.3
15-59	50.0	49.7	52.7	55.1	56.2
60 and over	4.3	4.6	5.3	5.3	5.4

Source: NSO, 1960–95 censuses

Life Expectancy Rate

The National Statistical Coordinating Board estimated in 2006 that newborn girls have a life expectancy higher than that of boys, at 73.2 and 67.3 years, respectively. Consistent with that, life expectancy at 60 is higher among females at 19 than that of males at 17. Such an increase in life expectancy can be attributed to improved health care, health services, and health technology. However, the World Health Organization estimated that children born in 2002 will have life expectancy of 61.5 for females and 57.1 for males, with females losing 14.3% of healthy years at birth compared to 12.4% for males. So it is expected that although women will enjoy longer lives than males, they will also have more years of poor health than their male counterparts. The figures in Table 3 reflect the fact that females live longer than males.

Table 3. Life Expectancy Statistics

Total Population (millions): 89.5 (rank by population: 12)		
	Men	Women
Life expectancy at birth (years)	67.3	73.2
Life expectancy at 60 (years)	17	19
Median age (years)	22.0	23.0
Total health care expenditure per capita (international dollars)	174	
Total health care expenditure (percentage of GDP)	3.2	
Age dependency ratio (current ratio of people 15–64 to 65+)	15	
Statutory retirement age (the age at which a person is eligible to receive a state pension)	60	60
Total Fertility Rate (TFR) (children born per woman)	3.11	

Sources: CIA World Factbook 2006; United Nations Population Division, DESA, 2006; World Health Organization, The World Health Report 2006

DEMOGRAPHIC PROFILE OF THE AGING POPULATION

The 1995 census showed the population of the Philippines to be 68.6 million. Of this number, 3.7 million (5.4%) were senior citizens or individuals 60 and over, of which 1.7 million (46.6%) were males and 2.0 million (53.4%) were females. These figures translate into a gender ratio of 87 males 60 and over for every 100 females in the same age group. The predominance of females among senior citizens reflects the fact that women, in general, live longer than men. By comparison, males comprised 50.4% of the national population in 1995, which implies a gender ratio of 101.6 males for every 100 females (Table 4).

Table 4. Gender Composition of Senior Citizens 60 Years and Over in Comparison with Total Population, 1995

Indicator	Total Population	Senior Citizens
Males (%)	50.4	46.6
Females (%)	49.6	53.4
Gender ratio, males per 100 females	101.6	87.2
Senior citizens to national population, both sexes (%)	–	5.5
Senior citizens to national population, males (%)	–	5.0
Senior citizens to national population, females (%)	–	5.9

Source: NSO, 1995 Census of Population and Housing

Table 4 also shows that in 1995 there was one male senior citizen for every 20 males in the national population, while there was one female senior citizen for approximately every 17 females. Six out of 10 senior citizens were younger than 70, while only 4 out of 100 were 85 or older.

From certain statistical data, it can be seen that the older population is not "low and slow," as claimed by Hendricks and Yoon in 2006. The number of senior citizens in the Philippines rose from 3.19 million in 1990 to 4.59 million in 2000. The decadal average annual growth rate of 3.64% of the older population went up from the 2.26% growth rate during the previous decade. This shows that the older population is growing faster than the total population of the country. The medium series of the population projection indicates that by 2030, the older population will be 10% of the total population, with females attaining such a proportion five years earlier than the males, making the projected sex ratio of the older population to continue to be lower than 100, with females having the edge with increased age (Table 5).

Table 5. Projected Population by Gender, 2000–2040

	Both Sexes	Male	Female
2000	76,946,500	38,748,500	38,198,000
2005	85,261,000	42,887,300	42,373,700
2010	94,013,200	47,263,600	46,749,600
2015	102,965,300	51,733,400	51,231,900
2020	111,784,600	56,123,600	55,661,000
2025	120,224,500	60,311,700	59,912,800
2030	128,110,000	64,203,600	63,906,400
2035	135,301,100	67,741,300	67,559,800
2040	141,669,900	70,871,100	70,798,800

Source: National Statistics Office (NSO), 1903–2000 censuses

Marital Status Distribution

Of 3.7 million senior citizens in 1995, 64.6% were legally married, 28.3% were widowed, and 5.1% were never married or single. Divorce is not legal in the Philippines, nor is separation a common event, and only 0.8% of senior citizens were reported as divorced or separated. Eight out of 10 male senior citizens were married. By comparison, half of the female senior citizens were married, while about 4 out of 10 were widowed. The widowed among the male senior citizens comprised 14.2% (Table 6). These figures provide empirical support for the observation that women tend to outlive men.

Table 6. Population 60 and Over by Marital Status, 1995

Marital Status	Both Genders	Male	Female
Philippines	3,736,622	1,740,568	1,996,054
Single	5.1	3.2	6.8
Legally married	64.6	80.3	50.8
Widowed	28.3	14.2	40.5
Separated/divorced	0.8	0.7	0.9
Common-law/live-in	1.1	1.5	0.7
Unknown	0.1	0.1	0.2

Source: NSO, 1995 Census of Population and Housing

Population 60 and Over with Disability

Among senior citizens, 345,000 (9.2%) had some type of disability. Low vision was the most common type, with about 4 out of 10 suffering from it, higher among females (47.9%) than among males (39.7%). Partial deafness and partial blindness were the next most common types of disability. Partial deafness was reported for 13.6% of males and 12.1% of females, while partial blindness was 9.0% for each group.

Household Heads 60 Years and Over

Out of 13.5 million households in 1995, 2.14 million (15.9%) were headed by elderly persons. Of these household heads, 71.6% were males and 28.4% were females. Elderly women living alone comprised 18.7% of elderly female heads, while their male counterparts made up 4.2%. Close to one-half (49.6%) of elderly males were heads of households with 2 to 4 members. By comparison, elderly women heading households of these sizes comprised 52.0%. Five out of 100 elderly males were heads of households with 10 or more members. The corresponding figure for their female counterparts was 2.6% (Table 7).

Table 7. Heads of Household Age 60 and Over by Household Size

Household Size	Both Genders	Male	Female
Total	2,142,822	1,533,902	608,920
1	8.3	4.2	18.7
2	18.4	17.0	21.9
3	17.1	17.0	17.2
4	14.8	15.6	12.9
5	12.4	13.4	9.7
6	9.8	10.9	7.1
7	7.1	8.1	4.8

(continued on next page)

8	5.4	6.1	3.4
9	2.6	2.9	1.6
10 +	4.2	4.8	2.6

Source: NSO, 1995 Census of Population and Housing

Literacy Rate

The literacy rate among senior citizens is high, at 81.01%, with males having a higher literacy rate (82.23%) than women (79.97%). Three in five senior citizens have at least an elementary education, while one in four has at least some high school education. Only 5% were able to finish a college degree, with women having the advantage.

Employment

Males are more likely to work than their female counterparts, with more than half of the household population of 60 and above being gainfully employed in 2000. Among those who work, 52.47% work without pay in family-owned or -operated farms or businesses; one in five is self-employed, without any paid workers. Interestingly, 13.77% of farmers, forestry workers, and fishermen and 6% of laborers and unskilled workers are senior citizens. In the 1996 Elderly Survey, 89% of respondents expressed the opinion that they should continue to work as long as they could (Cabigon, 1999).

EXISTING POLICIES FOR THE AGING POPULATION

The Philippines recognizes all sectors of its population as part of its vast human resource pool. In a country where the family is considered the basic unit of society, the 5.2 million senior citizens, 6.4% of its population, play a pivotal role in the development of families and communities. The Constitution of the Republic mandates the family to take care of its elderly members and the state to design programs of social security for them (Art. XV, Sec. IV, RP 1987). Moreover, Art. XIII, Sec. II provides that the state will adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health services, and other social services available to all people at an affordable cost.

The following enabling laws were enacted to operationalize what the Constitution sets forth:

- Republic Act No. 9257 (enacted in February 2004): An Act granting additional benefits and privileges to senior citizens amending for the purpose Republic Act 7432 otherwise known as "An Act to maximize the contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for other purposes."
- Resolution No. 2, Series of 1995 approved the Implementing Rules and Regulations of Republic Act No. 7876, "An Act establishing a Senior Citizens' Center in all cities and municipalities of the Philippines and appropriating funds therefor."
- Executive Order No. 266 (enacted on 17 July 2000): "Approving and Adopting the Philippine Plan of Action of Older Persons."
- Republic Act No. 7876 (enacted on 25 July 1994): "An Act Establishing a Senior Citizen Center in all Cities, Municipalities of the Philippines and Appropriating funds Therefor."
- Republic Act No. 7432 (enacted on 22 July 1991): "An Act to Maximize Contributions of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for other Purposes."
- Proclamation No. 1048 declared a nationwide observance in the Philippines of the International Year of Older Persons in 1999.

- Proclamation No. 470 declares the first week of October of each year as Elderly Filipino Week.
- Executive Order No. 105, "Approving and Directing the Implementation of the Program Provision of Group Home /Foster Home for neglected, abandoned, abused, detached and poor older persons and persons with disabilities and its implementing Rules and Regulations Developed on CY 2003."
- GAA No. 32, "Allocation of Agency Budget to Programs and Services for Older Persons and Persons with Disabilities (PWD)."

ISSUES AND CHALLENGES RESULTING FROM THE AGING OF THE POPULATION

Since aging is a process every person experiences, preparation for old age is critical. The Philippine Plan of Action for Older Persons (PPAOP, 1999–2004) was formulated to ensure the development of a milieu that would meet the present and future needs of the growing number of older persons. It is a major effort that provided a perspective in developing an Inter-Agency Plan for Older Persons. It has contributed to a renewed synergy in promoting the rights and welfare of senior citizens and set forth priority areas and action points that have guided the efforts of national government agencies and non-government organizations towards attainment of the plan by ensuring the promotion of the security and dignity of senior citizens while maintaining their full participation and human rights.

The national and regional interagency committee has been an effective mechanism in providing a venue where senior citizens and government can work hand and hand in developing and implementing responsive programs and services. The main recommendations of the PPAOP evaluation workshop, which call for action on the part of concerned agencies, are:

- Development of a responsive national strategy/goals/indicators with a timeline to prepare society for the challenge of aging and ensuring that the goal of attaining active aging is achieved.
- Prioritization of the needs of the underprivileged older persons who are ill and development of indicators in every PDG for senior citizen in every region, province, municipality and barangay.
- Provision of a mechanism that enables senior citizens to empower themselves through innovative programs and ongoing implementation and replication of successful programs.
- Continuous advocacy and capacity-building measures in local government units to develop a responsive plan based on current situations and aging policies.
- Monitoring and evaluation of current programs, plans, and policies for senior citizens and the appointment of a point person in every government agency.

While acknowledging that its main task is to promote national socioeconomic development, with particular focus on the plight of the poor, the government has recognized the need to take urgent action now on issues relating to aging. It has recognized five major issues that need critical attention:

- Fully implement RA No. 9257, "Expanded Senior Citizens Act of 2003," and other elderly policies and refocus programs to empower communities rather than individuals.
- Understand the issues and implications of what population aging means to society to promote active aging in every local government unit.

- Prepare the populace for an aging process that is both satisfying and productive for individuals in order to empower communities of senior citizens.
- Develop and improve service infrastructure and management of centers and institutions in an environment based on both traditional and modern customs that will be able to meet the present and future needs of an aging citizenry.
- Deliver social, health, and human services needed by the growing number of elderly.

FUTURE POLICY DEMANDS

The following policy demands are relevant to the five-year directional plan to promote programs that will be responsive in addressing the issues and concerns of the elderly.

- Mainstreaming of aging into development policy and promoting full integration and participation of older persons.
- Provision of social protection and security.
- Reduction of poverty in old age.
- Caring for senior citizens in emergencies.
- Employment.
- Gender-specific issues in aging.
- Good quality of life at all ages, independent living, good health, and well-being.
- Enabling a supportive environment, care, and support.

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CHAPTER 7. AGING SOCIETIES: EMERGING ISSUES AND PERSPECTIVES FROM SINGAPORE

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LEARNING OBJECTIVES

- Population aging in Singapore and its demographic characteristics.
- Social and economic consequences of population aging.
- Current policies for providing for the needs of the elderly.
- Major sources of income of older Singaporeans.
- Health care needs of the elderly.
- Implications for future policymakers.

INTRODUCTION

Singapore's population is aging rapidly, with social and economic consequences to this shift in the population's age structure. As in many other Asian societies, it has become imperative that the government review the role of state policy in providing for the needs of older adults. Although the state continues to promote the family as the first line of defense, changing demographic and economic circumstances may make it increasingly difficult for families to provide support to older members. Longer life expectancy has created a situation in which older persons can expect to live an average of 15 or more years after the official retirement age of 62. Average life expectancy at birth for males in 2006 was 78, compared to 81.8 for women (http://www.singstat.gov.sg/stats/keyind.html#demoind, accessed 14 September 2007). Financing these later years is an emerging issue, particularly at a stage in life where employment opportunities are scarce and health problems are more prevalent and acute. This discussion explores the nature of employment patterns of older adults and sources of financial support among current cohorts of older persons in Singapore. The state has several policies to encourage employment in old age and individual saving for old age security. However, for reasons given below, the family remains the main line of support for today's older adults.

A second emerging issue is the health care needs of the older population. As Singapore's population ages, the need for long-term care (LTC) services is increasing. In Singapore, as in other aging societies, the bulk of the older population is female. Older females are more likely than older males to suffer from chronic illnesses and disabilities. However, they often do not have sufficient individual financial resources to pay for these LTC needs (Chia et al., 2007).

The chapter also presents an overview of the health status of older adults by gender as measured by chronic illness and disability. Although the state has several insurance programs in place, older persons are less likely to be covered compared to younger individuals. In addition, the historically early retirement age (55 years) and a lack of income-generating activities forces older adults to rely on ever-dwindling savings for their health care needs. In many cases the family shoulders the health care expenditures for its older members, but this situation is not sustainable, as will be discussed below.

Existing policies need to be reworked, and this chapter focuses on the areas that need greater attention. As one of the more developed Asian economies, Singapore can take the lead in developing policies for older adults and set a benchmark that will ensure dignified and graceful aging. As noted by then-Prime Minister Goh Chok Tong:

> We want Singaporeans to age with dignity and to remain involved in society. We want them to be actively engaged in family and community life. And, in line with the Singapore 21 vision, we must maintain a strong sense of cohesion between the generations. Singapore should be the best home for all ages.
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> Prime Minister Goh Chok Tong, 9 November 1999
> (*Source*: Report of the Interministerial Committee
> on the Aging Population, 1999)

SINGAPORE: COUNTRY PROFILE

Singapore's population stood at 4.4 million at mid-year of 2006. The old age dependency ratio stood at 11.8 residents 65 and older per 100 residents aged 15–64. Approximately 8% of the population is 65 and over, and this is expected to increase to 19% by 2030 (Inter-Ministerial Committee on Aging Report, 1999). Singapore is one of the more advanced Asian economies both socially and economically. The literacy rate is 95%, and 91% of residents own their own homes. Per-capita GDP was $46,832 dollars in 2006, and unemployment averages around 3.6% (http://www.singstat.gov.sg/stats/themes/people/demo.html, accessed 3 September 2007). In short, Singapore is a wealthy city-state where state ideology emphasizes productivity and most state policies are effective and far-reaching.

Currently, the population is aging rapidly. This will result in an increase in the old age dependency ratio from 11.8 to 29.5 per 100 residents aged 15–64. Singapore will double its aging population in only 24 years, compared to 85 years for Sweden (IMC, 1999). Rapid population aging is taking place amidst rapid social and economic change. For many individuals, the Singapore that they grew up in is a far cry from the bustling city they live in today. The past was, "a more idyllic period that only older Singaporeans remember, though often nostalgically, conveniently forgetting the difficult socioeconomic and political environment and the poor hygiene of the time" (Tong and Kwok, 2003; 9). Rebuilding and upgrading are buzzwords in the Singapore context, and the entire landscape has been transformed in the last 42 years (Chua, 2003). Globalization has also introduced alternative ways of doing and being, and many older Singaporeans feel distant and disenfranchised from the younger population (Teo et al., 2006).

SINGAPORE'S DEMOGRAPHIC TRANSITION

Singapore completed its demographic transition in a very short time. When Singapore gained independent rule in 1965 the total fertility rate (TFR) was 6 children per woman. By 1975 the TFR had been reduced to 1.9, and it has remained below replacement level (2.1) ever since. The current TFR is 1.26, one of the lowest in Asia. The main reason for this dramatic drop in fertility was highly successful family planning programs. The "Stop at Two" policy instituted in 1967 made it difficult for couples to have more than two children. Various disincentives were implemented, such as that mothers of third children could not receive any maternity leave, and third children were last to receive placement in schools of their choice. As a result many couples chose not to have more than two children. At the same time, the economy was expanding rapidly, creating a need for labor. Women's increasing labor force participation rates over this period filled much of this need. Education was made accessible to all, thus reducing gender differences in employment rates in the formal sector and increasing the number of women in the labor force.

As in many countries, increasing women's education and employment levels also contributed to a decrease in fertility rates. As McDonald (2003) states, the opportunity costs are higher for an educated woman who chooses to have a child and exit the labor force than those for an uneducated woman. Residents were also keenly aware of the value placed by the state on productivity and economic development. The creation of families, or at least large families, takes

away from individual development and productivity, since children require significant amounts of nurturing, time, and economic commitment. Thus, in the 42 years since Singapore's independence, we have witnessed a marked decrease in the fertility rate and the marriage rate and a continuing increase in the rates of childlessness and divorce. The impact of these demographic changes has been to alter the nature of the family and its ability to provide support for its older members. Later age at marriage has produced a growing "sandwich generation," who are caring for children under 18 and family members 65 and over simultaneously. The number of such sandwich families rose from 22,940 in 1990 to 30,530 in the 2000 census (Straits Times, 2007a). Non-marriage has reduced the size of the support network for older persons and increased the burden shouldered by single men and women caring for older parents. Increasing divorce rates have created more blended families where care responsibilities have to be negotiated amongst stepchildren, biological children, parents, and stepparents. Finally, increased levels of migration in a globalizing economy have resulted in adult children and older parents being situated far from each other and raised questions of the moral responsibility of care for family members in old age.

DEMOGRAPHIC CHARACTERISTICS OF THE AGED POPULATION

The demographic characteristics of older Singaporeans (aged 59+) in 1999 are shown in Table 1. At the oldest ages, females make up a larger proportion of the older adult population (28%) compared to males (20%). Singapore is a predominately Chinese population, and 79% of the older population is Chinese. The two main ethnic groups are the Malays (13%) and the Indians (7%). The "Other" category refers to individuals who are of mixed heritage. More than half (54%) of older females are widowed, compared to 13% of older males. This reflects the fact that women tend to marry older men and are less likely to remarry in the case of widowhood. Older women are also significantly more likely to have little or no education and report incomes below SGD500 per month. This may explain the lack of significant gender differentials in the proportion of people working at ages 59 and above. Older women may have to continue working in order to support themselves financially, particularly in the absence of a spouse to help out. Older women are significantly more likely to live with children compared to older males. Overall, the percent of older individuals living with at least one child is very high (86%), and this reflects values upholding filial piety, high housing costs, and the high cost of living, factors which prevent young adults from moving out of their parents' homes.

Table 1. Demographic Characteristics of Older Singaporeans (59+), 1999

Variable	Total sample (n=1977)	Males (n=835)	Females (n=1142)	Chi-Square/Prob
Age				18.3/0.0004
59–64	36.4	38.7	34.3	
65–69	23.1	25.2	21.3	
70–74	16.0	15.9	16.2	
75+	24.5	20.3	28.2	
Ethnicity				42.0/<0.0001
Chinese	79.0	74.2	83.4	
Malay	12.7	13.5	11.9	
Indian	6.9	10.6	3.6	
Other	1.4	1.8	1.1	

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Marital Status				403.8/<0.0001
Married	58.4	80.4	38.8	
Never married	4.3	5.3	3.3	
Widowed	34.9	12.7	54.7	
Divorced/Separated	2.5	1.7	3.2	
Education level				258.2/<0.0001
No education	60.1	41.9	76.5	
Primary	26.5	36.2	17.9	
Secondary or more	13.3	22.0	5.6	
Monthly individual income				179.3/<0.0001
<$500	44.3	34.9	52.7	
$500–$999	33.6	29.8	37.0	
$1,000+	22.1	35.3	10.3	
Work status				2.76/0.1
Working	14.9	16.3	13.6	
Not working	85.1	83.7	86.4	
Living arrangement				11.6/0.0007
Live with child	85.8	83.0	88.4	
Live alone or with others	14.2	17.0	11.6	

Source: Transitions in Health, Wealth, and Welfare of Elderly Singaporeans, 1995–1999 survey

A review of the demographic characteristics reveals that the older population in Singapore, as in other societies, is predominantly made up of females. This current generation of older females is severely disadvantaged in terms of income and education levels. This cohort of older females is also in poorer health compared to their male counterparts. The identification of vulnerable subgroups calls for more targeted policies for older adults. As will be described below, current policies for older adults in Singapore tend to target older adults more generally.

EXISTING POLICIES FOR THE AGING POPULATION

At present, issues concerning older adults are under the purview of the Committee on Aging Issues, set up in 2004. The role of this committee is to make policy recommendations to prepare Singapore for an aging population (Committee on Aging Issues, 2006). The terms of reference for the committee are:

- To identify the challenges of an aging society.
- To determine policy directions for government and non-government agencies in addressing the needs of an aging population.
- To steer and guide the comprehensive, holistic, and coordinated development of policies and programs for the elderly.
- To recommend ways to prepare Singapore for the effects of an aging population.
- To recommend ways in which younger Singaporeans can better prepare themselves for active aging.

The committee proceeded to identify eight key recommendations in February 2006:

- To vary the length of land leases, as shorter land leases facilitate the development of retirement housing.

- To offer reverse mortgage schemes to elderly HDB flat lessees at commercial terms so that elderly would be able to monetize their homes to meet their financial needs.
- To create barrier-free living environments.
- To create a barrier-free physical environment and rail system.
- To top off the medical insurance (Medisave) accounts of less well-off Singaporeans when there are budget surpluses.
- To have family physicians play a greater role in managing the health care needs of seniors.
- To set up a $10 million GO! Fund (Golden Opportunities! Fund) to seed more programs and activities for seniors by seniors.
- To continue to build on strong family ties to ensure that the family continues to be the first line of support for older adults.

In August 2007 many of these recommendations were instituted. In his National Day Rally speech (August 2007), Prime Minister Lee Hsien Loong pointed to the need for individuals to work longer and save more. Various policy initiatives were introduced during his speech, and these will be discussed in detail below.

- Increase the withdrawal age of retirement income from 62 to 65.
- Increase the interest rate on CPF savings.
- Make annuities compulsory for individuals aged 50 and under.
- Legislation to permit re-employment at age 62.
- Financial incentives for older workers to continue working.
- Reverse mortgages.

These policy revisions occur at a time when the state realizes that changes to the existing provident fund needed to be made in order for the fund to function as an important source of old age support. The notion that Singaporeans are "asset-rich and cash-poor" also comes into play here, as the state is promoting the idea of changing assets (one's home) into cash during old age. These policy revisions also underscore the ideology that individuals are responsible for supporting themselves in old age. The next section discusses how current older Singaporeans support themselves. The shortcomings of the provident fund are discussed and existing reliance on the family highlighted.

ISSUES AND CHALLENGES OF AN AGING POPULATION

Financial Preparation for Old Age

One of the main issues and challenges of an aging population is financial support for older persons. In most Asian countries, the family is the major source of support, and this is the current situation in Singapore. Formal support programs for older adults are also present. Singapore has a Central Provident Fund (CPF) system which was conceived of as a source of financial support in old age. The CPF is a mandatory savings scheme for all employees and employers in Singapore. Contribution levels vary by age, with younger workers (under 40) contributing 20% of their income per month to their accounts. Older workers (55+) contribute 7.5% to 12.5% per month. Employers' contributions also vary by employee age as shown in Table 2.

Table 2. Central Provident Fund Contribution Rates for Private Sector Employees, Government Non-Pensionable Employees, Non-Pensionable Employees in Statutory Bodies and Aided Schools, and Singapore Permanent Resident (SPR) Employees from Their Third Year Onwards

Employee Age (years)	Contribution By Employer (% of wage)	Contribution By Employee (% of wage)	Total Contribution (% of wage)	Credited Into		
				Ordinary Account (ratio of contribution)	Special Account (ratio of contribution)	Medisave Account (ratio of contribution)
35 and under	14.5	20	34.5	0.6667	0.1449	0.1884
35–45	14.5	20	34.5	0.6088	0.1739	0.2173
45–50	14.5	20	34.5	0.5509	0.2028	0.2463
50–55	10.5	18	28.5	0.4562	0.2456	0.2982
55–60	7.5	12.5	20	0.575	0	0.425
60–65	5	7.5	12.5	0.28	0	0.72
Over 65	5	5	10	0.1	0	0.9

Source: Singapore Central Provident Fund Board 2007. http://mycpf.cpf.gov.sg/Members/Gen-Info/Con-Rates/ContriRa.htm (Accessed 26 June 2007)

Currently, Singapore's CPF has the highest coverage of any retirement plan in Asia. Individuals are required to maintain a Minimum Sum (MS) in their account.

From 1 July 2007, the CPF Minimum Sum increased from $94,600 to $99,600. The new amount applies to CPF members who turn 55 between 1 July 2007 and 30 June 2008. CPF members who set aside the $99,600 fully in cash will receive a monthly payout of $790 from age 62 for about 20 years. This increase is in line with the announcements made in August 2003 that the CPF MS will be raised gradually to reach $120,000 (in 2003 dollars) in 2013 (http://mycpf.cpf.gov.sg/Members/ Gen-Info/Con-Rates/ContriRa.htm , accessed 26 June 2007).

However, very few Singaporeans actually rely on their CPF savings as a main source of financial support in old age. As shown in Table 3, only 2% of older persons aged 59+ in 1999 cited their CPF/pension savings as a main source of financial support. A recent report showed that only 4 out of 10 active CPF members who turned 55 in 2005 had the Minimum Sum of SGD90,000 in their CPF account. More than half of all active CPF members have not accumulated the minimum sum because they have used their CPF contributions to make mortgage payments and/or to pay for their children's education. According to CPF rules, 50% of the minimum sum can be in the form of pledged property. Theoretically individuals would downgrade to smaller housing during old age and use the minimum sum for old age support. This ruling has created a situation in which many Singaporeans are asset-rich but cash-poor and the percentage of individuals willing to downgrade their properties is uncertain.

Table 3. Major Sources of Income Among a Cohort of Older Persons (60+) in 1995, as Observed in 1995 and 1999

Major Source of Income	1995 (60+ years)	1999 (64+ years)
Work or family business	14.5%	9.7%
Private transfers	78.5%	81.4%
Pension or retirement	2.1%	2.3%
Other income (rental, stocks, etc.)	4.9%	6.6%
Total N	1,493	1,493

Source: 1999 Transitions in Health, Wealth, and Welfare of Elderly Singaporeans: 1995–1999

Analysis of CPF coverage patterns among different cohorts of older persons shows substantial heterogeneity. Coverage is becoming broader over time as more Singaporeans work in the formal sector. A much higher percentage of those aged 55–59 in 1995 are covered by the CPF (52%), compared to those aged 70–79 (25%). However, the data show that the oldest-old are mostly not covered by the CPF, and the majority of this cohort is female. The percentage of elderly aged 80 and above in 1995 that have CPF accounts is even lower (14%) (Chan, 1999). Among those individuals with CPF accounts, the majority (31%) had a total of under SGD5,000 in their account (Table 4). One-fifth of the elderly in this sample had no savings left in their CPF account. Given these issues, it is not surprising that today's older adults rely very heavily on family transfers.

Table 4. Retrospective Reports of Cash Balances in CPF Accounts at Age 55 (for respondents who have ever had a CPF account, N=1,285)

Amount (SGD)	%
Less than 10,000	49.4
10,000–19,999	9.3
20,000–29,999	4.4
30,000–39,999	3.7
40,000–49,999	2.5
50,000–99,999	4.8
100,000–149,999	2.1
150,000 and above	1.9
Refused	0.4
Can't remember/don't know	21.6

Source: Transitions in Health, Wealth, and Welfare of Elderly Singaporeans: 1995–1999

The state has been revamping the CPF scheme since 2002. In August 2007, Prime Minister Lee Hsien Loong announced that the age at which individuals can withdraw their Minimum Sum will be increased from 62 to 65. This move will increase the period of time that individual savings can last during retirement. The PM also announced an increase in interest rates for CPF savings from 2.5% to 3.5% on the first $60,000. He added that annuities would be made compulsory for individuals under 50.

An additional source of income during old age would be made available through the introduction of a new scheme. For individuals 62 and above, the Housing Development Board will

buy back the lease of their apartment and provide a shorter lease of 30 years in the same flat. Under this scheme there would be two payouts; a lump sum up front and monthly installments for the rest of the individual's life. This scheme ensures aging in place, which is often an important factor for older adults.

Employment Issues

Singapore continues to have a mandatory retirement age of 62. This mandatory retirement age is linked to the age at which individuals can begin to draw on their retirement savings in the CPF. Recently, however, in August 2007, the PM announced an increase in the draw-down age from 62 to 65, as discussed above. At the same time he encouraged Singaporeans to work for longer. The state strongly supports the idea that individuals should be responsible for their financial security during retirement. One way to ensure this is to encourage individuals to work longer and save more.

The government has also been actively trying to create positive impressions of older workers. At present, there still exist strong negative sentiments on the part of employers towards hiring older workers. To combat this ageism, the government set up a Tripartite Committee on Employability of Older Workers in 2006. Three of the main mandates of the committee are to help older workers stay employed, to work towards creating re-employment legislation for older workers, and to improve perceptions of older workers (Teo et al., 2006).

Older people have many sources of help to keep abreast with Singapore's vibrant economy. Workers over 40 already enjoy preferential course fee funding support under various skills upgrading programs funded by the Skills Development Fund (SDF) and the Lifelong Learning Fund (LLF). Programs such as the National Continuing Education and Training Framework (NCETF) and the Employability Skills Systems are designed to be readily accessible by the less skilled and also by older workers as a means to upgrade skills and improve employability (MOM 2005a). These are over and above existing schemes such as the Worker Improvement through Secondary Education Program (WISE) and the Basic Education for Skills Training Program (BEST), which do not specifically target older workers but are available to them (Teo et al., 2006).

To encourage employers to retain older workers, their CPF contributions for individuals 60–65 are less than half of those of a younger person. In addition, the state has also enforced shortened salary scales, modified the notion of wages pegged to seniority to one pegged to the "value" of a job, and introduced one-off bonuses instead of increments and other fringe benefits (Teo et al., 2006).

The determinants of employment at older ages are a mix of individual needs, opportunities, and existing policy. In 2006, 41.9% of Singapore residents between the ages of 60 and 64 were employed, comparable to the United Kingdom (42%) and significantly higher than the Republic of China (31%). Older adults aged 60–64 are more likely to work in Japan (52.6%) and the U.S. (51%). Projections by Tay (2003) estimate that by 2030 the proportion of the workforce aged 30–49 will have shrunk by 25%. Between 2000 and 2030, the only increase in the labor force will come solely from the 50–64 age group. This has major implications for a country that relies primarily on human resources for economic development. In his 2007 National Day Rally speech, Prime Minister Lee Hsien Loong announced new incentives to encourage older workers to continue working. These included the Workfare Income Supplement scheme targeted at workers aged 35 and older earning $1,500 or less a month. Under this scheme, an older worker earning $1,000 a month will receive an additional 20% from the state, bringing the total to $1,200 per month. Additional policies have been implemented to encourage employment at older ages. These include legislation to require employers to offer re-employment to workers reaching retirement age (62) until age 65, and later until age 67.

The main message from the state is that older workers still have much to contribute. To encourage more positive images of older workers, a tripartite committee was formed in 2006 to look into issues surrounding the employment of older adults. The committee started its work by addressing workers in their forties and fifties. This age group appears to have a great deal of difficulty regaining employment once they have been retrenched. Data from 2002, when Singapore's economy performed badly in line with the downturn in the global framework, showed that among those workers who were retrenched the previous year, 15% of those who were unable to find work 15 months later were above age 40 (Tay, 2003). Recent government estimates suggest that older workers with tertiary education find it more difficult to find jobs than do their less educated counterparts (Teo et al., 2006; *The Straits Times* 22 January 2005).

Health Care Needs

Growing older is often associated with deteriorating health and an increased need for health care. Previous research shows that approximately 6% of the older population (aged 64 and above) have an Activity of Daily Living (ADL) limitation, and between 5% and 19% report an Instrumental Activity of Daily Living (IADL) limitation. Within this group of disabled older adults there are significant gender differences in the percentage of older adults with a disability; older females are significantly more likely to report a disability compared to older males (Table, 5). Older females are also significantly more likely to report having mobility problems, chronic illnesses, such as arthritis, and hypertension, compared to older males (Chan and Jatrana, 2007). Older females make up the bulk of the aging population, and health care costs are thus a primary concern for any aging society.

Table 5. Percentage Distribution of Disability and Mobility Difficulties (N=1,973)

Activity	Total Sample	Males	Females	Chi-square (p-value)
ADLS				
Bathing, feeding, toileting	6.0	5.1	6.6	1.94 (0.097)
IADLS				
Preparing own meals	12.7	14.1	11.7	2.55 (0.063)
Shopping for groceries	13.2	9.3	16.0	18.61 (0.000)
Managing own money	5.2	4.1	6.0	3.41 (0.039)
Doing light housework like cleaning dishes, light cleaning	10.4	9.1	11.3	2.50 (0.065)
Using transport to get to places that are beyond walking distance	18.5	12.1	23.0	37.90 (0.000)
Mobility Difficulties				
Crouching or squatting	24.0	16.6	29.2	41.77 (0.000)
Lifting or carrying something as heavy as a 5kg bag of rice	31.6	22.7	38.1	52.61 (0.000)
Walking 200–300 metres	23.7	15.8	29.5	49.60 (0.000)
Going up and down the stairs (about 1–2 flights)	24.8	17.5	30.0	40.41 (0.000)
Using fingers to grasp a handle	8.8	7.9	9.4	1.36 (0.139)

Note: Percentages are weighted to account for over-sampling of Indians and individuals aged 75+ in the original 1995 survey and panel attrition in 1999.
Source: Chan and Jatrana (2007)

In Singapore, individuals who have a per capita income of less than $1,000 (Chia et al., 2007) are subsidized for long-term care (LTC) needs at 25% to 75%, depending on income level. There are several national-level health insurance schemes available: Medisave, Medishield, and Eldershield. Eldershield is specifically targeted at the long-term care needs of older individuals, aged 40 and over (http://www.eldershield.com/eshield/jsp/abt_eldershield.jsp). The scheme was introduced in 2002; it is not mandatory. Individuals who have three or more ADL limitations are eligible for the scheme. In 2007 the government announced a new potential payout of SGD28,000, 60% more than the current SGD18,000 (*Straits Times*, 2007). This translates into a monthly payout of $400 for up to six years. This money is meant to be used to pay for care-giving needs, such as nursing home care or hiring a foreign domestic helper to care for the older person. Recently, Chia et al. (2007) estimated the potential for Eldershield, the national insurance scheme for those over 40, to cover LTC expenditures. The findings were that at 75% subsidies, Eldershield will be able to cover 100% of the expected LTC expenditure. Without any subsidy, monthly payouts of $300 and $450 payouts will cover 25% to 37% of the expected LTC expenses.

LTC needs require urgent attention as the population ages. There are several dimensions of long-term care that warrant policy attention: the need for LTC, access to and availability of LTC, mechanisms via which LTC is provided, and the effects of LTC needs on individuals and their families. Disability prevalence rates are also increasing over time, as shown in Figure 1.

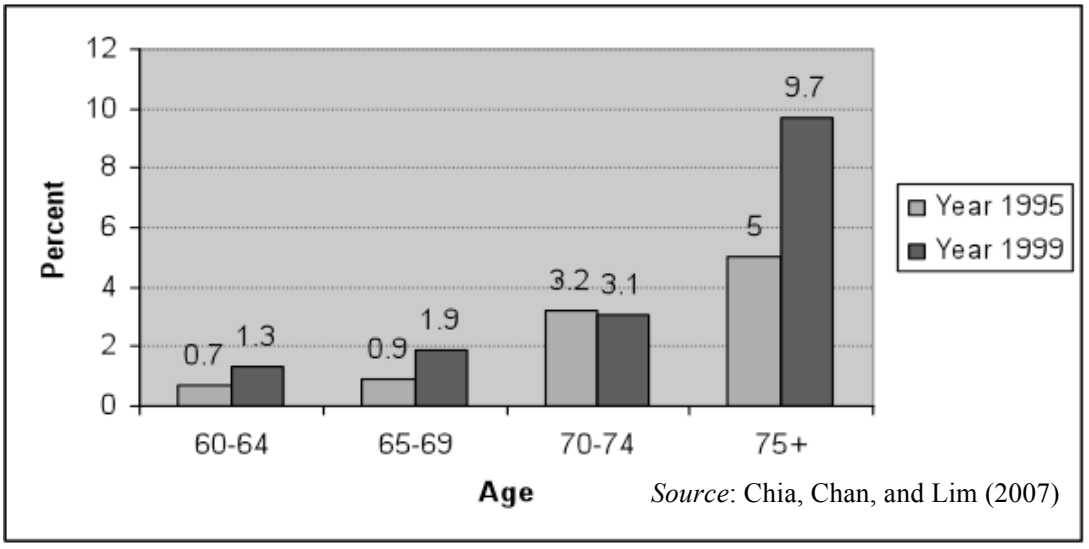

Figure 1. Percent of Respondents Reporting a Disability in 1995 and 1999, by Age

EMERGING ISSUES

There exists a theoretical debate that involves disagreement over whether lengthening life expectancy simply translates into more years spent with a disability (Verbrugge, 1984) or whether improvements in medical technology will result in a compression of morbidity, that is, a greater number of years spent in a healthy state over one's lifetime (Fries, 1980). The more years an individual spends disabled, the higher the long-term care costs for the individual, the family, and ultimately, the society. Thus the policy implications of this debate relate to the utilization and cost of long-term care for older adults. In rapidly aging Asian societies, long-term care expenditures are projected to form a larger part of overall country budgets in the near future.

Recent research has begun to explore whether reductions in mortality have led to an increase in disability prevalence in Asia. Populations in Southeast Asia are living longer than ever before; average life expectancy has increased from an average of 41 years in the 1950s to 63 years by 2000 (United Nations, 2000). Results from the Republic of China suggest that reductions in mortality have been accompanied by increases in the probability of the onset of functional difficulty (Chang and Zimmer, 2007). One of the effects of increases in disability prevalence (as seen in the U.S. in the 1980s) will be an increase in the need for caregivers. At present, caregiving is provided, to a large extent, by female family members. However, higher life expectancy and potentially increased disability rates will strain existing caregiving systems. New policies to assist caregivers to provide care need to be crafted if the state is to ensure that the family continues to be the main provider of support in old age.

POLICY IMPLICATIONS AND RECOMMENDATIONS

The Singapore government promotes active and productive aging. To facilitate this, state policies reinforce notions of individual responsibility in old age. In circumstances where individuals are unable to take care of themselves, families are expected to provide support. Since 1982, policies for older adults have been addressed and reworked. The primary areas of focus are financial support, employment, and health care in old age. As reviewed above, policies to help older Singaporeans help themselves are being instituted as the state refuses to adopt a welfare state ideology.

An analysis of existing information on older adults reveals several areas of concern. Older females, in particular, are not specifically targeted in government policies for older adults. As mentioned above, older women are more likely to be widowed and uneducated and to have lower incomes and poor health compared to older men. Existing policies, however, do not take these differentials into account.

While policies exist to help the current generation of older adults, there is a need to focus on educating incoming cohorts of middle-aged individuals on financial planning for old age. There is also a need to educate the younger population about the process of growing older. By 2030, one in four Singaporeans will be aged 60 and older, and this will have an effect on social integration if ageist attitudes are present in the younger population.

Existing policies focus on allowing older adults to remain in the workforce until age 65 via the legislation of the re-employment act as discussed above. However, there have been few policies focused on helping middle-aged women become re-employed. Middle-aged women trying to re-enter the labor force find themselves facing both ageism and sexism, thus ensuring their failure in finding work. This leads to poorer socioeconomic status in old age, putting a burden on families and the state.

Finally, there needs to be more targeted policy focus on the health care needs of older women. Young and middle-aged women need to be better educated on the effects of the aging process so as to delay the onset of poor health associated with aging for as long as possible. Women also need to be educated on the health care costs of old age. More often than not, women are unaware of these costs and lack health care.

These policies have an underlying agenda: to facilitate the independence of older adults, both financially and socially. The earlier we can instill personal independence and the longer we can forestall dependence, the easier it will be to sustain a mature society, both economically and socially.

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CHAPTER 8. AGING SOCIETY AND EMPLOYMENT FOR OLDER PEOPLE IN JAPAN: A CASE STUDY OF GOOD PRACTICE

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Japan

LEARNING OBJECTIVES

- Aging in Japan.
- Current policies for the benefit of the elderly.
- Employment of the elderly in Japan.
- Working conditions of people aged 60 and over.
- Problems of aging.

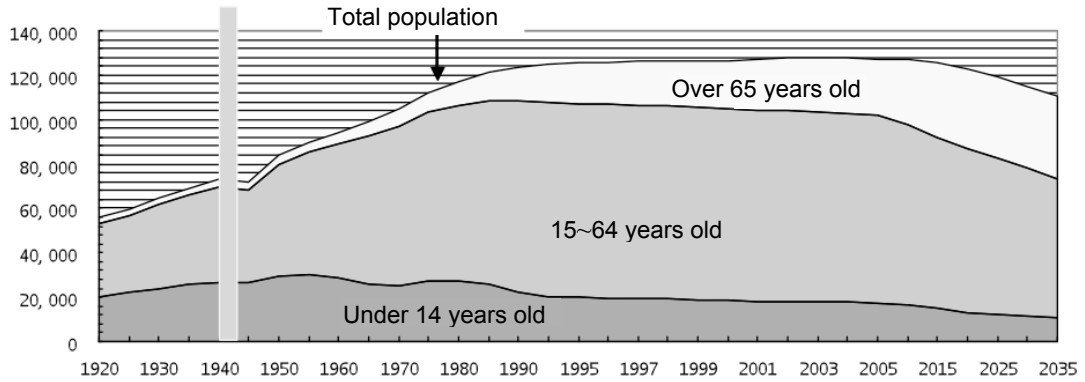
INTRODUCTION

Longevity is highly desirable, and in Japan people usually celebrate their 60th, 70th, 77th, and 88th birthdays as special milestones in their lives. However, there is now a lack of the social conditions that support longevity, which causes a number of problems. This is the case not only in Japan, but also in the U.S., Europe, and other countries which have similar problems related to aging.

Japan has become the society with the most rapid aging in the world. Japan is one of the countries which face serious problems. This discussion suggests how to deal with this issue in Japan, especially with the necessity for older people to work, the employment situation for them, and Japanese good practices of working.

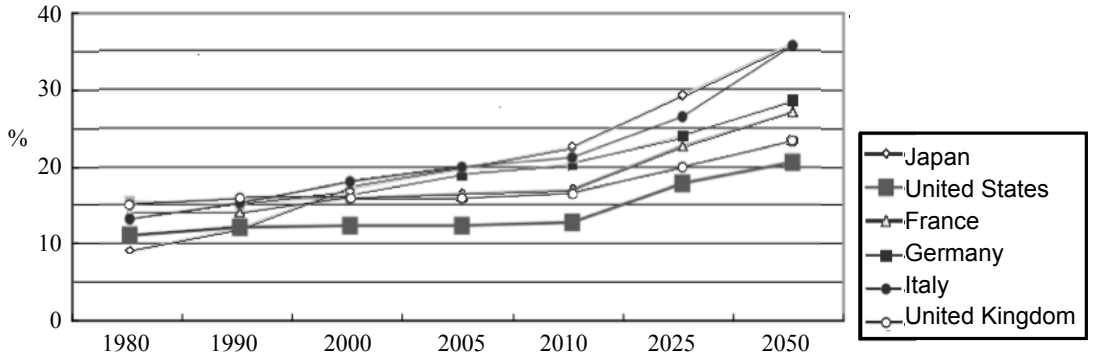
Aging Society in Japan

The structure of the population in Japan has greatly changed, especially since World War II, and is still changing. Figure 1 clearly shows the change. The ratio of older people is increasing, and that of young people is decreasing. Figure 2 shows that the ratio of older people in Japan is higher than in other developed countries. Japan is facing two main issues: longevity and a declining birth rate.



Note: Not estimated by age from 1941 to 1943
Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Nihon no Tokei 2006

Figure 1. Trends in Total Population, 1920–2035



Notes: Ratio of elderly to population was calculated by dividing population 65 years old and over by the total population. *Figures include persons aged 60 and over
Source: Ministry of Internal Affairs and Communications, Director-General's Secretariat, Annual Report on the Labour Survey, UN World Population Prospect, 2004

Figure 2. Ratio of Persons 65 Years Old and Over to Total Population, 1980–2050

Average Life Expectancy

The average life expectancy of the Japanese has been lengthening since World War II (Figure 3). In 2005, the average life expectancy was 79 for men and 86 for women. Table 1 shows a comparison to other countries. At present the average life expectancy of men is ranked #3 in the world and that of women is #1. Reasons for this include medical advances, a rise in living standards, and the Japanese diet.

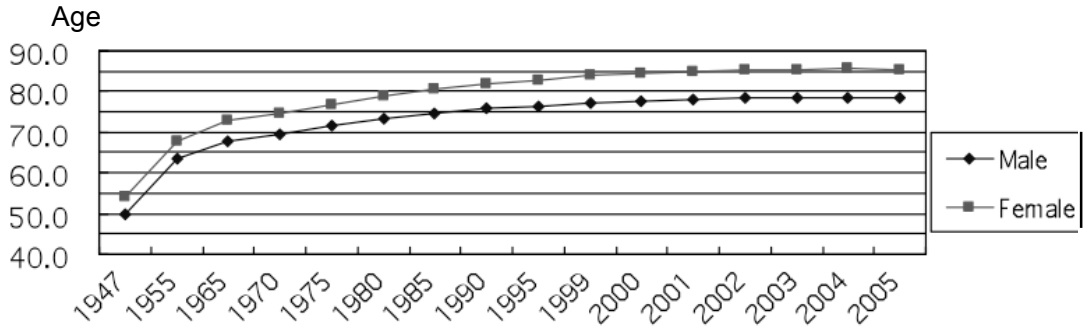
Table 1. Life Expectancy at Birth (years)

	Male	Female
Japan	78.5	85.5
United States	74.8	80.1
France	75.9	82.9
Iceland	78.9	82.8
Switzerland	78.6	83.7
Korea	73.9	80.8

Decline in Birth Rate

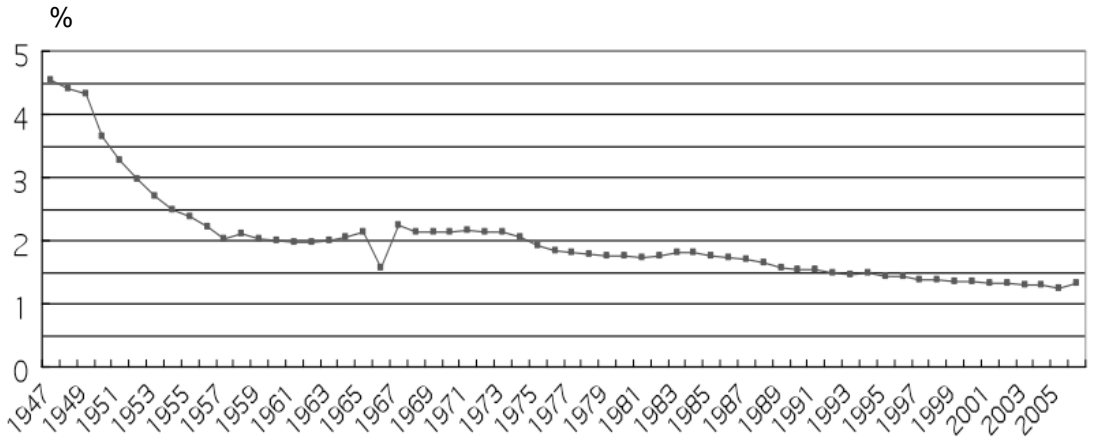
Births per woman have been consistently declining since the 1970s and show a long-term trend (Figure 4). In 2006, the birth rate was 1.32, which was 0.04 more than the previous year, but this slight increase is only temporary. The so-called "second baby-boomers" have reached marriage age, and as the economy recovers they are marrying and having children.

There are many reasons for this long-term decline, with the main reason being the increase in the number of working women. Japanese women are joining the labor force in increasing numbers. As of 2006, there were 27.6 million working women, with a labor force participation rate of 48.5%. This accounted for a 36% increase in employment from 1990 to 2006. It is difficult for working women to maintain a good work–life balance.



Note: Japanese nationals not including foreign nationals in Japan. Okinawa is included.
Source: Ministry of Health, Labour and Welfare, Secretary, Information Statistics Bureau Population Movement

Figure 3. Life Expectancy at Birth (years)



Source: Ministry of Health, Labour and Welfare, Secretary, Information Statistics Bureau, Population Movement

Figure 4. Total Fertility Rate

Change in the Age Structure of Japan's Population

Aging and Declining Population

After the 1950s the 65-and-over age group began to increase, and in 2006 it had grown to 20.8% of the population. It is expected to reach 31.8% by 2030 and 39.6% by 2050. The most outstanding feature of this aging trend in Japan is its speed. Other industrial nations also have aging societies, but in France the increase of this age group from 7% to 14% of the total population took 115 years. In Britain it took 47 years and in Germany 40 years. The same increase took only 24 years in Japan.

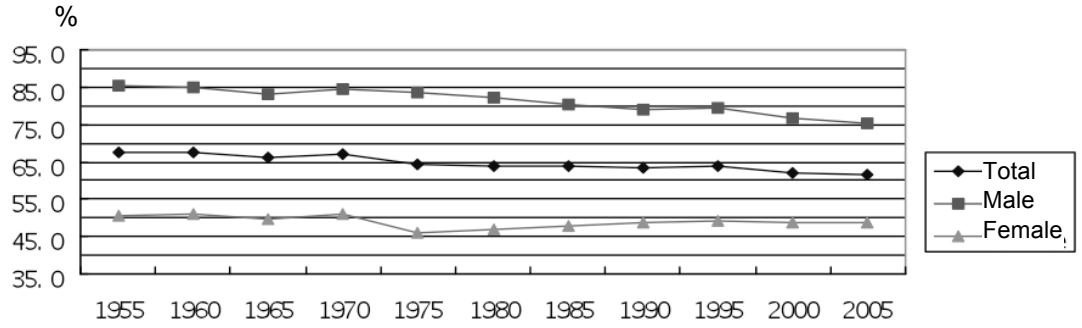
Japan's population has been in decline since 2005. This decline began faster than anyone, including the Ministry of Health, Labor and Welfare, expected.

Aging and Declining Workforce

The number of older people in the workforce is increasing. In 2006 workers 55 and over comprised 26.8% of the workforce and workers aged 60 and over made up 14.6%.

In addition, the total number of workers in the workforce are decreasing. In 2006 the labor force participation rate was 60.4%. It had already been declining from a long-term point of view

(Figure 5). In 2015 the rate is expected to decrease to 56.7%, and in 2030 to further decrease to 53.6%. By 2030 the 65-and-over age group is expected to have increased to make up half the working age population.



Source: Ministry of International Affairs and Communications, Labour Force Survey

Figure 5. Ratio and Labor Force Participation Rate of Persons 15 Years Old and Over

Necessity of Employment for Older People

As the structure of the population has changed in Japan, the issue of the necessity of employment for older people has become increasingly important for three reasons in particular.

Social Reasons

First, a decline in the number of workers aged 15 to 65 is expected. The labor force participation rate has in fact decreased for over 10 years. This decline is expected to have a serious effect on the economy.

Second, a failure of government finance is expected. As a result of the aging of the population, the government faces a deterioration in the financial health of the public pension system. These pensions have a basic component and a remuneration-linked component. In the case of men, the minimum age for payment of the basic component was changed in 2001, with the age to be increased by one year every three years thereafter until it reaches 65 in 2013. In the case of women, the increases in the age of eligibility will follow five years after those for men.

Labor Reasons

Many older people have to work or would like to work. In 2007, men can receive their basic component pension at 62. However, the retirement age in most companies is generally 60. There are thus two years between the retirement age and the minimum age for payment of the basic component. It follows that many people would rather continue working after reaching their company's retirement age.

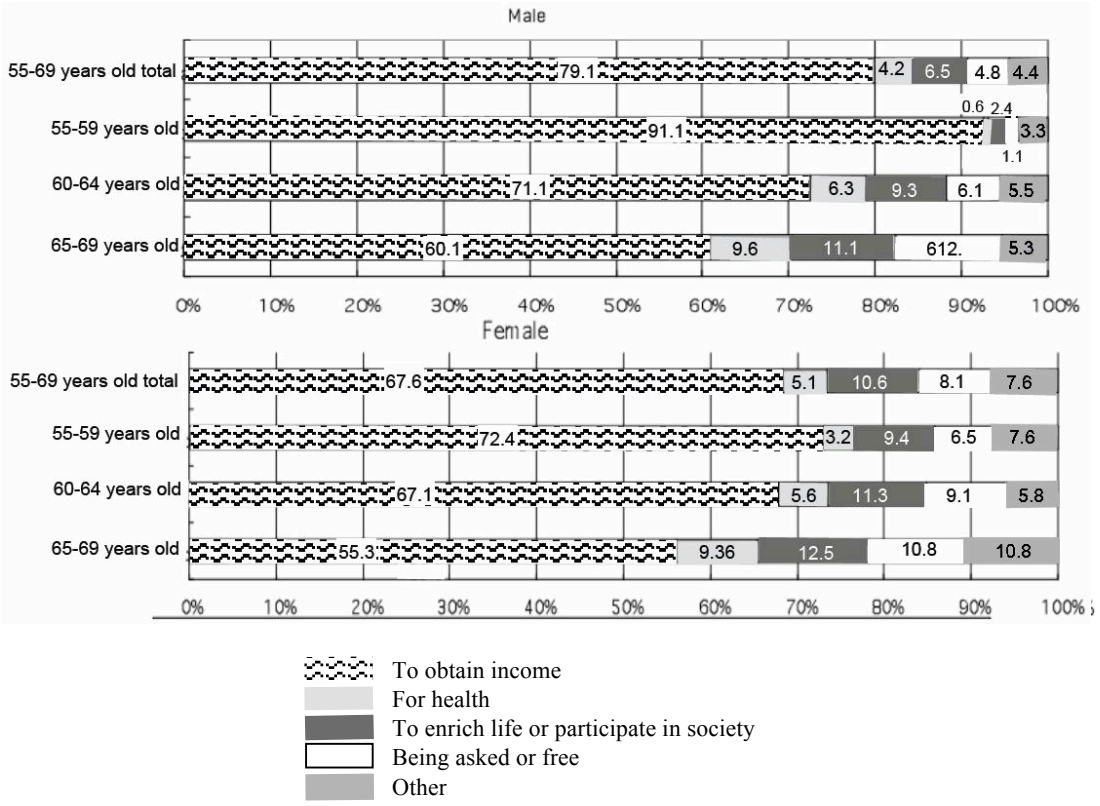
Japan has two special characteristics: One is that there are many more older people who want to work than in other countries, and the other is a non-financial motivation to work. Many older people have a desire to continue working to stay healthy and to keep in touch with society, to name a few of the reasons (Figure 6). This is unique to Japan and will be addressed in more depth below.

Company Reasons

As the structure of the population changes, that of the workers in companies also changes.

Recently, in many companies across Japan, there are many more workers in their fifties than younger workers, since the former were the first baby-boomers, the so-called "Dankai Generation." A large number of companies have suffered from the heavy wage burden placed on

them by the disproportionately large numbers of workers in their fifties working under the seniority-based wage system.



Note: The total number of employed persons includes those whose main reason of employment is unknown.
Source: Ministry of Health, Labour and Welfare, Survey on Employment Conditions of Older Persons, 2004

Figure 6. Ratio of Older Employed Persons by Reason for Having a Job (by Gender and Age)

This year, however, the first baby-boomer group is starting to reach their retirement age, and a large section of the labor force is beginning to leave the labor market. This issue, referred to as "the year 2007 problem," is one that we in Japan have approached with trepidation. There are two foreseeable problems: a quantity issue and a quality issue, the former being a gradually depleted labor force and the latter being a draining away of skills and know-how.

Many companies, in an unstable business situation over the last 10 years due to Japan's economic depression, have disregarded workers' education, and consequently fewer younger workers have been able to learn important skills and gain valuable experience. So some companies are asking excellent older employees to continue working and pass on their skills and know-how to younger workers.

PUBLIC POLICY

Retirement Age

Most Japanese companies require employees to retire after reaching a certain age. The Act Concerning the Stabilization of Employment for Elderly People was revised in 2004, and Japanese companies must offer employment opportunities for workers aged 61 to 65. Since 2006

companies must select one of three systems: a no-retirement system, retirement at 65 and over, or employment extension or re-employment at least up to 65.

According to research conducted by the Japan Institute of Labor Policy and Training in 2006, the percentage of companies with a uniform retirement age system was 99.4%, while that of companies without one was only 0.6%. In 94.3% of companies the uniform retirement age was 60. Of companies which had a uniform retirement age, 91.3% had a re-hiring system (Figure 7). As the company got smaller, the proportion of employment for all applicants was higher (Figure 8). The proportion of companies which had standards for selection was 72.2%. As the company got larger, more companies had standards. These standards were health, eagerness, and attitude toward working (Figure 9). The proportion of companies which employed all applicants was 24.6%, but 63.7% of companies employed more than 70% of people who wanted to continue their employment.

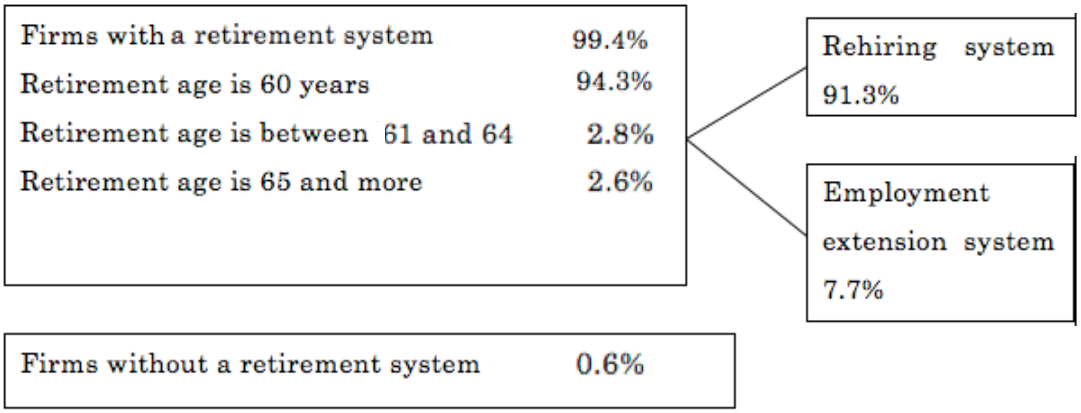
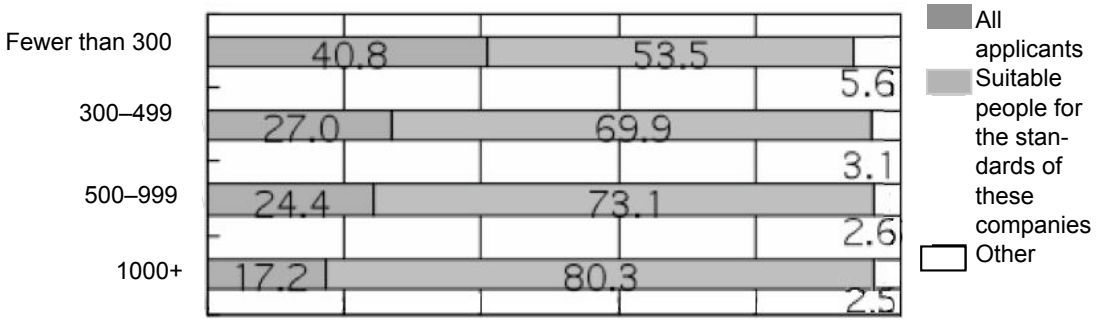


Figure 7. Rehiring in Companies with a Uniform Retirement Age



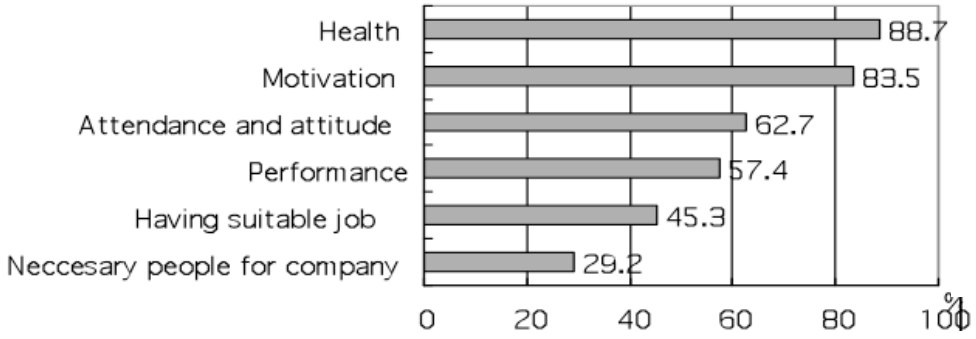
Source: The Japan Institue for Labour Policy and Training, Survey on Employment of Older Citizens

Figure 8. Ratio of People Who Can Use the Rehiring or Employment Extension System

The Employment Continuation Benefit for the Aged

To promote the employment of older people, there is a wage subsidy for workers, known as the Employment Continuation Benefit for the Aged. It was introduced in 1995 and revised after that. As of 2003, older workers aged 60–64 whose wages have fallen by more than 25% com-

pared to their wages at age 60 are eligible for Employment Continuation Benefit. The ratio of this benefit is 15% of the older worker's wage.



Source: The Japan Institute for Labour Policy and Training, Survey on Employment of Older Citizens

Figure 9. Standards of Selection for Rehiring

Policy Measures to Assist Employers

The government provides a range of subsidies and other assistance to employers to encourage and facilitate them in meeting their responsibilities. Most of these measures are targeted specifically at the older age groups, including wage subsidies. The aim of the policies is to enable employers to continue employing their older workers up to age 65, to assist workers in finding new jobs, and to improve their workplace.

Advisers for Older Workers' Employment and Instructors of the Promotion of Continued Employment offer counseling and assistance to employers on continued employment.

Employability and Training

The government provides information, guidance, and several types of subsidies to assist companies' efforts in training their employees. Training in companies has been regarded as one of the most important aspects of education in Japan. But recently, as the employment system has changed, the relationship between companies and workers has also changed. The government has also begun to encourage "self-training." This policy is called the Education and Training Benefit. Since 1998 the government directly assists individuals in taking designated courses by covering part of their training costs.

The Public Employment Service

The Public Employment Security Offices provide placement services, guidance, and assistance to older people as well as the unique service of developing job opportunities for older workers by visiting local companies. Talent Banks and Career Exchange Plazas are special public offices to support older job seekers. The Job Information Network, the so-called Shigoto Joho Net, provides information on job offers from the Public Employment Security Offices and private placement agencies through the Internet.

Flexible and Diverse Work Arrangements

The government has introduced Silver Human Resources Centers, which are public welfare organizations. Older people have a variety of needs for employment, some of them wanting to work for only a short time. The government provides free placement services for temporary, part-time jobs involving light tasks mainly to their retired older members over the age of 60.

Promoting Self-employment

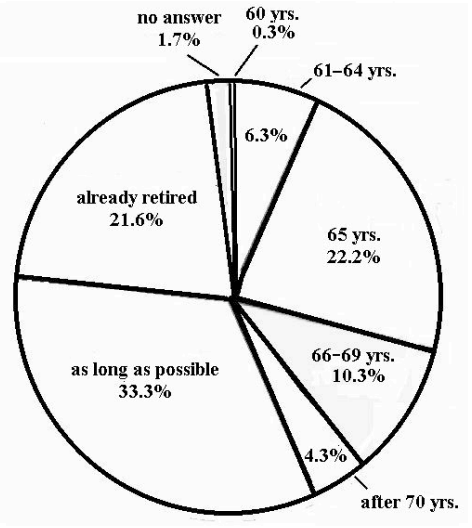
The Japanese government has introduced Subsidies to Create Joint Employment Opportunities for older people. A group of three older persons who are 45 or older jointly establishing a business and thus creating sustainable employment opportunities for themselves are eligible for this subsidy. The government promotes setting up businesses and creating employment opportunities for older people.

EMPLOYMENT SITUATION FOR OLDER PEOPLE

We have seen that there are many policies for the employment of older people and, as mentioned, it is necessary to employ older people. Next we will look at the actual situation of employment in Japan.

Motivation of Older People

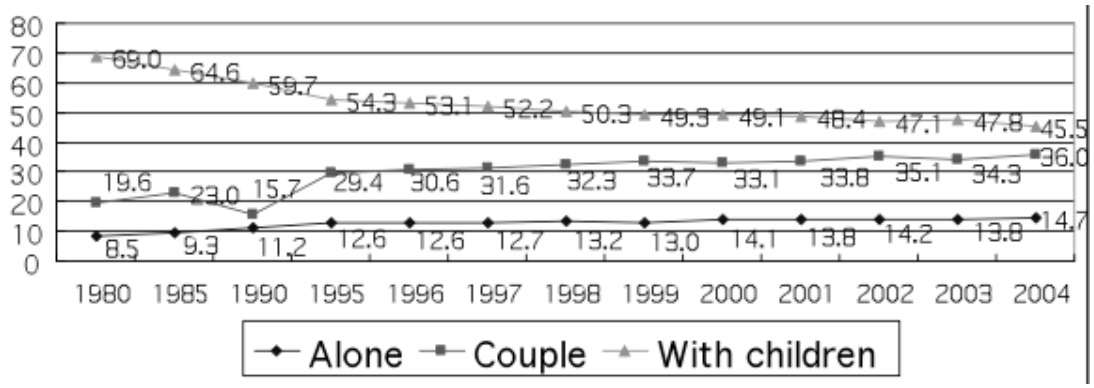
Even after 60, a large number of people in Japan would like continue to work. In a 2004 government survey (Figure 10), 76.4% of Japanese men aged 60–65 had a desire to continue working after 60 years of age, and 33.3% of that number wanted to work as long as they can. This is quite a high proportion compared to that of older people in Western countries. While some want to carry on working in order to add to an inadequate pension income, others cite non-financial motives. The high proportion of people who attribute their desire to keep working for reasons other than income is characteristic of Japan, and there are many reasons for it.



Source: Ministry of Welfare and Labor, Survey of the Aged Employee, 2004

Figure 10. Desired Retirement Age

One of the main reasons is culture. Japanese older people think that working is a good thing and that they should work as long as they are healthy. A second reason is the lonely lives of older people. In 1980, the proportion of old couples living alone was 19.6%, but by 2004 this had increased to 36.0%. The proportion of older people living completely alone in 1980 was 8.5%, and that had increased to 14.7% in 2004 (Figure 11). In addition, some older people have no role in their families or among their relatives. Many people in Japan would like to work because they want to play a part in society. There are over 32,000 suicides a year, which is a serious problem. Suicides by people aged 60 and over account for 34.6% of the total.



Source: Before 1985, Ministry of Welfare basic survey; after 1986, Ministry of Health, Labour, and Welfare National Life basic survey

Figure 11. Older People Living Alone

Employment for Older People

The employment ratio of older people is high (Table 2). The ratio of men aged 60–64 is 68.8% and that of men aged 65–69 is 49.5. Table 3 shows the labor force participation rate of persons 65 and over. The rates for both males and females is much higher than in other countries.

Table 2. Labor Force Participation Rates in Japan 2006 (%)

Age	Male	Female
60–64	71.4	40.4
65+	29.9	13.2

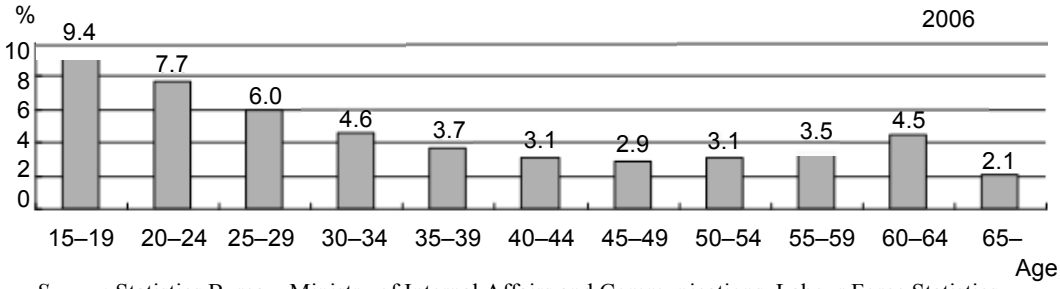
Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Labour Force Statistics

Table 3. Labor Force Participation Rate of Persons 65 Years Old and Over, 2004 (%)

	Male	Female
Japan	28.4	12.8
United States	18.3	10.7
France	1.8	0.9
Germany	4.5	1.8
Italy	5.9	1.2
United Kingdom	8.6	3.9

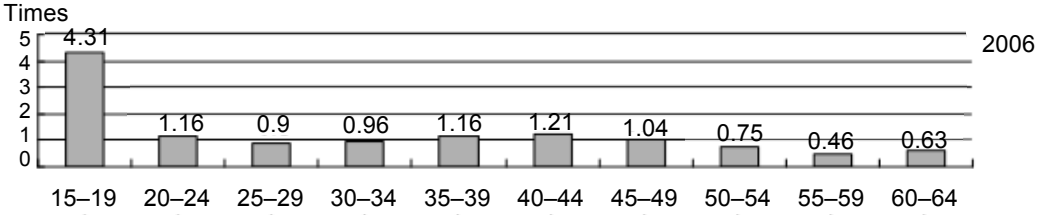
Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Labour Force Statistics

Figure 12 and Figure 13 show the unemployment rates and the ratio of job openings to job seekers for each age group. Compared with other age groups, the unemployment rate for middle-aged and younger people is higher. But there are different characteristics in these two groups. There are many younger people who quit their jobs voluntarily, and among younger people the ratio of job openings to job seekers is high. However, for middle-aged people, the same ratio is low.



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Labour Force Statistics

Figure 12. Unemployment Rate by Age, 2006



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Labour Force Statistics

Figure 13. Ratio of Active Openings to Applications by Age

In 2006, the unemployment rate for people aged 60–64 was 4.5% and the ratio of job openings to job seekers for people aged 60–64 was 0.63. Many companies, it seems, prefer younger people and do not like to employ older people. Why? There are three main reasons.

Problems of Employment for Older People

Wages

There is a need to balance a high proportion of older workers against a bigger wage burden, because many companies have a seniority-based wage system. Since the late 1990s the pay-for-performance system has spread to many companies. However, during that time the wage system was changed only in part. The seniority-based wage system has not been abolished completely. Though there is a big difference among individuals, under this wage system, the average wage of older workers is higher than that of younger workers (Figure 14). The aging of the workforce forces companies to take on a bigger wage burden.

Positions

There is a shortage of senior positions, although as long as a company is growing, the number of positions continues to increase in step with the expansion. Companies that are not expanding find themselves with a shortage of senior positions, however, and when workers are faced with the reality that they cannot reach a managerial position, their motivation drops and the company organization does not work well. Managers are usually required to resign from their positions after reaching a certain age.

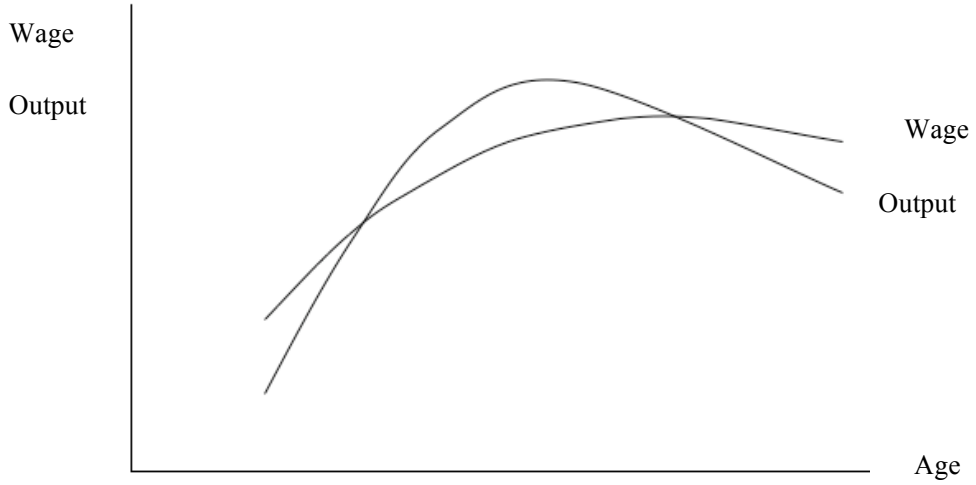


Figure 14. Theory of Lazear

Investment for Education

Younger people are expected to work in the same company for a long time, but older people cannot. When companies make an investment in education, it is for the sake of younger employees, who can be expected to continue working for a longer time, rather than for older people. Many companies prefer to employ young people rather than older people.

WORKING CONDITIONS FOR PEOPLE AGED 60 AND OVER

It is useful to consider what people aged 60 and over are looking for and also what a company can provide. In considering every aspect of working conditions, the true problems can be found.

Wages

After retirement, companies can only pay half of a worker's previous wage. I think workers over aged 60 generally do not mind working for that wage, as they also receive their pension incomes. Also, as most of their children are grown up and live independently, their living expenses are lower than those of people in their forties and fifties. After the retirement age, the seniority wage system does not apply, so the wages of older people do not interfere with their employment.

Working Hours

Both a large number of companies and a large number of people in their early sixties prefer working full-time to part-time. Job-sharing is a problem for companies, because they have to pay benefits to all part-time workers. It is difficult for them to divide one job and have several workers do the work smoothly. Many people in their early sixties have the desire to work full-time because they are healthy.

Employment Patterns

Many people in their early sixties would like to be full-time workers just as they were before they were 60. However, many companies would like to make them contract workers. Contract workers have some advantages for a company, the biggest being flexibility. If com-

panies have a surplus workforce, they can easily adjust their numbers by not renewing employment. The needs of companies and workers differ from each other regarding employment patterns, but many workers compromise and become contract workers.

Motivation

Generally I hear that older people have a lack of motivation to make improvements and to work hard, especially after retiring from managerial positions. Many companies have said that this issue is a big problem in the employment for older people. However, I think motivation is deeply related to opportunities of employment.

In my research in German companies, I found that Germany also faces an aging society and has had problems similar to those seen in Japan. The age of eligibility for pensions in Germany will soon be increased to 67. As far as companies are concerned, the Japanese usually think of older workers as being aged 50 and over, but in German companies, the so-called "older" workers are those aged 40 and over.

This seems very strange, but there is a reason for it. Many German managers think that workers aged 40 and over have a lack of motivation. Therefore, "aging" does not mean the age itself, but the worker's attitude and motivation. I think that because the retirement age is earlier in Germany than in Japan, German workers begin to lose their motivation earlier than Japanese workers. Years ago in Germany, the government required older people to retire around the age of 50 to give opportunities for employment to younger people. Older people and companies agreed with this policy, and a number of older people received unemployment pay and pensions and retired early. However, companies didn't employ German younger people but rather moved overseas and employed foreigners. This policy didn't work, and now there are new policies for the employment of older Germans.

This difference between Japanese and German workers demonstrates a very important thing. Generally, when people approach retirement age, some of them are less likely to take on new challenges. In other words, if people think they will work and that they can continue working in the future, they will try new things and make progress.

In my research on Japanese companies, I found that workers aged 50 and over who continue to work after 60 do not lose their motivation. Therefore, although it is believed that older people have a lack of motivation, I think we can overcome this problem by giving them a reason to stay motivated.

Jobs

Most older workers have sophisticated skills, experience, and know-how that they have gained over a long period of time. They want to have jobs that make the most of their abilities, and companies expect them to perform these jobs. In this respect, both workers and companies think the same. However, there is one problem.

A large number of workers want to keep their positions, but many companies want them to retire and to be contract workers so that the company can promote younger workers. Many older workers want to transfer to other offices, having usually retired from managerial positions after they reach the age of 60. There is often no place where they can make use of their abilities, especially as white-collar workers. Some of them have only managerial skills, and after retirement there is no job they can do.

After retirement age, the roles of many workers in their companies have to change, and new skills required for employment must be learned. Many workers cannot adapt to new roles. It is often too late for workers in their later fifties to recognize this problem, and it takes a long time to develop new capabilities. This is the most serious problem of employment for older people.

THE PROBLEM OF AGING

As has been mentioned, in Japan, older people face the situation where they have to continue working after 60. Three points must be considered here: society, labor, and the company. The Japanese government has many policies to support employment for older people. Recently, the Act Concerning the Stabilization of Employment for Elderly People was revised, and since 2006 companies have been required to create opportunities for people aged 61–65.

Prime Minister Shinzo Abe introduced the "Re-challenge" for employment that supports not only younger people who were part-time workers or had no job, but also older people who have had difficulties getting new jobs. This means that if people cannot get jobs right away, they should not give up, but keep trying until they do. The government will provide aid during this time in the form of skill training and introducing jobs. This has helped many Japanese companies and people. Today Japanese companies and people are taking on this challenge, but good, stable employment for older people has not yet been established and is still being worked on.

It is impossible for all those who want to continue to work after they are 60 to do so. The most serious problem for them is that people aged 60 and over must make the most of their abilities in new situations and change their roles in the company, which is difficult for some of them to do.

A CASE STUDY OF GOOD PRACTICE

As mentioned, a number of companies and workers try to create employment opportunities for people aged 61–65, but there are a number of problems. A stable system of employment for older people has not yet been established.

However, in some companies, people aged 60–65 work well and have been able to make the most of their abilities. I would like to present some examples. We will consider how companies and older people have overcome the problem of employment. The ways in which companies employ older people vary according to company size, company situation or environment, industry, managerial policy, and so on. I would like to make a division into four types of employment. They are summarized in Table 4.

Type A is the employment system which most companies follow, I call this type 60+α. This type A can be subdivided into three groups, A1, A2, and A3, according to what jobs older workers do.

Type B is an unusual system in Japan, but the one company following this system is famous for its long-term success in employing of older workers.

Type C has been recently introduced. In the company using this system, the number of part-time workers is greater than that of full-time workers, and the role of part-time workers is very important.

Type D is a self-employment system for older people. In the future, as older people reach retirement age, this type will become increasing important. Type D is subdivided into two groups, D1 and D2, according to the relationship between the organization and older people.

Type A: 60+α

Outline of Company and Employment for Older People

Type A is the system with which most companies employ workers aged 60 and over. There are various companies from different industries and of varying sizes that use this system. I would like to introduce a car manufacturer, an agricultural chemicals company, and a component manufacturing company. In these companies, the retirement age is 60 years old and a re-employment system for older people is in place. Work before retirement age is expressed as "one complete unit" and work after that is "+α". There is a demarcation line between time before the

retirement age and time after. Therefore applicants may be employed on different terms after retirement or not employed at all.

Table 4. Types of Employment for Older People

	Type A			Type B	Type C	Type D	
Characteristics	•Working before retirement age at 60 is "one complete unit" •Working after retirement age at 60 is "+α"			•Job suitable to age	•Ageless •Employment by skill	•Self-employed •Establish company	
Older worker	•Making use of their abilities			•Role suitable to age	•Regardless of age •Nothing about strength of older workers	•Making use of this abilities •Creating opportunities for employment	
Labor condition	Re-employment system A. Contract worker B. Wage is 50%–60% at retirement age cf. pension income C. Position ___ retirement D. Same Office			Re-employment system A. Temporary worker B. Pay for performance cf. pension income C. Education—between 18 and 60 years old D. Position—retirement E. Same office	Re-employment system, retirement age at 65 A. Part-time worker or contract worker B. Wage by skill C. Education regardless of age and employment patterns D. Position at retirement E. Same office	•Work in their own time •Work as long as healthy	
Job/work	A1. •Subordinate job •Support other workers •Teach •Pass on skills •Not all applicants can work	A2. •Same job (transfer)	A3. •Each job suitable for each person Most applicants can work	•Create new job (younger workers do not do this) •Pass on skills	•Same job	D1. •Older people gather to do business together	D2. •Organization connects supply and demand •Each businessman works independently

Type A is subdivided into three groups by the work that older workers do. In A1 companies, older workers support younger workers and pass on their skills to them. In A2 companies, older people continue to do the same jobs. A3 companies have workers do jobs according to their individual skills.

The Thinking Behind Employment for Older People

In type A, a company plans its profit-creation system, with its service or manufactured item, around a maximum employee age of 60. Employees, too, plan their work lives to fit in with their age. Therefore work before retirement age is "one complete unit" and work after 60 is termed "+α". When it becomes necessary to extend employment, many companies decide to select this system, because the work which people aged 60 and under were doing need not change before they retire, and because companies can control the numbers of the workforce at retirement age according to company's needs. However, this means that not all applicants can be employed.

Labor Conditions

The retirement age in most companies is 60. A few years before reaching that age, employees and employers talk about post-retirement life. Employers ask employees if they want

to continue working after retirement, if they want to work in another company, and so on. Then they discuss labor conditions, and only useful workers are re-employed. In many companies, about two-thirds of applicants can be re-employed.

Employees aged 60 and over are not re-employed as full-time workers, as companies want to control their workforces with flexibility. Many will continue working in their previous offices despite being "demoted" from their pre-retirement managerial positions. Although this aspect of re-employment is distasteful to them, they can continue working, because they have the necessary skills (other than managerial skills) and the respect of their colleagues. The post-60 wage is about 50% to 60% of the pre-60 wage, but this wage takes into account the employees' pensions. Therefore, since older people can receive, in effect, both wages and a pension, most of them can live comfortably.

Type A is subdivided into three groups, A1, A2, A3, by the jobs older workers aged 60 and over do. The characteristic aspect of type A1 is that the role of the worker changes on reaching retirement age. After that age they move to a subordinate position and support younger workers by teaching job skills and passing on knowledge. This type is usually seen in large companies, for example in the Toyota Motor Corporation. Large companies have large workforces with a broad spread of ages, and as a result, the older re-employed workers must change their roles so that younger workers can move up and take their places. It therefore follows that companies will employ only those who are able to change their roles after retirement.

In type A2, labor conditions, such as employment patterns, wages, and position, change after retirement age. However, workers continue to do the same work, in the same office, in the same way. In an agricultural chemical company which is a middle-sized company, for instance, workers aged 60 and over continue to be transferred to other offices across Japan, some of them leaving their families behind, just as they would before the retirement age. However, their wages decrease to about 50% to 60% of their wage at 60.

Type A3 is usually found in small companies with small workforces where the relationships between employer and employee and among employees are close. Employers are very aware of their employees' abilities and skills and also are familiar with their families, their health issues, and so on. They have been in a reciprocal relationship for a long time. The company is able to attend to each employee's needs individually and personally, and the employee in turn cooperates with the company. We find that workers in their sixties are re-employed in a diverse range of labor conditions, for example, working for only a few hours a day or for a few days a week. Because of the diversity of possible solutions, most applicants can be re-employed.

Problems

The defining characteristic of this system is that work after 60 years old is "+α". Companies select only necessary older workers. Some older workers can and must change their roles after retirement age, but for others it is impossible. Therefore, not all applicants can continue working after 60. Because employers and employees only begin to discuss future labor conditions when employees reach their late fifties, they have little time to prepare. This is one serious problem.

Another problem is that in the future, the numbers of people aged 60 and over will continue to increase and many applicants will not be able to be re-employed under this system.

However, one company has found a solution to this problem. This component manufacturing company treats older workers as a group to be given a specific job. The company had been outsourcing the manufacture of molds for a long time because of lack of manpower. It was realized, however, that if older people continued to work, they could make the molds in-house. The company is even creating a factory for them.

As these are now important workers, they are no longer seen as "+α," but as workers doing necessary new jobs. When individual older workers gather together, a group of them can be an important workforce.

Type B: Job Suitable to Age

Outline of Company and Employment for Older People

Let us look at the example of a refrigerator manufacturing company in Tokyo, established in 1924. It has about 1,800 workers, and more than 110 of them are aged 60 and over. Most of the workers aged 60 and over are temporary workers, and their wage is about 60% compared to their wage at retirement age, although this takes into account their pension income.

The Thinking Behind Employment for Older People

Both younger and older people have a place in a society. This company believes that just as older people have a role in a society, they must have a role in the company. Also, the company itself has to maintain long-term stability. Therefore, older people must continue to develop their abilities as they work. This has been the company policy for a long time, and most people aged 60 and over keep working. A worker's role in the company depends on age, and the worker is expected to do a job suited to his age.

The key words for workers aged 20–40 are "strength" and "quantity," and the key words for workers aged 50–90 are "skill" and "quality." It is characteristic of this company that, unusually, older workers create new jobs using their wisdom rather than working making use of their knowledge and experience. In many companies older workers make use of their knowledge and experience. But in this company, they are expected to be creative. As a result, older workers are the teachers, guiding other workers, and are respected by all workers.

Labor Conditions

There are special labor conditions before retirement age in order that workers can play the roles described above.

The time spent between 18 and 60 is seen as a time of education. Most of the workers entering the company after graduating from high school have to learn jobs until their retirement age. Before retirement age, performance, job, and position are not linked with each other, and wages are determined only by the cost of living. Therefore, most workers take managerial positions in their thirties and retire from them in their forties or fifties. This is different from other companies in which workers in their forties and fifties take managerial positions. In this company, it is thought that a managerial position is not the role of an excellent senior worker, but that of younger workers. Since workers have to guide the company after retirement age, workers aged 40–50 have to prepare to be leaders and to learn what the company is about. This begins about 10 years before retirement, through on-the-job training and meetings in the office. After retirement age, the wage system changes to pay-for-performance, as their education has now been finished. This pay-for-performance takes into account pension income.

Problems

In this company, people aged 60 do not retire but continue to work. It is a good system of employment for older people. As this is a manufacturing company which makes goods to order, skills and experience are very important. It is necessary that older workers have skills, know-how and wisdom; they should be creative and should be able to do difficult work that the other workers cannot do.

Type C: Ageless

Outline of Company and Employment for Older People

The company looked at here is a supermarket, one of the biggest in Japan. It has about 105,000 workers, of whom about 2,700 are 60 and over. Of all workers, about 15% are full-time and about 85% are part-time. The number of part-time workers is much greater than that of full-time workers, and part-time workers play an important role.

All workers aged 60 and over are part-time or contract workers, and their wages are the same as those of younger part-time workers. Workers who are full-time before retirement age get half of their wages at 60 years old. They continue to work in the same office but retire from managerial positions.

The Thinking Behind Employment for Older People

This company's idea is that employment should be determined by skill and that wages should be also determined by skill level, independent of age. Therefore, regardless of age, all people who have some skills are employed in the company.

There are two main reasons why the company has this unique viewpoint. One is its large number of part-time workers, and the other is that many people leave the company after a short time. About 85% of workers are part-time workers employed by job or skill. Their wages do not usually increase with age. What is more, many workers, especially younger workers, leave the company after a short time. Therefore, regardless of age, it is necessary that new workers have the skills that enable them to do their jobs as soon as possible after joining the company. The worker who has necessary skills does not have to retire after 60 and can continue to work. After all, when they reach 60 or 65, workers don't suddenly lose their skills; they can do their jobs the same way as the day before. After the Act concerning the Stabilization of Employment for Elderly People, the retirement age rose to 65 years old.

There is no job that only older people can do. This company has no particular ideas for making special use of older people's strengths, and even if older people receive pension incomes, their wages remain the same, as the wage is fixed according to the job.

In one department store, older people do a job that other workers cannot do, using their valuable skills and experience. They can give useful advice to customers when purchasing gifts for ceremonies or special occasions, because in selecting the gift they need to know about customs and tradition. This company makes use of older people's unique abilities and knowledge of ceremonies and traditions. However, the type C supermarket has no ideas for making use of the strength of older people. The company employs people according to their skills and pays wages accordingly.

Labor Conditions

After retirement age, older people are part-time workers or contract workers, and most leave managerial positions. They are employed and paid according to their skills.

There are various types of training and education to improve workers' abilities in the company. Not only full-time workers but also part-time workers can receive training and education. The company pays all costs, regardless of age or employment patterns, and skilled workers who have received training and passed a test can be promoted. In fact, a part-time worker is the top manager in one store. The difference between full-time workers and part-time workers is that the former have to transfer to other offices. Full-time work and part-time work are interchangeable.

Problems

There is a problem for those workers who work only in managerial positions and who cannot work after leaving these positions. They have no other skills except for managerial skills. It is said that when top managers in a store reach about 50 years old, they should begin to prepare for working in the field.

Type D: Entrepreneurship

Employment System for Older People

Recently the number of entrepreneurs has been decreasing along with the number of self-employed business owners. This may lead to an industrial slump. However, it has been noted that the ratio of older entrepreneurs is increasing.

Opportunities for Older People

A group of three persons 45 or older who jointly establish a business and thus create sustainable employment opportunities for themselves is eligible for a subsidy. Of course, it is usually difficult to start a business. Many entrepreneurs fail, and some can continue to be self-employed. However, there are now many kinds of successful businesses owned by older people in different industries, of different sizes, and with different employment systems.

Outline of Company and Employment for Older People

Self-employment has some merits for older people. Workers can work on their own time as long as they are healthy. The businesses of older people are helping the recovery from the industrial slump, creating opportunities of employment for older people, and passing on skills and know-how to younger people.

Type D can be subdivided these into two types according to the way older people work. Type D1 is when older people gather to do business together and each businessman plays a role in the business, similar in organization to a general company. Type D2 is when the organization created by older people provides customers with goods, services, and information, and each businessman takes orders and works independently. In this case, the organization is a mechanism that connects supply and demand.

The Thinking Behind Employment for Older People

Some older people have wanted to open their own businesses since they were younger and have prepared for a long time. Many older people, however, lose their jobs because of retirement or redundancy and start a business because they want to continue working. Most older people would like to make use of their abilities, play a part in society, and pass on their skills and know-how.

Labor Conditions

Older workers have various aims: earning money, keeping their health, playing their part in society, or making use of their abilities. Many want to enjoy the work more than they want to earn money, and others can work for only a short time because of their health. Some would also like to work at their own pace, although in most companies this is not possible for each worker. As the organization of type D companies is created by older people, workers can work at their own pace. Therefore wages, working hours, and ways of working are different from company to company.

Type D1 includes a department store, a shop making and selling “bento” lunch boxes, and a medicine wholesaler. Skilled people gather and open a business, each worker making use of his skill and know-how and creating his own role.

When a certain department store went out of business, younger and middle-aged people could find new jobs, but older people couldn't. As they did not want to retire, they opened a new department store in the same line as the one that they were working in when they lost their jobs. They had the skills necessary to do business as buyers, advertisers, and sales staff, and they could add their wisdom to the business. Since they know the needs of older customers because they are older themselves, they are able to sell special goods and services for older people. Their business is successful both for their employment and for the local community.

In the case of the shop making and selling "bento" lunch boxes and the medicine wholesalers, older people regenerated and reopened businesses which they had previously worked in, but which had gone bankrupt.

Type D2 includes travel agents and organizations of technicians. A group of older people who had worked as travel agents and retired at 60 opened their own travel agent business. After retirement age they could not be employed by the same company, but they wanted to continue working because they were healthy and had the necessary skills.

In some cases, therefore, older people who have retired from one company go on to establish a new one. As it takes considerable capital for one person to start up a travel agency, so several persons invest and start one together. However, not all the workers gather every day in the office; the ones who are there pass on information about customers and services to the others, who are self-employed. They have their own customers from their previous company and provide an original service that only they can provide. As they are older, they can make unique travel plans suitable to each person, using their experience and knowledge.

In another company elderly persons could no longer be employed after retirement. Their skills are necessary for the company, but the company could only employ a few technicians due to the economic situation. The technicians retired but were sometimes asked to help other workers and support production in the company.

This group established a manufacturing company, not one that made goods, but one whose function is connecting supply and demand. The technicians individually cannot get information about customers or provide information about their own skills. However, the organization can do this. They thus find new jobs for new customers, and some of them go to foreign countries to work. They can also pass on their skills and know-how to younger people because they continue to work. If they retired, important skills and know-how would be lost.

Problems

Older people are thus establishing companies by themselves and employing not only themselves but also other older people. The special skills and know-how that would be lost if they retired are passed on to younger people. But as older people do not all have good skills and know-how, they cannot all be employed, which is a point of concern.

CONCLUSION

Abilities Needed for Employment of Older Workers

There is common element in the four types of employment for older people described above. It is most important in employment for older people that they have abilities other than managerial ability. After retirement age, many of them lack the skills and know-how necessary for working in the field as a general workers, and they cannot find jobs. Even if they investigate the necessary skills a few years before reaching retirement age, they do not have enough time to prepare. Therefore, companies and workers should prepare for work after 60 further ahead of time. Also, as Japanese wage levels are high, older workers have to do jobs corresponding to the lower wages.

Problems of Aging in the World

Longevity is wonderful thing. But when the industrial structure changes and with it the social structure, many older people cannot adapt, cannot cope by themselves, and need social support. We have had this problem for a long time in Japan. The problem, furthermore, is not limited to Japan; other developed counties have similar problems, while some developing countries will face the problem in the near future.

The social system is important in overcoming these problems. As mentioned, each type of employment is largely determined by social conditions. Also, "aging" and "older" should be defined by not age itself but by attitude and motivation.

Societies and people's characteristics in Asia are similar to each other in many ways. Therefore it is very important that we in Asia have this kind of meeting and discussion.

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CHAPTER 9. AGING SOCIETY—GLOBAL TRENDS AND ISSUES: A PERSPECTIVE FROM THE UNITED STATES

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LEARNING OBJECTIVES

This chapter strives to create understanding of U.S. policies and aging realities in contrast to other countries; to provide a general perspective about global aging, citing salient national and international reports and recommendations; and to raise challenges and policies related to meeting the needs of older people. Specifically, the objectives of the chapter are to:

- Identify demographics of the U.S. aging population.
- Present and analyze existing policy for the aging population.
- Discuss issues and challenges due to the aging population.
- Suggest policy demands and responses.

Material utilized includes landmark research effort of the Center for Strategic and International Studies (CSIS) Global Aging Report, which took more than two years for 86 leaders, executives, and scientists to compile (Watts, 2001), the U.S. Health and Retirement Study as well as literature from and social scientists who study global aging, World Health Organization (WHO) reports, and U.S. Census Bureau data. Finally, the primary domains that both impact global aging and are impacted by it are addressed: family, workforce, retirement, and health care.

OVERVIEW

Aging is both individual and at the same time profoundly collective. Enhanced health care, medicine, public health, and technology promises the potential to live longer than ever and poses the ultimate opportunity for advanced age. However, the unprecedented task is to meet the needs of precious elders through another precious resource: the young. Many have reported and speculated about the unprecedented numbers of aging people, citing such stunning statistics as the fact that two-thirds of those who have ever lived beyond 65 are still alive today (Peterson, 2002). Up to about 150 years ago, those over the age of 65 never exceeded 3% of the entire global population; today it is 15%, and by 2030 we can expect approximately 25% to be over 65 (CSIS, 1999). Despite such realities, policymakers and researchers admit that they do not yet know the full implications of such growth (CSIS, 2001).

Changes in demography fuel the desire for those in the aging field to be called on to aid, to understand, to compile information on what is being done and discussed, and to change perceptions of older people worldwide. The Asian Productivity Organization works to inform and promote social action and collective thinking, engaging social scientists, macro economists, health care providers, government and NGO officials, and policy strategists on all sides of the ideological fence.

GLOBAL AGING: TRENDS AND ISSUES

The explosive growth in the number of older people worldwide creates a global challenge that will influence every domain of the local and the global society, but many have yet to realize

the impact. In fact, while preparing for the first Asian Productivity Organization (APO) Study Meeting on Productivity in Aging Societies, while talking to colleagues and friends about the challenges of global aging, several responded with the question, "What is global aging?" Peterson (2002), who studies global aging, notes that this type of question reflects a denial or ambivalence of people in considering the discomfort of old age and the preference to delay the reality of death, and perhaps the unknown challenges a society with more elders than youth presents: "We can no longer afford denial" (p. 189). Also, people still have the false perception that the world is overpopulated with youth; there has actually been deceleration in the population growth, with a dramatic aging of societies worldwide. Below the optimum 2.1 replacement fertility rate is a global driving force contributing to aging. In 1970, the future was crowded with babies. Today it is crowded with elders (Ehrlich in Peterson, 2002; 189). The number of people over the age of 65 in the United States alone will increase from about 13% today to 20% by the year 2030. Peterson (2002) puts it plainly, "Let there be no doubt: How we handle the aging challenge will have direct and certain economic consequences—measurable, over the coming century, in the quadrillions of dollars—that will dwarf any other big issue you care to name" (206). Likewise, Watts (2001) warns that developed nations face a financial and health care crisis unless they deal swiftly with the burgeoning needs of older people.

THE UNITED STATES'S AGING PROFILE

Like all other developed countries, the United States, the third largest nation in the world, with a population of 300,000,000, is aging rapidly. Fertility replacement levels in the U.S. fell from 3.7 per woman in 1960 to 2.0 in 2000, just below the 2.1 rate necessary for populations to replace themselves (Hewitt, 2001). Fertility rates have fallen below the 2.1 rate in all developed countries over the past four decades. In the United Kingdom and France, the fertility replacement rate at the beginning of the twenty-first century stood at 1.7, in Canada at 1.6, and in Germany, Italy, Japan, and in 47 additional European countries, the rate has declined to under 1.3 (Hewitt, 2001). Demographers are aware of the phenomenon of the squaring of the pyramid, where the bulk of the population was formerly at the base and younger members historically outnumbered older members of society. The changing of the pyramid is most notable among the cohort of the post-World War II baby boomers (the 76 million people born between 1946 and 1964, as indicated in lighter grey sections in Figure 1), who are estimated to account for one-fifth of the U.S. population by the year 2030. The baby boom bulge increases and squares the pyramid, ultimately creating a thicker demographic pattern than in years past. Currently, those over 65 comprise about 12% of the U.S. population. By the year 2030, one-fifth of the U.S. population is expected to be 65 years of age and older. The fastest-growing segment of the population includes the oldest-old members, those over the age of 85, at an estimated 8.9 million. While the 65–74 age group is expected to increase by 17%, the number of those over 85 is expected to more than double during the next 20 or so years. Of particular interest to the economy and policies related to work and health care is that the oldest-old persons have the greatest health care needs compared to other age groups (Administration on Aging, 2006; World Health Organization, 2000).

As the population ages, it also becomes more diverse. In the U.S. in 2000, non-Hispanic whites accounted for nearly 83.6% of the older population, followed by blacks at 8%, Hispanics of any race 5%, and other minorities at 3.5%. In contrast, by 2030, there will be approximately 11% Hispanics, more than 10% blacks, and 5% Asian (NIA 65+ report). We will have a chance to consider how diversity and migration patterns in the United States and other regions speak both to the potential and the realities in terms of family, caregiving, home and institutional roles, and work.

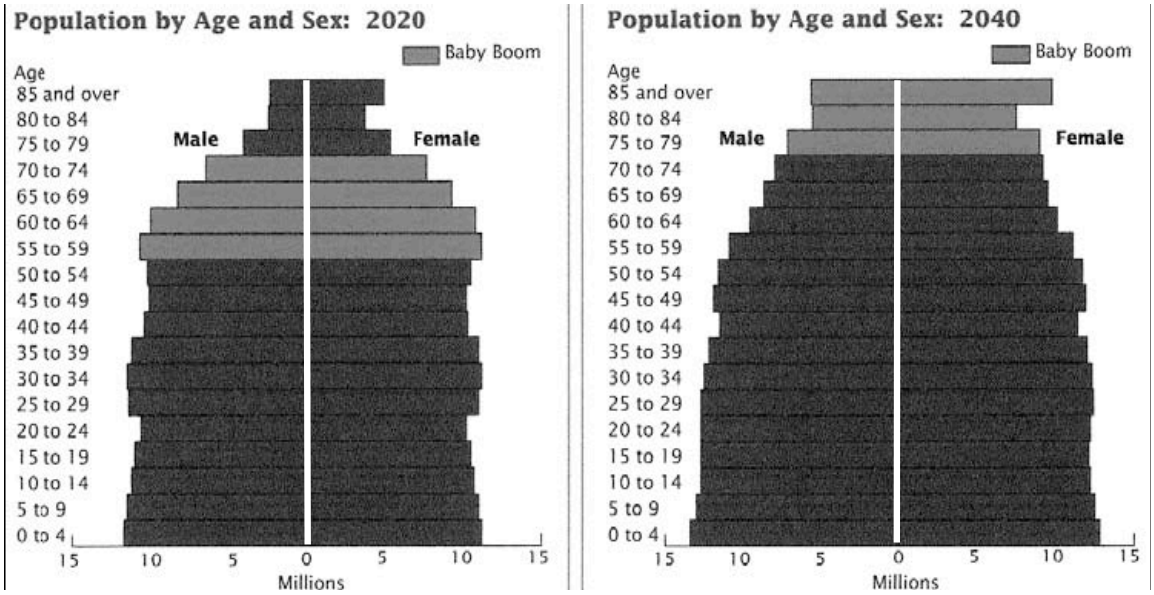

Figure 1. Population by Age and Sex, 2020 vs. 2040

Aging is also geographic. Certain parts of the United States experience a higher proportion of older residents. The oldest states account for those with more than 15% of the population over the age of 65. For example, 15.6% of Pennsylvania's residents are 65 and older, West Virginia is at 15.3%, and Florida is at 17.3%. Such realities where our elders live should be considered in instituting policy about housing, development, and services—from home- and community-based to reliable alternative transportation services to more elder-friendly environments (AARP, 2007).

EXISTING POLICY FOR THE AGING POPULATION

The broadest source of public support is derived from the programs and policies implemented under the original Social Security Act of 1935 that have served as a floor of protection for many elders. Old Age Survivors and Disability Insurance (OASDI) provides monthly income to all persons over the age of 65 who have paid into the Social Security system for 40 or more quarters. Beneficiaries have an option to begin collecting a reduced rate at age 62, and the starting age is increasing incrementally as one measure to keep the program solvent beyond 2015, where it is expected to pay out more than it is collecting. The concern related to Social Security is that when it was initiated, persons lived on average 18 years less than they do today, and the architects of the program did not expect the beneficiaries to increase in such dramatic proportions. In 1950, there were 16 workers paying in for one beneficiary. In 2030, the rate will drop to 2.1 workers supporting one retiree's benefits (Agresti, 2007).

Clearly then, to sustain OASDI, compulsory employee contributions from a disproportionate number of younger workers causes mounting concern for policymakers. Social Security is the single most important source of income to keep elders out of poverty. The number of people over the age of 65 living in poverty decreased from 35% in 1959 to 10% in 2000 (Agresti, 2007). Elders today are healthier than ever and living longer. They are more financially solvent, more independent, and more robust. Males are also retiring nearly 10 years earlier than in 1950 (Burman et. al., 1998). However, before we become too confident about the status of the aging, we must remember the disparities. In 2000, the poorest fifth of senior households had a net worth of $3,500 ($44,346 including home equity) and the wealthiest had $328,432 ($449,800

including home equity) (NIA, 2007). Health care programs under the Social Security Act include Titles XVIII and XIX, Medicare and Medicaid. Medicare accounts for about 7.4% of GDP, increasing to 13% by the year 2030. The Medicare program has two parts: Hospital Insurance (Part A) and Medical Insurance (Part B). See Medicare Part A (Hospital Insurance), Medicare Part B (Medical Insurance which covers durable medical equipment and other services such as rehabilitation). Part B requires a co-pay of USD93.50 a month. Part C is a lesser-utilized managed care choice program. Non-covered medications prompted action to institute Medicare Part D, but the outcome has been complicated and confusing to elders with limits on coverage and large gaps in what remains uncovered.

Medicaid, or Title XIX of the Social Security Act, which is a means-tested health care insurance for the poor, is the primary payer of long-term nursing home care. The cost of long-term care is mounting, and many states, such as Louisiana, put a disproportionate amount of public dollars into nursing home care. Louisiana, known to be among the worst in the nation with this record, puts 93% of its long-term care dollars into nursing home care, versus 7% into home care (Louisiana Department of Health and Hospitals, 2004). Such spending represents the values of promoting the nursing home industry over home- and community-based services. Medicaid has a spend-down requirement for those who enter long-term care. There is a look-back period to ascertain if resources were transferred for eligibility. There are concerns with having to bankrupt an individual's resources to qualify for long-term care. The complexities of reimbursement rates to nursing homes, providers, and medical care is also a hotly debated topic.

ISSUES AND CHALLENGES: TRANSFORMATION AND RELUCTANCE

For change to happen, we must hear the stories from many perspectives, while mindful of what is recommended by/for those with a vested interest. One of the most heated policy issues over the past decade relates to privatizing Social Security. Proponents of shifting the program from governmental to individual savings plans feel that people should be more responsible for their retirement instead of remaining reliant on a system viewed as outdated. Opponents of privatization feel that the individual spirit of saving counters the universal and protective spirit of the original legislation and would hurt those most vulnerable, such as minorities and dependents of those who died before accumulating adequate funds. The concern is that we do not want to move backward into dependence and poverty of cherished older citizens, but considerations must be made in terms of the economic realities that burden our countries with the global aging of citizens.

The National Institutes of Health (NIH) cites that Americans perceptions about growing older are, at minimum, 20 years out of date. Not surprisingly, that theory not too long ago supported ageist views. Many believed in the construct of disengagement theory, or older people opting to drop out of activity within society as they age. What was missing was the environmental context of the political economy of aging which didn't support active living and participation. At times, depression was viewed as a conscious effort to disengage, as a natural process of aging, which today we recognize as absurd. Little by little people are paying attention to gerontology and the need to accept aging as a normal part of the life course. Some in the U.S. joke that "death is an option." We respond to the natural age progression and the end of life with continued surprise and dread as opposed to a more realistic image of growing older. It is time to start preparing for a third age rather than perceiving old age as something that other people experience.

Policy leaders urge us to transform stovepipes and silos to an integrated world of aging (Hewitt, 2001)—but how? Countries working together through the APO to build greater integration by identifying unique and common characteristics of respective countries is one way. Through dialogue synergy toward change, reform, and potential become real. One of the requi-

sites is to include the aging members at the table, otherwise we will damage the plausibility of change. The report to world leaders further cites the manner in which "the ability to mobilize aging workforces in pursuit of new economic opportunities will be the measure of success by which aging societies will be judged" (Hashimoto et al., in Hewitt, 2001; 10).

The people representing more than 14 countries at the first aging study meeting of the Asian Productivity Organization (APO) are familiar with growing aging demographics and statistics. Global aging will influence everything from the labor market to health care, education, and policies influencing life at every stage.

REVOLUTION—DECREASING FERTILITY AND MORTALITY

What are some further realities of the global aging phenomenon? Consider some of these statistics. In 1900, only 4% of the U.S. population was over the age of 65. Today, that figure stands above 12%. If current projections are correct, the elderly will comprise approximately 20% of the U.S. population by the year 2020 (NIA, 2000), but many consider this modest and conservative. Projections for northern Europe suggest even higher rates, with more than 50% over the age of 50 by 2050 (CSIS, 1999). The fastest-aging growing nations are Japan, Spain, and Italy, and the fastest-growing age cohort in all countries is those over the age of 80. The concern of these fast-paced growth rates among older global citizens is a combination of economic realities, declining GDP, and rising conditions of dependence related to receipt of funding, resources, and post-retirement support (CSIS, 1999). The underlying concern of aging people is that of dependence and the lack of resources necessary to meet their needs. While people are living longer, healthier lives, the proportion of those supporting people in older years is dramatically off balance. A number of factors influence the incongruity, primarily the lower-than-optimum 2.1 fertility replacement rate as well as declining mortality rates. Forty-four percent of the world's population now lives in countries where fertility is beneath the 2.1 replacement rate (CSIS, 1999). In some regions of the world, disability remains a reality, although numbers, particularly in richer areas of the world, are improving. Additionally, we must think of our global neighbors in Asia, where two-thirds of the aging population resides.

GLOBAL TRENDS AND VULNERABILITY

Simply put, old age benefits differ widely across the globe, with growth estimates among the U.S., UK, and Australia ranked at between 17% and 20%. CSIS established a Vulnerability Index in 2003 specific to 12 developed countries, noting Australia, the UK, and the U.S. as having low vulnerability. Among the countries with medium vulnerability were Canada, Sweden, Japan, Germany, the Netherlands, and Belgium. France, Italy, and Spain, being among the oldest countries in the world, are sene to have a high vulnerability, the ranking also based on their more generous retirement and the heavier reliance of elders on pay-as-you-go support, tied in with the rate of how dependent elders are on public benefits and fiscal-room indicators which rate each country's ability to accommodate growth via taxation, spending cuts, or public borrowing (Jackson and Howe, 2003). The Index considers public burden to be based largely on spending. Japan, though facing a dire situation with a dwindling workforce and a quick-paced aging population, is not viewed as off the charts in terms of vulnerability by the recent CSIS report due to the relatively lean benefit system (Jackson and Howe, 2003).

SHRINKING WORKFORCES

The nations in the most critical path are those facing what is called "aging recession" (Paul Hewitt, cited in Watts, 2001). This type of recession relates to the shrinking labor supply which "would produce almost continuous negative growth for the next fifty years" (731). Perhaps even

more dramatic than other developed countries, Japan faces a stunningly shrinking workforce. Currently 17 out of every 100 of its people are over the age of 65. This number is predicted to reach 30 out of 100 in less than 15 years. By 2050 it is projected that there will be only one worker for every retiree. With such projections, disposable income is cut and the GDP sustains a blow. Similar realities exist in countries with lower fertility replacement rates and higher cohorts of aging members, such as Italy, Spain, Republic of China, Germany, and several others across the European, Asian, and South American continents (CSIS, 1999). The anticipated shortage of workers and the rapid increase in the number of retirees has profound implications for the private sector and the amount of economic growth that can be expected in the future. Work also has important implications for public policies affecting the economic and physical well-being of the elderly population. The U.S. is better off than some countries that have a lower fertility replacement rate, with overall more generous private pensions and more laws to protect age discrimination in the workplace (CSIS).

FAMILY—SHOULDERING THE CARE RESPONSIBILITY

There is a saying among some gerontologists in the U.S. that the best long-term care insurance is a daughter and the second best, a daughter-in-law. Family provides the majority of elder care giving in most countries. Some 80% of care in the U.S. is provided by family members, most commonly by females, yet care giving doesn't necessarily mean cohabitation, which is more common in Eastern nations. Gender roles may vary in terms of preference, familial expectation, and responsibility. Dr. Angelique Chan writes of the influences of co-residence in Malaysia, where more than two-thirds of elders 60 or older co-reside with an adult child (1996). The U.S. is far less likely to provide care for elders, but there are also regional differences. In some nations, including Japan and the People's Republic of China, children are legally responsible for their elder parents. Such policies are uncomfortable for many U.S. citizens, young and old alike, who base success on independence and self-sufficiency.

DEPENDENCE AND DISABILITY

The health of Americans is improving, but many are disabled and experience chronic conditions. Heart disease and arthritis head the list. Disability rates in the poorer regions of the world, such as Africa, amount to 14% of life lost due to disability, vs. 9% in richer countries (WHO, 2007). In the U.S. obesity, smoking, and a sedentary lifestyle lead the list of predictors to disability, but there is strong evidence that persons living at or near the poverty level experience significantly higher levels of disability than those with more resources (Moore et al., in press). Education is known to be a strong link to enhanced health. High school graduates quadrupled from the 1950s until now, i.e., 17% to 72%, which causes greater concern. Opportunities exist to educate persons at all ages about the benefit of exercise and activity and the risks of high-fat diets and sedentary lifestyles.

NURSING HOME UTILIZATION

Six percent of the population over the age of 65 resides long-term in a Chronic and Convalescent Nursing Home (CCNH), but the rate is far higher as one ages. Those who live to age 80 and over have a 50% chance of spending some time in a nursing home. Cognitive impairment, whose rate among nursing home residents is 50%, paired with decline in Activities of Daily Living (ADLs), such as toileting, dressing, bathing, and eating, are the primary reasons for entering a facility. But there is more. Demographic features such as gender, racial, and cultural realities are also in play. A staggering 90% of nursing home residents are white, and the female-to-male ratio is at least 3:1. Although males are more likely to die earlier, the hidden realitu may

be that U.S. society is more likely to take care of aging fathers and institutionalize mothers. Housing is a reality and again, gender comes into the equation. Arnsberger et al. (2000) conducted a comparative study between the U.S. and the People's Republic of China and noted that only 13% of U.S. males between the ages of 65 to 74 live alone, while the rate for females is 31%,; for older men this jumps to 22% in China, and women living alone leaps to 52%. Women, rather than men, are more likely to live with an adult child (20% vs. 8%). They report that in China, it is less likely for older people to live alone and far less likely to for them be divorced. Of those between 65–74, 86.8% of males and 75% of females live with others. Urbanization influences Chinese elders living alone, and renewal plans are forcing others to move into high-rise apartment buildings (Arnsberger et al., 2000). Rural elders, globally, are more likely to share housing with other family members. Globally, the number of elders who will require formal support is mounting, and the primary question is: are we ready?

Some U.S. citizens are moving to other modes of housing funded solely by private means, such as assisted care facilities and retirement communities. Such housing models are sprouting up all over the U.S. with various structures of payment, ownership, rental, and life care options, including a dedicated bed in the CCNH if it comes to that. U.S. elders are better off than they were historically, but the gap between the rich and the poor is widening.

The United States has had supportive policies in terms of protecting older workers from discrimination, such as the Age Discrimination in Employment Act (ADEA) of 1967, which protected workers over the age of 40 from unfair labor practices based on age. The Act was amended in 1990 with Title I entitled "The Older Workers Benefit Protection Act," which ensures that older workers are not compelled or pressured into waiving their rights under the ADEA, such as those who voluntarily retire early.

PENSION REFORM

Many regions have instituted pension reform. Argentina and Chile, for example have moved from a solely governmental-based system to a private supplemental system. The source of the work must be considered, as many nations rely on the informal economy where no pensions are received. This is the case, for example, among Brazil's 68 million workers, with the majority receiving no pension from the private sector (CSIS, 2001). Similarly, in the U.S., private–public partnerships are familiar among those in the state service arenas, where many state workers do not participate in the Social Security structure, for example, civil service and other state workers in many states. The U.S. accounts for the majority of the world's pension assets, billions ahead of Japan, UK, Netherlands, Switzerland, and Canada combined (Hewitt, 2001). Retirement issues will be hardest for those working in low-wage positions and those who work outside of the formalized system, such as persons in food service, migratory workers, and caregivers for elders and children.

RECOMMENDATIONS FOR THE FUTURE

What can be done with this globally growing elder population? A restructuring of private and public pensions seems to top the list, as do considering such factors as health, the family, the care system, and opportunities for women (CSIS, 2001). Recommendations to proactively work to fully integrate the efforts of federal, state, tribal, local and community, private, and not-for-profit stakeholders are also part of the solution. Change also starts at a more fundamental level, breaking down constructs of ageism, still rampant in a youth-obsessed society. To a researcher who studies health care and perceptions of aging, the response is not merely one of economy and public/private partnerships, but one of changing attitudes. One of the changes relates to ageist

perspectives; policies that do not promote the potential of elders may be based in outdated or ageist values. These are people we are talking about. We are these people.

One dimension that is too often neglected is engaging older people themselves. With an "us vs. them" mentality, not only will we be fighting for diminished and competing resources, but we are neglecting the most essential ethical call of social work: social justice. However, the pervasive attitudes of a youth culture may neglect to put older people themselves at the table. The most influential component of combating a threat to global financial prosperity and productivity is the older populations themselves. Clearly, healthier elders would benefit all of society. Those who desire to continue working would be contributing to their own private and others' public social welfare.

What is most exciting is that the aging people that share this planet are growing at profound rates, rates that many demographers and scientists feel are drastically underestimated. In fact, the global report projects the number of Americans over 85 could total as many as 49 million by 2050, three times official estimates. Global aging impacts everything from individual interaction, family composition, and responsibility to planning and international relations. We are at a turning point in history, where earlier marginalized elders, particularly in the U.S., will now be viewed as productive and valuable resources.

FUTURE POLICY DEMANDS

Part of the charge of the first APO Study Conference on Global Aging will be to consider existing recommendations and discuss relevance and alternatives from various countries' perspectives. The following are bulleted recommendations from the *Report to World Leaders on the Findings and Recommendations of the Commission on Global Aging* (2001).

- Pre-funding of public pensions with gradual transition to private/market funding of public pension systems, providing a public guarantee at a beginning retirement age is secured.
- Funded supplements to pay-as-you-go retirement programs.
- Allow/encourage work past retirement age (due to healthier populations).
- Reward older productivity.
- Provide more opportunities for women.
- Broaden financial markets.
- Maximize labor supply among youthful countries; enhance ease of attaining citizenship or permanent residency.
- Reward families for supporting elders in the community through tax and other incentives.
- Increase funding to Home and Community Based Services (HCBS), shifting federal funds from institutional care to HCBS.
- Develop more private/public partnerships to support long-term care needs of older people.

For example, advocates for older persons are convincing policymakers of the cost-effectiveness as well as personal preference of elders to age in place. Current efforts are underway in the Aging Initiative project entitled "Building Healthy Communities for Active Aging." The program strives to raise awareness across the nation about productive cooperative linkages between government, the private sector, and individuals using the initiatives of Smart Growth and Active Aging. To age in place, communities require safe walkways, integrative health, nutrition, and transportation programs, and environmentally supportive housing (see U.S. EPA, 2007).

CONCLUSION

It seems advisable for global representatives to consider the myriad risks and challenges that global aging poses. There are a number of concerns: decreasing fertility and mortality rates, stress on younger employees, the generosity of social welfare programs that are seen as in need of a tune-up, the growing responsibility of family in providing care, formal and informal care structures, public and private pensions, and health care. As science, education, mobility, and modern medicine continue their strides, the future of baby boomers' generation will play out in different scenarios with varying implications and results. As the former Prime Minister of Japan expressed while presenting the challenge of global aging to other world leaders, "I maintain that we need to examine the dropping birth rate and aging society as a potential engine for economic growth." In a similar vein, American gerontologist Ken Dychtwald urges a revolutionary aging perspective where the older years are the power years (Gorin and Clark, 2006). But in considering aging issues, we must also consider the needs of all generations, or we may perpetuate a narrow and divisive view of the life span. Reinventing the manner in which we define and respond to growing older population should take a primary place of importance on the global agenda for the twenty-first century.

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