

MAIN FACTORS DRIVING SOCIAL PUBLIC SERVICES IN INTERNATIONAL CONTEXT

Mihaela, Ghentă¹

Abstract:

Literature and the latest reports point out that not only in Europe, but all over the world there is a growing demand for social services. As social needs have diversified, the number of potential users of social services has increased and this has generated increased complexity of social services. This paper highlights some of the results of a study conducted by the author in the doctoral studies program. One of the aims of this study was to identify the main factors that cause the current configuration of social services at global level. The research analysed the demographic changes and the impact of the crisis in social services for Europe, the United States of America (USA) and Japan based on statistical data provided by the national statistics institutes for the regions considered. The results highlight the necessity of continuous development and reconfiguration of social services in order to meet the social and economic demands and to ensure a better organisation of these type of services.

Keywords: social services, global economy, economic crisis, demographic indicators

JEL Classification: I3

1. Introduction

Throughout the world the population aging has boosted researches regarding the role and effects of social protection policies in supporting the elderly and disadvantaged groups in general. Comparative studies in the field reveal the existence of social benefits and social services or health-care services, while stressing the need to develop and adapt them, so as to face increasing social needs.

Social services aim to satisfy a need as a result of a temporary or a persistent state of vulnerability. Social services are non-contributory social benefits granted to disadvantaged people in a state of risk (Buzducea, 2009). According to Pilinger (2001) social services are designed to meet the needs of employment, health, education, social security, social assistance.

With diversification of social needs, social services systems raise the problem of defining and prioritizing the needs of developing clear eligibility criteria (Pierson and Thomas, 2010).

The social services available are extremely diverse internationally, this being the consequence of:

- The size and projections of elderly population;
- The public resources allocated to the social sector.

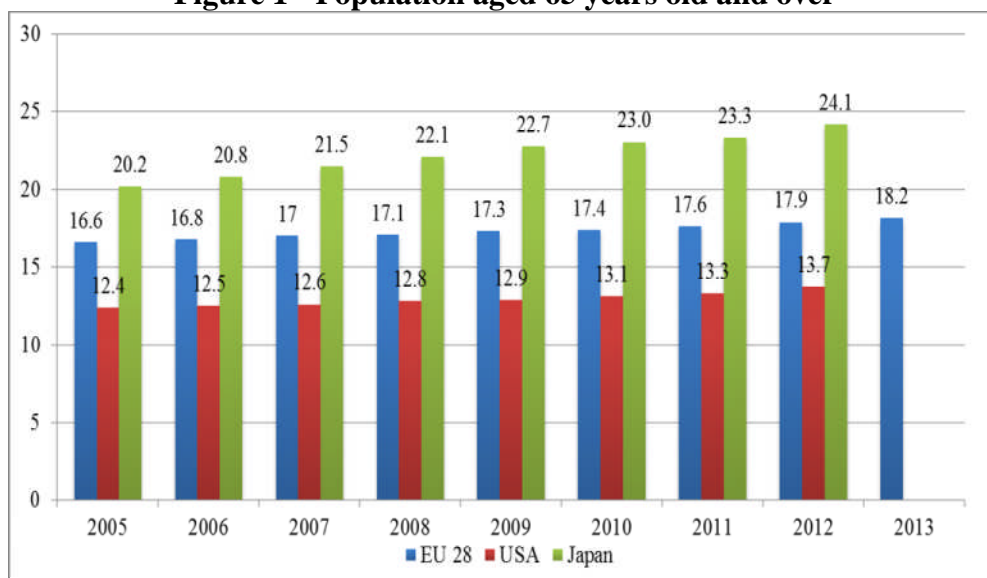
1.1. Size and projections of elderly population

At European level the main causes of population ageing are considered to be increased life expectancy combined with reduced fertility. Demographic trends have important consequences for the development of social services. Romania followed the European trend, so the share of young population is declining. In 1990 Romania had a positive natural growth rates, but the year 2000 marked the beginning of a demographic decline with negative natural growth rates. Between 2000-2010 the maximum was registered in 2002 (-2.7%), then the rate of natural growth rate recorded lower values (even negative), reaching in 2010 to -2.2%.

For the next period 2005-2012 the most aged population is in Japan (over 20%), and the lowest percentage of population 65 years old and over is recorded in the USA. But during the same period, Japan also had the highest growth rate of elderly population - 4% (Figure 1).

¹ Scientific Researcher third degree, Institutul Național de Cercetare Științifică în Domeniul Muncii și Protecției Sociale (INCSMPS), ghenta@incsmips.ro.

Figure 1 - Population aged 65 years old and over



Source: developed by author based on Eurostat, online data code: [tps00028](#) for EU; OECD (2013), “Country statistical profile: United States”, Country statistical profiles: Key tables from OECD; OECD (2013), “Country statistical profile: Japan”, Country statistical profiles: Key tables from OECD
 Note: data for USA and Japan 2013 are not available

As a result of the major difficulties that ageing phenomenon together with economic and financial crisis has produced, the Japanese social assistance system was redesigned by introducing a long-term care insurance, even though traditionally it is considered that the provision of services is the social responsibility of the state. It is more likely that countries with an aging population to require stronger intervention in the form of social services for the elderly.

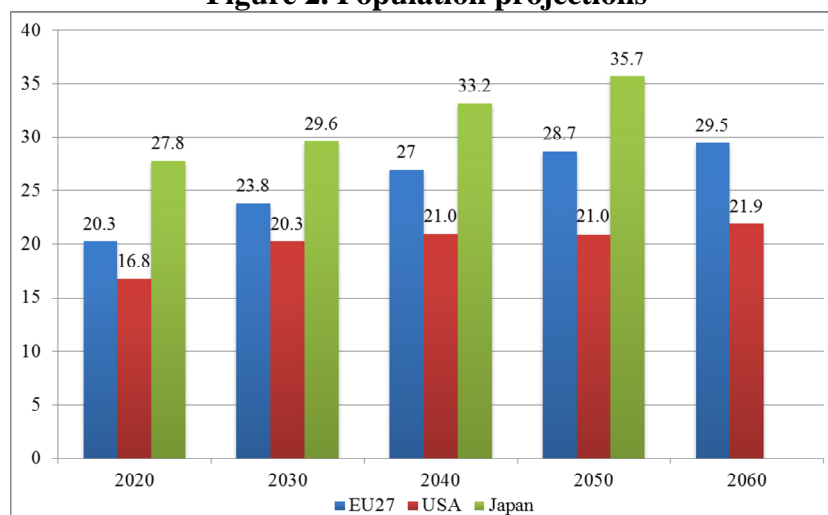
Among European countries, the “oldest” countries are Germany (20.6%), Italy (20.8%) and Greece (19.7%). High share of population aged 65 and over (although less than 20% of the population) have countries such as: Belgium, the Czech Republic and Sweden.

Although older people rate in Romania (16.3%) is below the European average, the share is still significant. Despite an aging population, social services have been developed mainly for other disadvantaged groups (children in need, people with disabilities), and not necessarily for the elderly.

Declining birth rates and increased life expectancy led to an aging population with major consequences to the side demand for social services in the category of elderly population. Changes in traditional family structure, the increase in the number of single parent families, divorce rate and the involvement of women in the labor market require a growing demand for specialized social services.

Neither projections on the share of population aged 65 and over in the total population of working age are optimistic. For the time horizon 2020-2060 data show increase in the elderly population, so the share of population aged 65 and over will be nearly a third in the case of Japan and about 22% for the EU 27 (in 2060) (Figure 2).

Figure 2. Population projections



Source: developed by author based on European Commission, *Ageing Report*, pp. 58, 2012; National Institute of Population and Social Security Research, Ministry of Health and Welfare, *Population Projections for Japan 2011-2060*, 2012; United States Census Bureau, 2012 *National Population Projections: Summary Tables*, 2012

Note: projection for Japan 2060 are not available

Europe and Japan face a rapidly aging population. This will generate major changes in the demand for goods and services. Presently, Europe has the opportunity to become a global leader in these new markets for older consumers.

In Germany households with elderly persons have among the highest rates of private consumption, together with households of people aged under 25 years old. The size of these new markets will depend on the number of older consumers and their purchasing power. Population structure (0-14 years old and 65 years old and over) shows that the rate of older persons is high in Japan.

Basically, the distance between the two rates (0-14 years old and 65 years old and over) has increased from year to year, but in a higher extent in the last three years. The USA is the only among the three countries considered that has a share of population aged under 15 years old higher than that of older persons (Table 1).

Three other important indicators used to assess the ageing phenomenon are the aging index, the index of parental support and the potential support ratio: for 2010 the largest share of the total elderly population in total young population is in Japan, followed by EU and the USA.

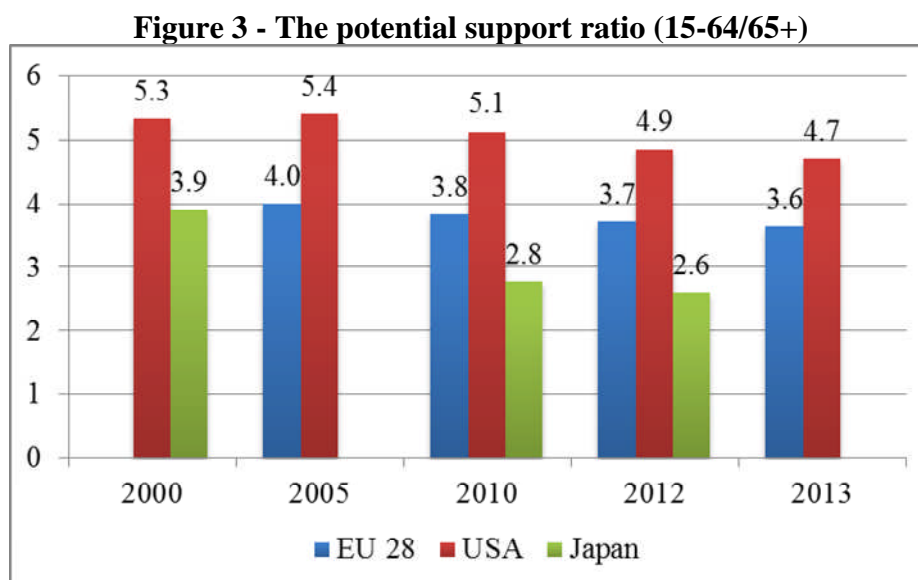
Instead, according to the index of parental support, the population aged 85 years old and over exert the greatest pressure on descendants in Japan: 16.4 persons of 85 years old and over to a person of 50-64 years old (value in 2012).

Table 1 – Population structure

Country	Population structure (%)					
	Age groups	Year				
		2000	2005	2010	2011	2012
EU 28	0-14 years old	n/a	16.2	15.7	15.6	15.6
	65+ years old	n/a	16.6	17.4	17.6	17.9
USA	0-14 years old	21.4	20.5	19.8	19.6	19.5
	65+ years old	12.4	12.4	13.1	13.3	13.7
JAPAN	0-14 years old	14.6	13.8	13.2	13.1	13.0
	65+ years old	17.4	20.2	23.0	23.3	24.1

Source: developed by author based on Eurostat online data code: [demo_pjanind](#); Statistic Bureau of Japan, *Japan Statistical Year Book, Chapter 2. Population and Households, 2014*; United States Census Bureau, *International Statistics*

Potential support ratio shows that the number of people of working age supporting a person aged 65 years and older is the lowest in Japan about three people of working age supporting an elderly. Best value is recorded in the USA, with 5 people of working age supporting a person 65 years old and over (Figure 3).



Source: developed by author based on Eurostat, online data code: [demo_pjangroup](#); Statistic Bureau of Japan, *Japan Statistical Year Book, Chapter 2. Population and Households, 2014*; United States Census Bureau, *International Statistics*

Note: data for Japan 2005 and 2013 are not available; data for EU 28 for 2000 are not available

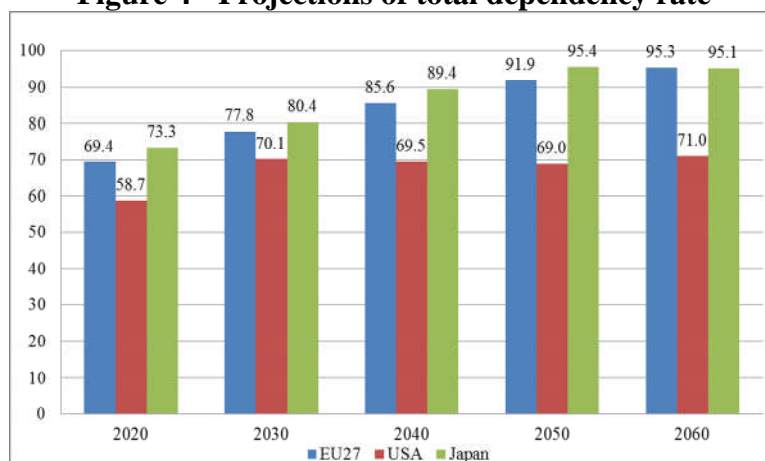
The total dependency ratio in Japan registered an upward trend since 2000 (51.4%) to 2012 (59%), while for the same period the total dependency rate increased by 1.3% in the EU 28 (49% in 2000, compared to 50.3% in 2012). Among EU countries, the highest growth rates of total dependency rate are recorded for Denmark, Germany, and Greece. For the USA the total dependency rate decreased by 1 percentage between 2000-2012 (50% for 2012, compared to 51% in 2000) (World Bank, 2012).

These data must be interpreted in the context of projections made on the evolution of total dependency ratio and its components (youth dependency ratio and the elderly dependency ratio), whereas high values of this index are the expression of the economic difficulties that a country experience in terms of public expenditure on social welfare systems, health, and social security. The highest growth rate is forecast for the EU, in this case, the total dependency rate will grow by 25% compared to 2020 and by 32.1% to 2010 (Figure 4).

Important differences appear within the Union: a slight increase (less than 20 percentage points) are forecast for Denmark, Ireland and the United Kingdom. Large increases (by 40 percentage points and more) are forecast until 2060 for Latvia, Poland, Romania, and Slovakia (European Commission/Ageing Report, 2012).

Changes will occur also in case of elderly dependency rate, so that countries such as Belgium, Denmark, Ireland, France, Sweden and the United Kingdom will have small increased rates for this indicator (below 25 percentage points), while countries such as Latvia, Poland, Slovenia and Slovakia, will have expansions of elderly dependency rate by 45 percentage points or more (European Commission/Ageing Report, 2012).

Figure 4 - Projections of total dependency rate



Source: developed by author based on European Commission, *Ageing Report*, pp. 60, 2012, http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-2_en.pdf, accessed in February 2014; United Nations, *World Population Prospects: The 2012 Revision*, <http://esa.un.org/unpd/wpp/Excel-Data/population.htm>, accessed in February 2014

1.2. The level of public resources allocated to the social sector

Demographic changes are lasting, permanent, so that global aging will lead to increased pressure on social protection systems (pensions, health care, social services, long-term care), while the potential working population will decrease. The impact of these trends on public finances has been exacerbated by the economic crisis since 2008.

Financial and economic crisis was an extra pressure on national economies and their response was translated into austerity measures designed to limit the negative effects on public finances. Moreover, it is estimated that the negative effects affected the delivery of all services of general interest, including social services (Maucher and Schindler, 2013).

To ensure that the objectives of Strategy “EUROPE 2020” are achieved, the European Commission has created a system of economic governance to coordinate policies between the Community and the Member States. Under this system national reform programs are developed and country-specific recommendations are based on the evaluations of national programs.

The role of the recommendations is to assist Member States in achieving “Europe 2020” objectives. Regarding children in poverty and vulnerable people eligible for social services, recommendations regard to increase accessibility and the overall efficiency of social services (Table 2).

Table 2 – Country recommendations for social services

Persons in need	Measures
Vulnerable people	- Provision of adequate social protection, able to cover existing needs; - Access to social services of high quality; - Better targeting of social actions.
Children in poverty	- Increase the effectiveness of supportive care for children; - Access to care.

Source: developed by author based on Clauwaert, S., *The country-specific recommendations (CSRs) in the social field An overview and (initial) comparison of the CSRs 2011-2012, 2012-2013 and 2013-2014*, pp. 5, 2013

The economic crisis in social services led to cuts in national budgets allocated to social assistance and to decrease of employment in the health-care and social assistance sector.

Reductions in public spending on social sector (and hence social services) were determined by the increase in government debt (% of GDP) due to economic crisis. For the

period 2010-2014, the highest government debt was registered in Greece. There are countries which although not having alarming levels of government debt, still experienced increases of more than 10% in 2014 compared to 2010 (Ireland, Hungary and Sweden).

Despite recommendations made by the European Commission, some Member States have reduced costs allocated to health and social care sector, as a result of the global crisis (Table 3).

Japan is facing since 2005 low economic growth and ageing phenomenon (depopulation of certain regions, regional disparities, urban agglomeration). The current level of Japanese crisis affects both the public debt and long-term sustainability of the social system of which social services are provided.

Across the world, the economic crisis has opened the possibility of introducing legislative changes in social services.

Table 3 – Government debt (% GDP)

Country	Gross public debt (% GDP)					Dynamics 2014/2010
	2010	2011	2012	2013	2014	
Austria	72,3	73,6	75	75,5	75,1	2,8
Belgium	96,8	97,5	96,5	95,1	92,2	-4,6
Bulgaria	16,2	16,4	19	17,4	17,1	0,9
Cyprus	60,9	61,6	62	61,3	60,1	-0,8
Czech Republic	38,5	41,1	42,4	42,8	42	3,5
Finland	48,3	50,1	51,3	53	54,6	6,3
France	78,3	81,7	84,6	86	85,6	7,3
Germany	83,2	82	81	79,5	77,5	-5,7
Greece	142,8	156,4	159,8	157,7	150,1	7,3
Hungary	80,2	75,5	72,1	69,7	66,7	-13,5
Ireland	96	111	116	118	116	20
Lithuania	38,2	38,1	37,9	37,1	35,4	-2,8
Luxembourg	18,4	17,5	19,8	21,4	22,7	4,3
Malta	68	67,8	66,9	65,4	63,7	-4,3
Netherlands	62,7	64,5	64,9	64,7	64,1	1,4
Poland	55,1	54,9	54,1	52,4	50,8	-4,3
Romania	30,8	33,3	33,2	32,8	31,9	1,1
Slovakia	41	44,1	45,3	45,3	45,2	4,2
Slovenia	38	43	43,3	45,3	46,2	8,2
Spain	53,3	60,1	67,3	68,5	69,3	16
Sweden	39,8	36,8	33,4	28,8	23,7	-16,1

Source: developed by author based on National Reform Programme/Convergence Programme (2011-2014), 2011

Note: data for Estonia, Italy, Latvia, Portugal, Denmark, Croatia, United Kingdom are not available.

Conclusions

Global changes affect all over the world the current organization and provision of social services, since there is an interdependence of the economic, social, cultural and political system that cannot be denied.

As the public spending and the possibilities to meet social needs decrease, providing social services becomes a challenge. Ageing phenomenon effects will be felt over the next two decades in terms of labour shortages and constant pressure on the funding of social services (Gheșta and Flood, 2009) and long term care for the elderly.

The aging population and the economic crisis will contribute to the strengthening of social services by taking into account aspects of quality, efficiency and effectiveness.

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