Old and Poor: the Case of Elderly Poverty in East Java, Indonesia

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Abstract

Indonesia is facing an ageing population led by East Java as the province with the highest percentage of elderly. Meanwhile, analyses of poverty are rarely disaggregated by age. The novelty of this paper lies in examining poverty rate among older persons, taking into account individual and household background variables. It further examines variables associated with the conditions of elderly poverty, specifically framing the analyses within the context of economic disparity in the province.

“Getting old before getting rich” is the phenomenon where the pressures of poverty and an ageing population intersects. Three districts in East Java, Indonesia, are selected as archetypes of the phenomenon. The selected districts (the regencies of Pacitan and Malang as well as the city of Surabaya) are analyzed separately. The regency of Pacitan is selected to represent the elderly living in the area with characteristic of “Old before Rich”. Pacitan is the oldest regency (having the highest percentage of older persons) in the province, the poorest area (per capita GDP of US$ 208 in 2002) and “less modernized” (urbanization rate of 11.0% in 2000) in the province of East Java. Pacitan is starkly in contrast to the city of Surabaya, the capital city of the province (100% urbanization rate), the second biggest city in Indonesia, with per capita GDP of US$ 2,560 in 2002. The regency of Malang, a district in transition, has 39.4% of urbanization rate in 2000 and per capita GDP of US$ 467 in 2002.

The source of data for analysis is derived from the 2002 Indonesian National Socio-economic Survey. The sample is older persons aged 60 years and above at the district level.

Poverty is certainly a multidimensional issue. Yet, in this paper, we limit the concept of poverty to that of income poverty. Household expenditure is a better proxy for welfare than household income, in this study we use household expenditure as the well-being indicator. Poverty head count is employed to examine elderly poverty rate, defined as an elderly living in a household with monthly per capita expenditure falling below
poverty line. Foster, Greer, and Thorbecke (1984) formula is used to estimate the rate and the severity of poverty. Logistic regression model is used to assess the association of the variables with poverty status among older persons.

Our findings suggest that elderly poverty rate varies among the selected districts with the lowest (5%) occurring in the highly urbanized district of Surabaya, while the poverty rates in the two regencies are higher with 22.2% in Pacitan and 22.8% in Malang, respectively. Socio-demographic-economic variables of the elderly such as age, sex, marital status, education, living arrangement, and social participation are significantly associated with poverty. Household variables - such as the size of household elderly, household ownership of assets (valuable goods, and land), and whether the household is the target of poverty alleviation policy – are also significantly associated with poverty. However, the associated variables may affect the likelihood of being poor differently between those living in urban and rural areas. For example, in urban area (Surabaya), those living with children are more likely to be poorer than those living without children. Yet, in less urbanized areas, those with children are less likely to be poorer than those living without children. In conclusion, there are significant differences between elderly living in urban and rural areas. The efforts to alleviate poverty among older persons should take the economy of the district into consideration.