

Table of Contents

Title Page	i
Approval Page	ii
Declaration of Originality	iii
Preface	iv
Table of Contents	vi
List of Tables	viii
List of Figures	ix
List of Appendices	x
Abbreviations	xii
Abstract	1
CHAPTER I	1
1.1 Background	1
1.2 Problem Statement	3
1.3 Research Questions	5
1.4 Objectives	5
1.5 Significance	6
1.6 Scope and Limitations	7
1.7 Outline	8
CHAPTER II	10
2.1 Theoretical Foundations	10
2.2 Empirical Literature	12
2.3 Research Gap	15
CHAPTER III	17
3.1 Data	17
3.2 Base Arguments and Research Hypotheses	33
3.3 Empirical Model Specification	35
CHAPTER IV	38
4.1 Effects of Old-Age Population on Aggregate Government Expenditure ..	38
4.2 Effects of the Old-Age Population on Each Compositional Government Spending	43

4.3 Interaction of Old-Age Population and Government Spending in Affecting Economic Growth	50
CHAPTER V	57
5.1 Summary of Key Findings	57
5.2 Limitations	59
5.3 Implications	60
5.4 Policy Recommendations	61
References	63
Appendix 1: Robustness checks in first model estimation	67
Appendix 2: Robustness checks in second model estimation	87
Appendix 3: Robustness checks in third model estimation	114

List of Tables

3.1	Descriptive statistics of selected variables (full sample).....	20
3.2	Descriptive statistics of selected variables classified by region	22
4.1	Summary of all first model regression results for the independent variable	39
4.2	Regression results using first-difference OLS with time dummies with aging rate as proxy for elderly populations	40
4.3	Summary of all Second Model Regression Results for Independent Variable	45
4.4	Effects of the Elderly Populations on Social Protection Spending (as percentage of GRDP) using OLSTD-GD, -RD, and -Rem with Aging Rate and Elderly Dependency Ratio as Proxy for Elderly Populations.	48
4.5	Summary of all Third Model Regression Results for the Interaction Term Variable	53
4.6	Effects of Old-Age Populations and GRDP per capita in Affecting the Allocation of Compositional Government Spending (as percentage of GRDP) using OLS with time dummies and remoteness control variables with Aging Rate as Proxy for Elderly Populations and Aggregate Government Expenditure, Indonesian Central Bureau of Statistics	54

List of Figures

3.1	Aging Rate Trends of Selected Provinces	27
3.2	Elderly Dependency Ratio Trends of Selected Provinces	28
3.3	GRDP Trends of Selected Provinces	29
3.4	Public Spending Trends of Selected Provinces	30
3.5	Social Protection Spending Trends of Selected Provinces	31
3.6	Health Spending Trends of Selected Provinces	32

List of Appendices

1 Robustness checks in first model estimation

- A1.1 Regression Results using First-Difference OLS with time dummies with Elderly Dependency Ratio as Proxy for Elderly Populations..... 67
- A1.2 Regression Results using OLSTDPD and FETD with Aging Rate and Elderly Dependency Ratio as Proxy for Elderly Populations..... 70
- A1.3 Regression Results using OLS with time and provincial dummies with Aging Rate and Elderly Dependency Ratio as Proxy for Elderly Populations 76
- A1.4 Regression Results using Fixed Effect with time dummies with Aging Rate and Elderly Dependency Ratio as Proxy for Elderly Populations. 82
- A1.5 Regression Results using First-Difference OLS with Aging Rate and Elderly Dependency Ratio as Proxy for Elderly Populations..... 85

2 Robustness checks in second model estimation

- A2.1 Effects of Elderly Populations on Environment and Tourism and Culture Spending (as percentage of GRDP) using OLSTDPD and FETD with Aging Rate as Proxy for Elderly Populations..... 87
- A2.2 Effects of Elderly Populations on Environment and Tourism and Culture Spending (as percentage of GRDP) using OLSTDPD and FETD with Elderly Dependency Ratio as Proxy for Elderly Populations..... 93
- A2.3 Effects of Elderly Populations on Social Protection Spending (as percentage of GRDP) using OLSTD-GD, -RD, and -Rem with Aging Rate and Elderly Dependency Ratio as Proxy for Elderly Populations (Table A2.3 is equivalent to Table 4.4 in Chapter 4) 99
- A2.4 Effects of Elderly Populations on Public Administration, Housing, and Education Spending (as percentage of GRDP) using OLSTD-GD, -RD, and -Rem with Aging Rate as Proxy for Elderly Populations 103
- A2.5 Effects of Elderly Populations on Public Administration, Housing, and Education Spending (as percentage of GRDP) using OLSTD-GD, -RD, and -Rem with Elderly Dependency Ratio as Proxy for Elderly Populations 107
- A2.6 Effects of Elderly Populations on Compositional Government Spending (as percentage of GRDP) using First-Difference OLS with Aging Rate as Proxy for Elderly Populations 110

A2.7 Effects of Elderly Populations on Compositional Government Spending (as percentage of GRDP) using First-Difference OLS with Elderly Dependency Ratio as Proxy for Elderly Populations	112
3 Robustness checks in third model estimation	
A3.1 Effects of Old-Age Populations and GRDP per capita in Affecting the Allocation of Compositional Government Spending (as percentage of GRDP) using OLS with time and regional dummies with Aging Rate as Proxy for Elderly Populations and Aggregate Government Expenditure from Ministry of Finance.....	114
A3.2 Effects of Old-Age Populations and GRDP per capita in Affecting the Allocation of Compositional Government Spending (as percentage of GRDP) using OLS with time and regional dummies with Elderly Dependency Ratio as Proxy for Elderly Populations and Aggregate Government Expenditure from Ministry of Finance	120
A3.3 Effects of Old-Age Populations and GRDP per capita in Affecting the Allocation of Compositional Government Spending (as percentage of GRDP) using OLS with time dummies and remoteness control variable with Aging Rate as Proxy for Elderly Populations and Aggregate Government Expenditure from Ministry of Finance (Table A3.3 is equivalent to Table 4.6 in Chapter 4).....	125
A3.4 Effects of Old-Age Populations and GRDP per capita in Affecting the Allocation of Compositional Government Spending (as percentage of GRDP) using OLS with time dummies and remoteness control variable with Elderly Dependency Ratio as Proxy for Elderly Populations and Aggregate Government Expenditure from Ministry of Finance.....	130

Abbreviations

BPS	Badan Pusat Statistik
BPJS	Badan Penyelenggara Jaminan Sosial
DAK	Dana Alokasi Khusus
DAU	Dana Alokasi Umum
DJP	Direktorat Jenderal Perimbangan Keuangan
FE	Fixed Effects
GDP	Gross Domestic Product
GRDP	Gross Regional Domestic Product
JKN	Jaminan Kesehatan Nasional
MOF	Ministry of Finance
NKRI	Negara Kesatuan Republik Indonesia
OLS	Ordinary Least Squares
OLSFD	Ordinary Least Square First-Difference
OLSFDTD	Ordinary Least Square First-Difference with time dummies
OLSTD	Ordinary Least Square with time dummies
OLSTDGD	Ordinary Least Square with time and geographical dummy
OLSTDPD	Ordinary Least Square with time and provincial dummies
OLSTDRD	Ordinary Least Square with time and regional dummies
OLSTDRem	Ordinary Least Square with time dummies and using remoteness variable
TFR	Total Fertility Rate