

## NORTH EUROPEAN MODEL OF SOCIAL POLICY: AGING OF POPULATION

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**Abstract.** The people are the main and only force of the state. Improving the welfare of the population is one of the main policies of the state. In this regard, using the advantages of different models of another countries and implementing is all-known experience. The state plays a key role in the implementation of social policy. The Scandinavian countries are currently at the forefront of the social sphere in the world. Identifying the main achievements of this region in the form of a welfare state will help to identify weaknesses in the social policy of our country.

This article covers the basic aspects of social policy in the Scandinavian countries. Purpose of the research - identification and study of the main directions of social policy in North European countries. As a result of the work, it was concluded that in all countries Scandinavian social policy is strongly linked to the concept of "welfare state", which has recently undergone a significant transformation; at the same time, it is emphasized the challenges that North European countries faced, such as decrease of demography and aging of population. Additionally, the shortage of profitable labor force is likely to lead to future crises in these countries.

### **Introduction.**

Social state is a special type of modern highly developed state, which provides a high level of social protection for all citizens through the vigorous activity of the state to regulate social, economic and other spheres of society, to establish social justice and solidarity in it. The welfare state marks a high level of convergence of goals and the harmonization of relations between state institutions and society.

The concept of "welfare state" was put forward by the German statesman and economist Lorenz von Stein (1815–90), whose theory of the welfare state was influenced by Hegel's philosophy, French socialist doctrines and as a result of an analysis of the development of capitalism in Germany. He believed that the functions of the state are to restore equality and freedom, to raise the lower, disadvantaged classes to the level of the rich and powerful, that the state should carry out the economic and social progress of all its members, since the development of one is a condition and consequence of the development of the other, and in this sense they are talking about a public or social state. [1]

A special role in the creation of a welfare state in Western countries was played by the so-called "Beveridge Plan" presented in 1942 to the British Parliament by the chairman of one of its committees. This plan began to be implemented by the Labor government in 1945. The plan provided for a new organization of the entire social security system through the expansion of social insurance to cover almost all citizens of the state, as well as through a guarantee of a single national average income, which enough for a modest maintenance of life. The core of the plan was the close link between social policy and state economic policy aimed at ensuring full employment. In addition, provision was made for the creation of a free public health system available to all citizens, control over wages and prices, the gradual elimination of private ownership of the means of production, and other measures. Beveridge's plan was used in the social activities of the post-war governments of Belgium, Denmark and the Netherlands, when creating a modern system of social security in Sweden, served as a model for discussing issues of socio-political development in post-war Germany. [2]

**The purpose of the work** to study of social policy of North European countries, to find options for applying foreign experience in Kazakhstan. In connection with this goal, the task is highlighted theoretical study of the specifics of social policy in the Scandinavian countries. Noting that the social policy of these countries is a great example, author will try to identify one of the most issues such as aging of the population and impress limitations of this situation.

**The level of research:** The study of social policy is always a topical issue. These countries, which did not participate in the mass production of weapons, rose to a high level of development in the decades after the war and stabilized the democratic system. High personal income, quality housing, education, health care, social security, the achievements of the system, low crime rates, very high living standards. Many scientists have been involved in the study of this result.

For example, Lane Kenworth is an American professor of sociology and political science. He is known for his statistical and analytical work on the economic effects of income and wealth distribution. He currently teaches at the University of California, San Diego. It supports the gradual reform of the social state of the United States in the direction of the social-democratic Scandinavian model, thus increasing economic security and equal opportunities.

Jenny Andersson is an economic historian and CNRS Research Professor at the Center for European Studies (CEE), Paris. Jenny has published several works on the transformations on social democracy in the post war period, *Between Growth and Security: Swedish Social Democracy from a Strong Society to a Third Way*, published in 2006 by Manchester University Press, and *The Library and the Workshop: Social Democracy and Capitalism in an Age of Knowledge*, Stanford University Press, 2009.

**Research methods:** study of literature and documents, comparative analysis, content analysis, the method of cross-national analysis.

After World War II, a qualitatively new stage began in the development of the welfare state - its fitting into a constitutional principle, interpretation as a special type of state. Soon after the war, the welfare state as a constitutional principle was fixed in the constitutions of Japan, West Germany, France, Italy, and later, in the 70s, Spain, Portugal, Sweden.

Currently, all the developed countries of the world to a greater or lesser extent are de facto social states.

The successful functioning of a modern welfare state is possible only on the basis of a highly developed, efficient, socially oriented economy. In economic policy, the welfare state should also combine measures of state regulation, encouragement of competition and the development of personal initiative of citizens to ensure their own well-being.

In the political sphere, there is a need for a consensus of the main political forces regarding the main goals and objectives of the development of a given society, an established system of activities of social institutions. This makes it possible to ensure the continuity of the social policy of the state in cases of democratic change of ruling parties, governments and senior government officials.

The spiritual atmosphere in a welfare state should be characterized by a developed sense of citizenship, social solidarity and humanism.

The ultimate goal of the development of the social sphere of the welfare state should be the approval of the principle of social justice, which in this context will mean, firstly, guarantees for each person to work in accordance with his abilities and qualifications, to pay for labor depending on its quality and quantity, the possibility of self-sufficiency and increasing one's well-being; secondly, the creation, ideally, of equal starting opportunities for all members of society through the system of upbringing, education and social support; the transition from political and legal equality of citizens to their social equality; third, the provision of an acceptable standard of living by the efforts of state and public institutions for the weak strata and individual citizens who are unable to work and independently maintain their living standards. [3]

Among the features of the welfare state, author notes the following:

The first is a decent standard of living. The state is responsible for providing every citizen with a living wage that guarantees a dignified existence. The state carries out this function through a fair redistribution of social wealth from the rich to the poor. Usually the subsistence minimum is compiled at the cost of two hundred items of products, goods and services that are necessary for a normal human life.

Of course, this does not mean that a healthy adult should expect social benefits, he is obliged to earn money on his own, to feed his family. The state takes responsibility only for those citizens who themselves cannot satisfy their needs due to age, illness, disability, etc. [4] It is customary to refer to social states as those countries in which the living wage is 7-10 thousand dollars per person per year.

The second is social equality. This is not about leveling. Social equality should be understood as equality of starting opportunities, not equality of performance results. There are many manifestations of social inequality: age, education, area of residence, health, specialty, gender, etc.

The state seeks to mitigate, and where possible, eliminate social inequality by actively intervening in various spheres of human life. So it enshrines the principle of equal access to public office, which eliminates the legal prerequisites for non-participation in government of any groups of the population.

In addition, the state intervenes in labor relations, equalizing the rights of men and women when hiring. The state smooth out property differences with the help of tax policy, redistributing collected funds in favor of the poor. [5]

The third is social protection of those who have lost their income or livelihood (due to illness, disability, old age, loss of a breadwinner, unemployment), as well as payment of medical care costs.

The social security system originated in the form of social insurance. It drew a line between self-employment and social security and insurance funds. These funds include, for example, pensions, unemployment benefits, payments from the state budget, charitable foundations. [6]

The fourth is the rise in the welfare of the whole society. An indicator of well-being is the level of poverty. Usually in developed countries it does not exceed 10% and in Sweden - just over 5%. This makes it possible to include in the use of material benefits (housing payments, scholarships for students, child benefits, etc.) an increasingly wider circle of people.

While there are some differences between the Nordic countries, they all share some common features. Among them is the welfare state, specifically aimed at increasing individual autonomy, promoting social mobility and ensuring fundamental human rights, as well as stability. The Scandinavian model differs from other states by its emphasis on the maximum degree of wealth redistribution. [7]

In the publication "The Nordic Model - Embracing globalization and sharing risks" the system is characterized as follows:

- A well-developed social safety net in addition to public services such as free education and universal health care.
- State pension systems.
- Low level of corruption. In 2017, in the Transparency International Corruption Index, all five Nordic countries were included in the 13 least corrupt of 180 countries on the list.
- High percentage of workers in trade unions. In 2010, union members were 69.9% of workers in Finland, 68.3% in Sweden, and 54.8% in Norway. For comparison, trade union membership is 12.9% in Mexico and 11.3% in the United States.
- A partnership between employers, trade unions and government, with these social partners often agreeing on terms among themselves, not just through legal procedures.
- High unemployment benefits and early retirement benefits. In 2001, unemployment benefits were about 90% of wages in Denmark and 80% in Sweden, compared with 75% in the Netherlands and 60% in Germany.

- Public spending on health and education is significantly higher in Denmark, Sweden and Norway compared to other OECD countries.
- Protection of property rights, ease of doing business.
- Low barriers to free trade. This is combined with the collective distribution of risks (social programs, labor market institutions), which protects against risks associated with economic openness. The total tax burden (as a percentage of GDP) is one of the highest in the world, in Sweden (51.1%), Denmark (46% in 2011), and Finland (43.3%). compared to other countries such as Germany (34.7%), Canada (33.5%) and Ireland (30.5%). [8]

“The Nordic model is widely regarded as a benchmark”. Northern Europe has developed an almost comprehensive system of public protection and has often served as an example of a society of general welfare. But at the beginning of the 21st century, the welfare state under the influence of various circumstances, and above all globalization and internationalization of financial and economic life, suffers from serious problems.

Demographic changes - in the form of an aging population - increase the size of the passive population (pensioners), but tend to decrease the size of the active population (workers). The result is a sharp increase in the dependency ratio and strong pressures towards higher social spending and higher tax rates. The combination of an aging population and high ambition in social services will impede public finances, even more so if globalization increases the mobility of jobs and labor. The sustainability of current tax transfer systems and government systems of care for the elderly is seriously questioned. In responding to these challenges, they find a number of proposed “solutions” largely inoperable. For example, the financial dilemma of the welfare state cannot be resolved through faster economic growth, higher taxes, higher birth rates, or increased immigration. On the other hand, they believe it is important to keep one central feature of the Scandinavian model. The Nordic countries welcome both globalization and the welfare state, and they argue that the security provided by collective risk-sharing mechanisms has played an important role in fostering a favorable attitude towards globalization and competition. This key characteristic of the model must be maintained to an economic and social climate conducive to future well-being and growth. Sharing risk collectively must continue to offer a safety framework that helps workers and their families manage risks and adapt to new demands in times of change. [9]

In this regard, author tried to identify main problems of aging population, that Scandinavian countries might face in the future. Nowadays, it is known that, life expectancy is one of the most important indicators of social and economic policy of the country. The XXI century shows a dramatic increase in life expectancy. Over the past few decades, the birth rate in the world has been steadily declining against the background of rising life expectancy: population aging has become a global phenomenon and one of the most significant social transformations of the XXI century.

Many countries, striving to take a worthy place in the world community, make efforts to preserve and support socially significant values and ideals, in the center of which is a person: his rights and freedoms, intellectual appearance and skill, civil position. One of the criteria for the level of civilization of any society is its attitude towards the older generation, elderly people, creation of conditions for a decent life.

In the conditions of demographic aging, which is observed in all developed countries, citizens of the older generation are becoming a particularly significant category of the population that requires priority attention. Accordingly, any ignorance of the significance of this fact is associated with negative consequences in the social policy of any state, regardless of the political system.

The forms of social care for the elderly, known for a long time, focused mainly on the poor and single. Each continent, each country and region has its own specific characteristics, causation, its own range of socio-economic problems associated with this process. From the authors point of view, an aging population slows down the economy, increasing the pressure on the budget. A halt in the growth of the working-age population will lead to a slowdown in economic growth.

Demographic changes have significant economic and social impacts on labor and capital markets, goods and services, social protection and health care, and the pension system. The

consequence of the decline in the working-age population is a decrease in labor productivity and total savings, which means a slowdown in investment, demand and economic growth. According to the Organization for Economic Co-operation and Development forecast, while maintaining the current budget and pension system, the rapid aging of the population will slow down global GDP per capita from more than 4% in 2015 to almost 2% by 2050. By this time, the proportion of people over 65 per 100 people of working age in developed countries will double. [10] Therefore, the pension system, health care and social protection will require additional resources, while the number of employees, which means the base for calculating insurance contributions, will decrease. This will create a significant burden on budgets, which - again, in the absence of changes in pension and financial policies could increase by 2050 the size of public debt.

According to the UN classification, a state is considered to be young, where the share of elderly people over the age of 65 is 4%, and the old - 7% or more. [11] There are different approaches to dividing senior citizens into age groups. So, in accordance with the classification of the World Health Organization, the elderly are persons aged 60 to 74 years, old - from 75 to 89 years old and centenarians - from 90 years and older. [12] In many European countries, a somewhat different stratification of older age has developed. There are three groups: "young old" - 65-74 years old, "old" is 75 – 84 years old and "oldest" is 85 years old or older. [13] Within the framework of the theory of the "life cycle" of a person, old age is considered as its final stage, the period ending a person's life, the period following the phase of active participation in labor activity.

The aging of the population as a complex biological, socio-psychological and demographic process at all times interested and worried scientists in various fields, statesmen, politicians, social specialists. However, in the modern period, this problem is more relevant than ever before, because the age structure of the population is changing at a rapid pace.

The main factors of population aging processes are the following: long-term changes in the nature of population reproduction, a drop in fertility, an increase in life expectancy, an increase in mortality at fertile age; socio-economic transformations, increased migration processes, as well as urbanization, the influx of young people into cities, aging of the population in rural areas. In this case, author explains this by the lack of desire to have children as the situation of the younger generation improves. There is a tendency among modern Kazakh youth, especially those living in the urban areas, to have only one or two children. It is also worth noting that many young people are reluctant to get married. Unfavorable demographic processes entail serious economic and social consequences, the economic activity of the population decreases, the inflow of young people into the economy decreases, the demographic load on the working part of the economy increases, at the same time this leads to a deterioration in the country's demographic prospects, because the share of women of reproductive age is declining and the birth rate is falling, on the contrary, mortality and morbidity rates are increasing.

Actually, having an elderly own its hardship. There are several groups of consequences that the aging processes of modern society can lead to. First, there are demographic and macroeconomic implications affecting the following characteristics: the birth rate of the population; distribution of material resources between representatives of different generations; attitude to responsibility for ensuring social standards and quality of life of older people; the level of labor productivity. When the number of unemployed people outnumbers the number of employed people, the ratio of food or consumables they need will also depend on it. Due to the lack of able-bodied young people in any industry, there is a shortage of labor in the industry. The global growth of the working-age population is slowing down: in 2016 - 1% against 1.6% on average annually over the previous 20 years. This leads not only to an increase in the demographic burden (the number of pensioners and children in relation to the employed), but also to the aging of the workforce itself. The share of employees 55–64 years old in the world from the current 13% will increase over the next 10 years to 15% against the stable 10% in the previous five decades. And in the USA, Euro zone, Japan, China and Great Britain - the largest economies for which the problem of aging is the most acute - from 17 to 21% in 2030. [14] The aging of the population is faced not only by developed, but also by developing

countries, which can age faster than they have time to get rich. For example, in Thailand and Korea, the working-age population will decrease by a quarter in the next 35 years, and the number of pensioners will triple, in Russia in 2030 there will be more pensioners than children.

Secondly, changes in social relations: the structure of family relations; a system of mutual social support by representatives of different generations. Seeing the changes in the attitudes of relatives in old age affects the psyche of person. And the younger generation does not know the inner feelings of the elderly and does not understand them.

Third, the aging processes of the population will certainly affect the labor market, in particular: the ratio between mental and physical labor, as well as between the employed and non-employed population, will change; the need for retraining and advanced training of elderly workers will increase, also their demand on the labor market will increase; the problem of raising the age limit for retirement will become more acute; the gender proportions of employment will change, because there are much more women in old age than men; new approaches to solving the problems of unemployment will be required.

Population aging is limiting productivity growth due to lower innovation, slower technology diffusion. An employee's performance changes over the course of his life: experience accumulates, knowledge becomes obsolete, ages affect the physical and mental state. The higher the proportion of manual labor, the more difficult it is to combat the effects of aging.

There are also other consequences that negatively affect the socio-economic development of the country. At the same time, it is also important that the steady trend towards an increase in the proportion of the elderly in the total population dictates the need for a radical change in the state social policy in relation to them, because the social problems associated with old age are increasing. Some of these problems are: dysfunctions of the body of an old person against the background of progressive diseases of the nervous, cardiovascular, musculoskeletal, endocrine and other systems increase the need for qualified medical and social assistance; the cessation of active work and a decrease in income worsen the level of the material situation of the absolute majority of elderly people but also affects the health; the problems of housing and living conditions are aggravated; there is a transformation of value orientations, the way, the mode of life is changing, the conditions for the realization of intellectual, cultural needs are deteriorating; difficulties in psychological adaptation to new living conditions, loneliness, lack of communication appear, the main social ties with the environment are gradually lost. These definitions may seem unfamiliar to us yet, in particular, for Kazakh society. In reason of that in our society, living with parents, caring for them in old age is a responsibility, a morality. But we are also seeing signs of this under the influence of globalization, and in the future it may worsen in our social environment.

According to World Health Organization, the features of diseases in the elderly also require consideration and can manifest themselves in different characteristics: the multiple nature of pathological conditions; nonspecific manifestation and course of diseases; rapid deterioration of health, if timely treatment is not provided; high incidence of complications caused by disease and treatment; the need to organize additional rehabilitation measures. As you can see, the need of older people for additional outside attention and social assistance is very high.

When such a person is officially recognized as a disabled person, the above-mentioned problems of older people further aggravate his health, worsen his social status. The World Health Organization has adopted the following characteristics of the concept of "disability" as standards for the world community: any loss or impairment of psychological, physiological or anatomical structure or function; limited or absent, due to the above defects, the ability to perform functions as it is considered normal for the average person; difficulty arising from the above disadvantages, which fully or partially prevent a person from performing a role. [15]

To author's standpoint, older people characterize and assess their aging-related problems as follows: loss of the meaning of life; a feeling of uselessness to loved ones; betrayal of one's own body; inability to maintain a habitual lifestyle, especially physically; dependence on others (relatives,

associates, society); narrowing the circle of social contacts; fear of death. All these problems can be interpreted in different ways, manifest to varying degrees, but they are interrelated, interdependent and inseparable. In the overall complex gradually form a feeling of helplessness, hopelessness and uncertainty.

Difficulties in adapting to a new way of life, limitation of activities due to decreased or disability, loneliness syndrome, and social isolation occupy an important place in the complex of social problems of the elderly related to health. Increasing instrumental and personal dependence on the caregiver develops.

High social dependence is especially pronounced in persons who have suffered injuries, blood pressure accidents, heart infarction, usually bedridden or in a wheelchair. There is a need for adequate therapy and rehabilitation. In turn, these rehabilitation projects require significant funding. It can also be a complex or systematic treatment.

Lack of family support, an unfavorable emotional atmosphere in the family, conflicts, lack of conditions for relaxation and rest aggravate the psycho-emotional problems of the elderly and lead to prolonged stressful conditions.

### **Conclusion**

The problems of the personal and micro-social, family, level are accompanied by a decrease in the social status of older people, due to the peculiarities of society's attitude towards them and require corresponding measures. Cognition of the patterns of aging of the human body, the expansion of the age range of active work capacity and full-fledged life, the development of social technologies for optimizing aging are becoming the priority tasks of the state policy in relation to the elderly.

Aging is a long-term process, during which physical, psycho-emotional and social changes occur, a gradual decrease in the functional capabilities of the human body. Understanding the changes taking place in a person is important for a person to maintain a positive attitude towards him, remember that older people can also enjoy a creative, constructive lifestyle and their potential is a powerful basis for the future development of society.

Author believes that, reforming of social security systems, healthcare, regulation of the working power, maintaining the active part and the cooperation between generation, reading of the population aging for all without exclusion of the governing action will help somehow influence on regulation of current issue. Comprehensive measures in the field of health, emphasis on preventive medicine, education, including leisure for preschoolers to increase the employment of young mothers, labor and social spheres, reducing gender pay gaps, replacing long maternity leave with short, but well-paid, as well as incentives enterprises to the implementation of employment policy for the elderly, flexible hours, taking into account physical capabilities.

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