

Interview with Professor Datuk Dr. Norma Mansor, Director of the Social Wellbeing Research Centre at Universiti Malaya, former Secretary of the National Economic Advisory Council of Malaysia

Pursuing Well-Being in Asia with Knowledge of Aging

By Japan SPOTLIGHT

An aging society is not necessarily a threat to the economy. Depending on relevant policies, it could add benefits to the economy. We could take full advantage of such benefits or get to know how to minimize their costs through an international mutual learning process with evidence-based information.

Dr. Norma Mansor is one of the most distinguished experts on this issue with her experience of working for some prestigious international organizations such as the UNDP, ILO, OECD and ADB. Our interview with her follows.

(Interviewed on Sept. 7, 2023)

Her Working Experience on Aging Societies

JS: You are one of the world's experts when it comes to aging societies. Could you talk about your work related to aging societies with various international organizations?

Mansor: My work on aging started two decades ago when I began looking at social security issues among older persons in Asia, especially post-retirement. The OECD commissioned this study and it highlighted the gaps in income security, especially among older Malaysians. I continue to study this area with some other work funded by our local university and the Malaysian government, but the more intense work on aging was when I joined the Social Security Research Centre.

This center was established specifically to look at income and old-age financial protection. The main task was to advance research on aging and social protection. The Malaysia Employees Provident Fund (EPF) is the provider of the endowment for the financing of the center, and the interest is to see whether the savings – the employees provident fund – is sufficient for the people's needs after retirement. That is when we got more involved in the work on aging, as we felt that there were inadequate studies, data and information on aging. The center seeks to have an inventory of work related to aging and that is when we embarked on the Malaysia Ageing and Retirement Survey which is a longitudinal study and is nationally representative. That is one of our efforts to fill in the gap for evidence-based policymaking.



Dr. Norma Mansor

JS: You mentioned work for international organizations such as the OECD and ADB, and have already answered my second question regarding the center. Aging used to be considered a domestic issue but now seems to be a global issue. When do you think this issue became global in nature?

Mansor: Well, the aging population has mainly happened in developed countries but for the past decade I would say developing nations have started to experience it. In Asia, for example, it started with Japan and then China, South Korea, and then Singapore. This made us feel that we had to focus on aging and we

had to share experiences between different countries in order for us to learn from each other. The demographic transition or demographic shift where older people form a larger portion of the population is becoming a problem not just among the advanced countries but also among the developing nations. So that's when aging research started to come to the front of the research focus.

JS: According to your explanation of your career, I thought that you started your academic career as a sort of microeconomist because you focused on social security policy. However, aging is now a macro policy issue, so I guess perhaps the aging issue has become a macro policy issue, and then it becomes a global issue because macro policy must have international repercussions for the global economy.

Mansor: You are correct. I started looking at individuals and whether they have enough coverage or enough income for retirement. But then it became a national issue because the impact is on the economy. When the population starts to shrink and the working age population shrinks, the dependency of the older generation on the working population becomes bigger. Therefore you cannot look at it just as a micro issue or an individual issue but as a national issue. When it is a national issue, it is also interrelated globally as it affects the global economy too.

Mission of Social Wellbeing Research Centre

JS: Concerning the Social Wellbeing Research Centre at Universiti Malaya of which you are now the director, is its focus on economic growth or does social well-being refer more to social welfare?

Mansor: The center is funded by an endowment fund from EPF and the responsibility is of course not only to create value for the contributors but also to take care of the well-being of the contributors. We don't see them as separate items or that you can make a clear demarcation between economic growth and social well-being, because growth has to be inclusive. So it is essentially part of an inclusive growth. When you have a stronger social protection (which is the other name that is globally accepted), protecting every member of the society is basically about human rights. People have to have certain standards of living or quality of living when they are in a nation. Social function and economic function cannot be separated. They are very much intertwined. When you have strong social protection, you also have a strong economy and I think learning from Japan, for instance, or from other advanced nations such as European nations showed how social protection almost became a prerequisite to development. When some of the social protection instruments were introduced in advanced countries, it was not only when they were richer but in many cases even poorer than Malaysia. So I look at economic history and I feel that social protection is a prerequisite, almost. We should not see it as a cost but as an investment towards economic growth.

Aging Society in Asia

JS: The key word which stands out from your presentation is inclusive growth. This is a key word when talking about Asian countries' economic policy goals. With this in mind, how do you assess aging and the population around the world as well as in Asia? I'm particularly interested in Asia which is now exposed to the risk of serious aging issues.

Mansor: Aging is not only affecting a few but nearly all countries, with the exception of perhaps Africa and India. According to the United Nations, the number of persons aged 80 and older is projected to triple from 143 million in 2019 to 426 million in 2050.

So you see the seriousness of the demographic transition from "black to silver" (which is what we call the silver generation) and this will impact not just on the care or the health side but also the economy as a whole because these countries, especially countries that have not generated enough surplus and savings, will have problems unless they start planning from now. It is the surplus and the savings that you will earn during good economic times that can be used to finance the social system that you are bound to have. So I think that the risk of an aging society and depopulation will have a more negative impact on the least developed countries. This will lead to another problem which is old age poverty if it is not well managed.

JS: Japan, South Korea and China are now facing a serious risk of depopulation as an outcome of fewer children and a low birth rate and aging. How about ASEAN countries that are facing the same crisis?

Mansor: ASEAN countries to varying degrees are following suit. It starts with Singapore which is facing an acute aging problem and then we have Thailand, Vietnam and Malaysia which are fast catching up. As a comparison, it took France 115 years to age, while it took Malaysia only 25 years. So it's becoming more serious. Thus the Asian Development Bank has launched a project on the aging population and how to address this very issue. It has engaged our center, using our project to become the example of a longitudinal study, because in the longitudinal study you can track the same person over time. They want other countries to have that same database as well; it's important in order for us to track what is the social profile and economic conditions, the health conditions, of the aging societies going forward, especially when we are facing a tsunami or maybe in our case a smaller wave of aging.

Basic Consequences of the Aging Society

JS: Looking at the basic consequences of aging societies and depopulation, my particular concern is depopulation. Economic growth must decline as a result of a fall in population. However, social well-being might be a different story because GDP per capita might increase due to depopulation. Overall, what do you think would be the basic consequence of aging or depopulation upon the total economy?

Mansor: There is such a thing called the demographic dividend. The first demographic gains happen where population growth was smaller or the depopulation speed was less rapid, and because of the economic activities that were still growing, you have higher growth. But when you talk about the second demographic dividend, which I have written about with Professor Naohiro Ogawa of Tokyo University, we discuss about the potential of the second demographic dividend. A lot depends on how the country plans for the demographic shift; if you have invested enough in education, in training and in health, then the older generation can still contribute to

the economy, like in Japan, for instance, you are able to utilize your aging population, or you take the gains from the aging population for them to be productive in the economy as well and pay taxes. So I think this is one way where a country undergoing depopulation can start planning and upgrade the production of economic activities to improve productivity through technology and through other means including AI. Countries need to come together and discuss and learn from each other and this will create the kind of learning we should have within the region and globally. Our aging survey is also part of the “Gateway to Global Aging” which is coordinated by the University of Southern California and we are learning from advanced countries who have similar studies. Hopefully, these kinds of learning will help us improve our policies to support the changes in the population of each country.

JS: You mentioned that the consequences of depopulation seem to have a wide range of impacts. That means that the policies to improve the situation should also have wide coverage. What kind of policies would be important to cope with an aging society? There should be many policies encompassing public health, social welfare, and industrial policy. Would you say that we should try to achieve a mixture of different policies?

Mansor: Exactly. It cannot be one policy to address a problem which is also multisectoral. Aging is a multidisciplinary concern and it is closely intertwined with the care sector and the economy, which will play a significant role in our society. The economy is going more towards AI and technology and those who cannot participate in certain sectors can participate more in the care economy, because the care economy is going to be huge in some countries that are aging faster. Training and education in social work and not just industrial work should be emphasized. I wouldn't say it is a problem but more of an opportunity – how do we pivot our policies to consider aging as a viable economic sector? According to data from the EU, the silver economy contributed over 4.2 trillion euros to the EU's GDP and sustained over 78 million jobs across EU states in the last few years. This shows some of the potential that we can see coming from the aging population.

JS: How about in Malaysia – does the government pursue an inter-ministerial approach?

Mansor: The Malaysian government is looking at the issue much more seriously as the aging population was also documented in the 12th five-year Malaysia Economic Plan which started in 2021. We have to work harder and faster in order not to miss this opportunity because we have this window now – our first demographic dividend ended in 2020 and now we have to work towards getting the second gains from our demographic shift. If we don't invest in better health care and in executing policies that enable older people to contribute, then you will miss that potential. So this window is what we at the

center and a few other organizations, including the EPF, Social Security Organisation (SOCSO) and the Central Bank of Malaysia, all are working towards. Providing evidence to the government to support policies. It is not just evidence from Malaysia, it needs to be benchmarked against evidence from other countries.

Utility of Evidence-Based Approach to Aging Issue

JS: An evidence-based approach is called for and it must be effective in quantitative analysis to provide some focal points about what needs to be addressed in an aging society. The question is, since this is a relatively new issue, in achieving an evidence-based approach do you think statistics are good enough in your country, or in Asia?

Mansor: Some countries have what they call a household income and expenditure survey aside from the census data. Malaysia has conducted such a survey, but it does not trace the same households or the same individuals. So databases such as the Malaysia Ageing and Retirement Survey (MARS) or similar surveys will provide the evidence that the government needs in order to track the progress of each individual. So you will know the health of Mr. A because the first survey that we did was completed in 2019 and the second survey was completed in 2022, so you can track information over time. We are planning to do this every three years looking at people aged over 40 in Malaysia. It is a randomized sample that is nationally representative to see not just health issues but also socioeconomic variables – whether they are employed and in which sector, what their level of savings are, and so on. All of these are documented through the aging and retirement survey and we hope that this will fill in the gap of the progress over the years. The ADB and JICA are using the survey as an example for other countries in the region to conduct similar surveys. At our center we have worked with Vietnam, Bangladesh, Sri Lanka and Indonesia in order to implement similar surveys and to compare and see what we can learn from each other. Multilateral organizations are supporting countries in the region to look at the current aging scenario.

JS: A large budget will be required to complement data necessary for improving aging societies. That would perhaps pose some costs for governments and there is a need to convince them of the utility of this analysis.

Mansor: Certainly. I think some countries are investing in the studies, for example, Indonesia is supported by the government and in Malaysia we are talking to the Department of Statistics to support MARS. We have also been getting support from the Health Retirement Study (HRS) of the University of Michigan and from the ADB and the Social Security Organization (SOCSO). So, it doesn't necessarily 100% have to come from the government; there can be

joint financing from multilateral organizations as well as technical assistance from social security organizations in different countries. So it is definitely very costly but I would say that understanding the aging phenomenon in a country should not be seen as a cost but as an investment. How do we prevent things from getting worse? How do we take this opportunity to pivot to an economic path from relying on one cohort to include another cohort as part of the productive capacity in the country? Therefore it's best to see this not just as a cost but as an investment.

International Collaboration in Achieving Mutual Benefits

JS: International collaboration through international organizations is truly important because it's conducive to a mutually beneficial analysis, and also maybe in terms of data collection. Such international collaboration would be very useful to enrich the database.

Mansor: Agreed. I would add that when researchers are sharing data with researchers in other countries, this is when innovative solutions can emerge. The government cannot hold on to data just to be used in its own policies and it should be shared by scientists globally so that we can learn from each other; and learn from each other's data and identify trends that lead to innovative solutions. In every country, while there are similarities, there are also differences, so we should be able to see that what works in one country may not work in another; and unless you have quality data you will not be able to analyze and propose policies based on the data. Therefore, having good research and good data is key to making good policies in any country.

JS: Would international collaboration among researchers in different countries also be very useful to promote knowledge?

Mansor: Exactly, and that is why we are part of the Gateway to Global Aging – so is Japan – and we share data, we do comparative work, and we look at each other's scenarios and each other's data in order for us to learn or to share issues and challenges that we have in our countries, as well as some good success stories and failures. There is a lot to learn from each other. The Gateway to Global Aging is part of the University of Michigan's Health Retirement Study (HRS study) and this database is comparable to more than 50 countries in the world. We hope that more countries will join in and we can exchange information that will meet the end goal of innovative solutions for each country.

JS: What is the final goal to be achieved by international collaboration in terms of the OECD? To my knowledge, benchmarking exercises or peer reviews would be the final outcome of international

collaborations. Do you think it would be possible to achieve this kind of outcome among Asian countries on the aging issue?

Mansor: The ADB is taking the lead among Asian countries for us to compare data. We are also a part of the OECD group looking at the self-employed and those who are not covered by social protection, because in many countries social protection covers less than 50% of the population. The ADB is also playing a role in getting everyone on the same platform so that we can learn from each other, share and compare some of the impacts of our policies and see whether this can be replicated or localized to another country, especially among developing countries.

JS: Just one follow-up question. There are institutional aspects that must also be important to address aging issues, such as insurance for long-term care or other life insurance systems. Caregiving is a very important part of an aging society, so institutional questions could be elaborated by such international exchanges of views and exchanges of information. Do you think the ADB is working on that issue as well or will it start to?

Mansor: The findings from the research show that many people are not supported by formal care but informal care, i.e. by family members, and then you have no choice but to look at the institutional capacity. Malaysia is an example. We are working towards a stronger social protection system and the care system that you mentioned – the long-term care and social insurance – is something that we have to look into. I know that Japan is ahead in this area and you have insurance for long-term care. It is non-existent in Malaysia; it falls within the responsibility of the Ministry of Health. Maybe because we take it for granted (because our healthcare is universal) we are hoping that the Ministry of Health will be managing this, but we would be imposing more stress on the ministry if it were to take care of it exclusively. Therefore, Malaysia will have to look at other countries such as Japan to see how we can start contributing to long-term care. Not everyone can contribute, but for those who can and equally for those who are not able to contribute, we have to be inclusive – long-term care and services to be treated as a public necessity. So the government will have to support this joint partnership with individuals, institutions and the private sector while also engaging communities that will have to play a role because this is about enriching lives in the coming years and decades, to ensure the well-being of the older population. **JS**

Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.