

The Finnish experience and challenges of demographic change

Professor Marja Vaarama

marja.vaarama@uef.fi

Presentation in the JPI MYBL Conference 2016

1-2 December 2016, Rome



Contents

- Demographic Change (DC) in Finland
- Experienced and estimated consequences of Demographic Change in the Finnish society
- Examples of major reforms of the Finnish welfare state – whether good or not, only future will tell.....
- Future Challenges
- What could JPI MYBL do against social exclusion and isolation in European countries?

Demographic change in Finland

Demographic change in Finland – a few figures

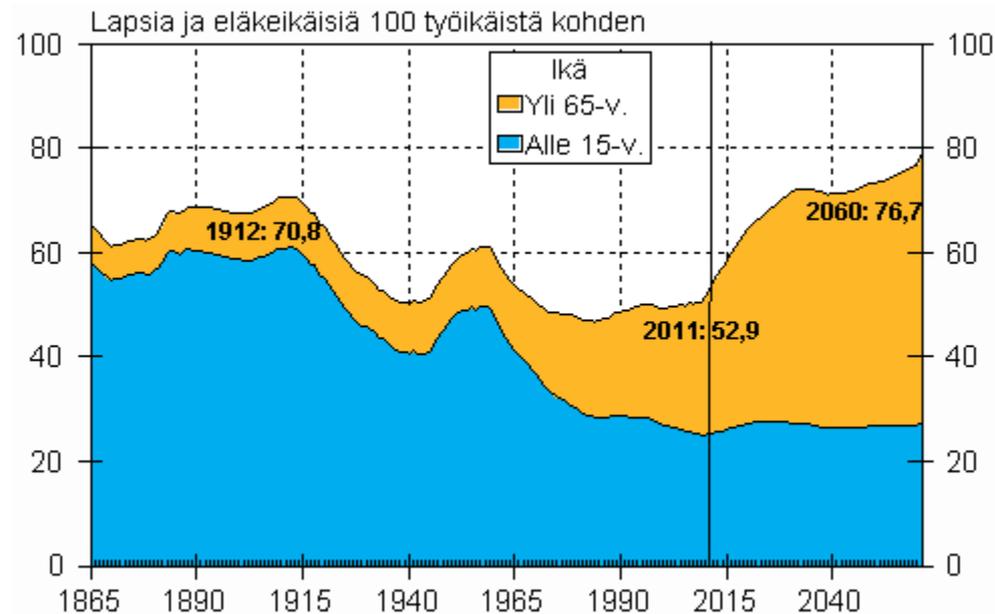
- In 2016, population size 5,5 million people, well educated population
- Fertility rate 1,71 is under replacement ratio
- 19 % aged 65+, estimation 26 % in 2030
- 5 % aged 80+ ; estimation 8,7% in 2030 and 11,2 % in 2050
- 90+ the fastest growing age group > new forms of housing and care necessary
- Population under 15y will be in 2030 as small as it was in the year 1894
- Average length of life is 83,5y for females and 77,5y for males (year 2012)
 - Males gained 6,6y and females 4,6y from the year 1990 to 2012
 - Large socio-economic differences in life expectancy, biggest between lowest and highest income deciles in males
- Number of persons with memory disorders was in 2010 ca. 96000, estimate for 2030 is 177 960
- Old age dependency ratio will increase from 25,6 (2010) to 42,7 (2030), and will be highest among Nordic Countries

Old age dependency ratio will be highest in Finland among Nordic countries

	Denmark	Sweden	Finland	Norway
2010	24,9	27,7	25,6	22,5
2030	37,0	37,2	42,7	33,0

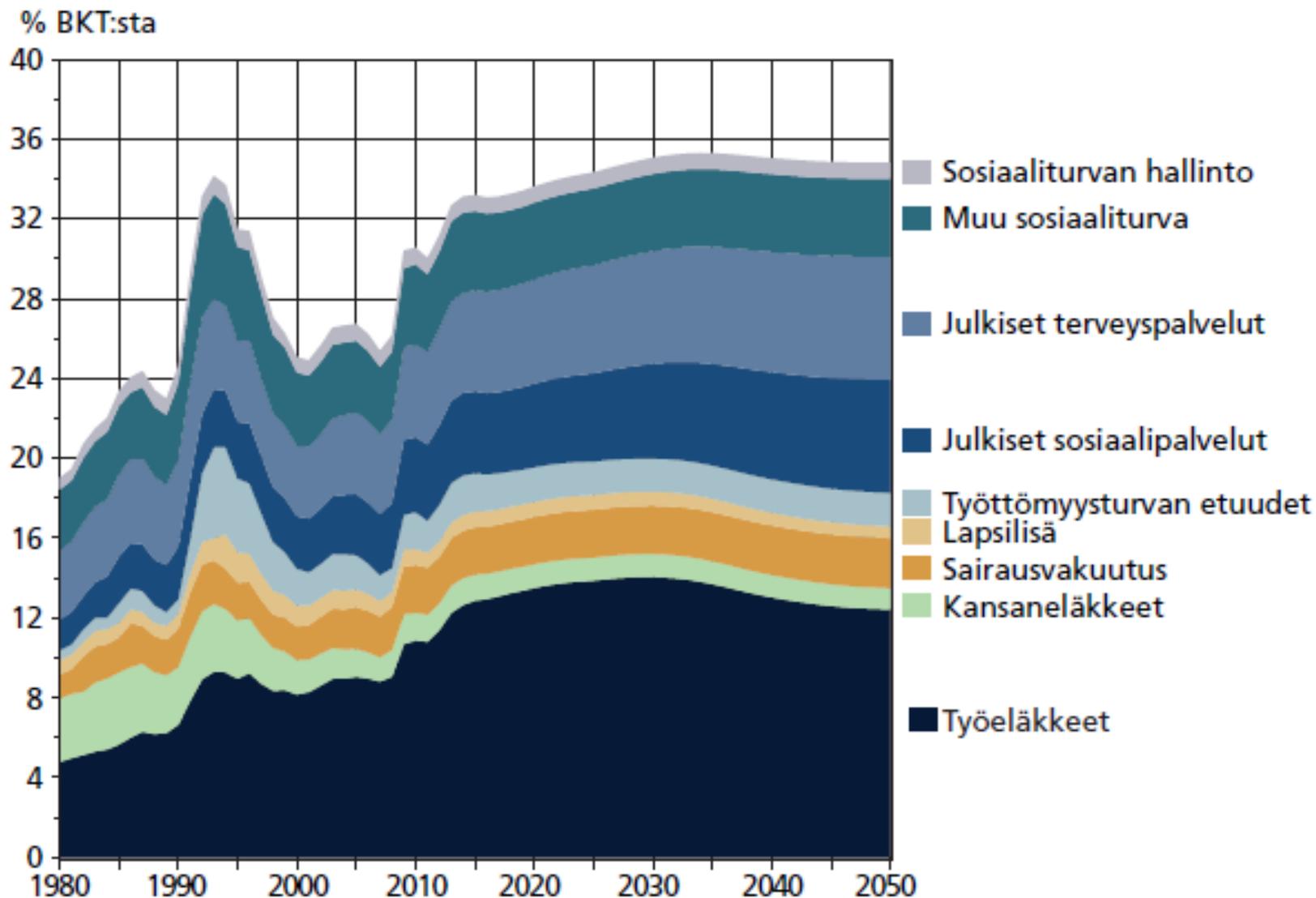
Eurostat 2012

Population dependency index (number of children and pension aged persons/100 persons in the working age) has been and is growing, years 1865 - 2060

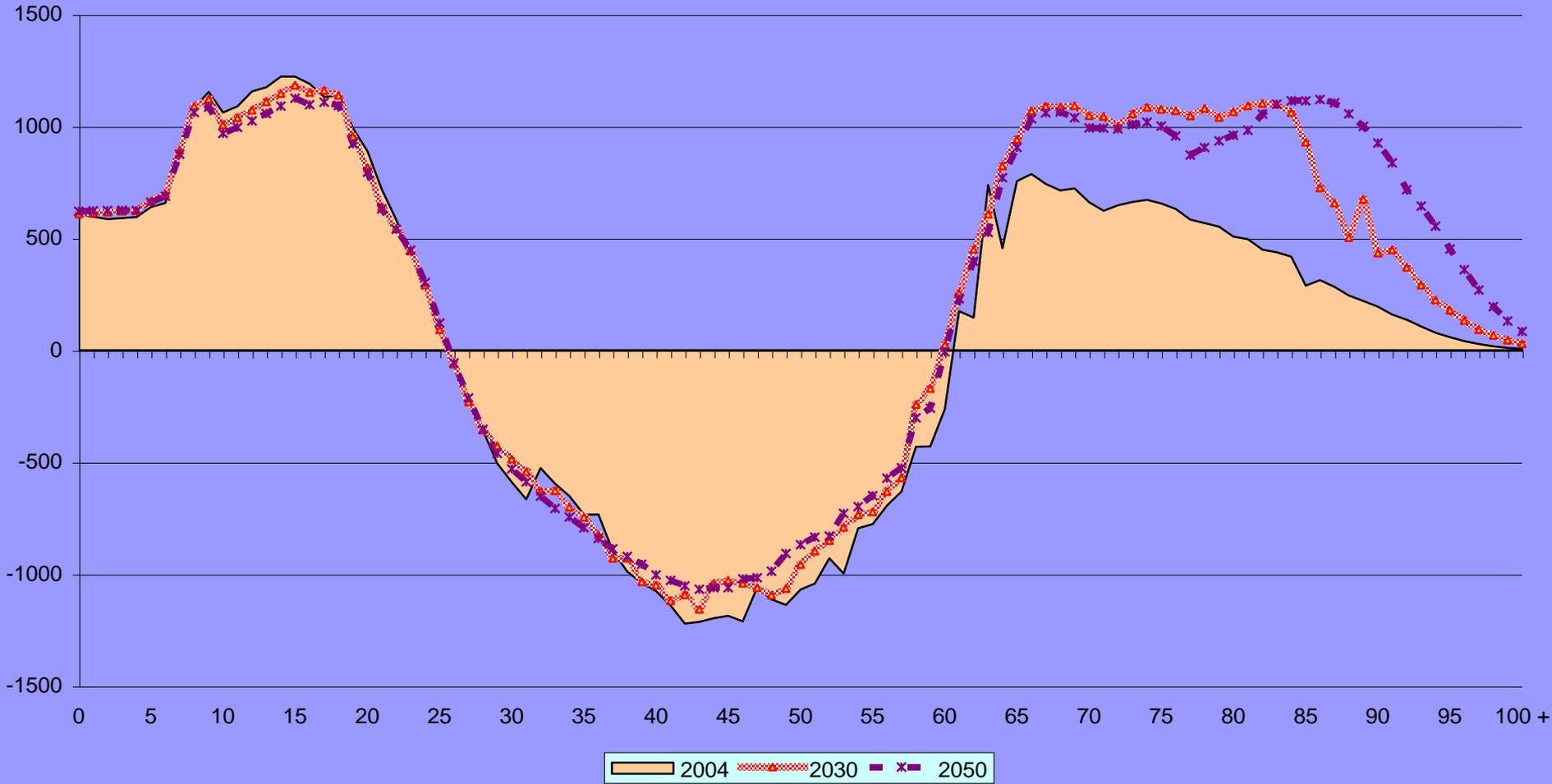


Lähde: Tilastokeskus

Development of the social expenditures, % GDP, years 1980-2050



Life Cycle Deficit (= total consumption minus labour income) by one-year age-groups in Finland in 2004, 2030 and 2050



Source: Vaittinen-Vanne 2008

Marja Vaarama 24.3.2009

Sustainability gap in the Finnish GDP according to the program of the government of prime minister Juha Sipilä is 10 milliard euro – this should be abolished by 2030 = austerity, cost cutting and structural innovations

Provision and arrangement of care

Marketisation

De-institutionalisation

Governance

From decentralisation to recentralisation and again toward centralisation

Coverage and targeting

Declining coverage

Tightening needs assessments

Quality and client status

User rights

Quality programmes

Example of a change: Most important source of help for living at home, self-reported by persons 80+, years 2004 and 2013 (%)

	2004	2013
	171	134
Own or spouse's child	46	42
Municipal home care	27	19
Spouse	8	20*
Other relative	6	6
Private nurse	4	3
Other (often friend or some close one)	9	11

* Statistically significant change (CI 95%)

Vaarama, Mukkila & Hannikainen-Ingman 2014

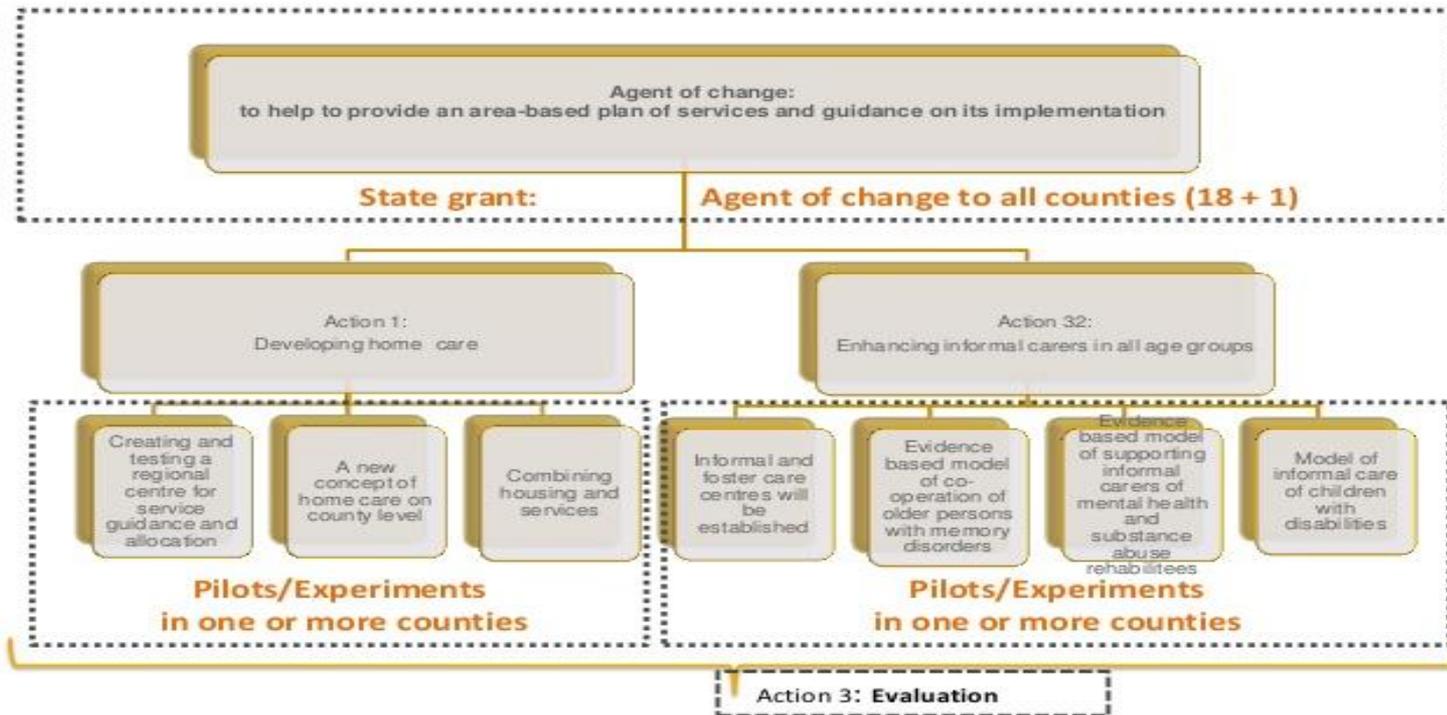
Gradually the entire welfare system is changing....

- Pension reform 2005
 - Flexible retirement age 63-68 (actual 59-63), incentives for later retirement, hindrances for early retirement
- Pension reform 2017
 - Postponing the retirement age by 3 months/year until the lowest age is 65, regards those born in 1955 and after (INCLUDES NOT THE BABY BOOMERS!!!)
 - in 2030 the retirement age will be bound with the average development of life expectancy, younger generations said to be losers
- Labor market reforms, aiming at prolonging the working careers from the beginning, in the middle and at the End
 - the concept of age management, youth education and employment guarantee, "Ohjaamo"-activity for young people
- Reforms and shifts of balance of care of older people by legislation on care of older people 2013, tightened eligibility rules for institutional care in 2015
- Reforms of the legislation for health and social care: historical Health and social care reform (SOTE) under preparation, in full force 1st January 2019
- Active experiment policy by government:
 - Basic income experiment 2016-2018
 - Activity schemes in social security
 - Government Experiment to develop Home Care and Care by Relatives

Historical Renovation of Social and Health Care System

- A historical renovation of the provision of social and health care is currently (and since the year 2006 ...) going on
 - From responsibilities of over 340 local authorities to 18 counties who carry out the responsibilities of organizing and financing social and health care from 1.1.2019 – strong guidance by the state
 - Horizontal and vertical integration of social and health care for better equality in access to care
 - More pluralistic provision, public providers shall become public enterprises which will compete in care markets with private providers
 - Client's freedom of choice between the public and private providers will come stepwise in force – difficult in some personal social services and social work
 - From multi-channel financing to one channel financing
- The government has initiated some key projects to develop equality in health and wellbeing and to improve social and health care
- Among these is a key project with 30 million € financing to improve home care of older persons and informal care of persons in all ages (2016-2018)

Tasks of the I&O key project in 2016-2018



Future Challenges

- **The biggest problems in the Finnish society are**
 - **too low employment rate to maintain the current welfare state,**
 - **increasing social exclusion of younger generations (“lost generations”),**
 - **polarization of welfare and wellbeing in the population, and**
 - **scarcity of public care in old age**
- **Economical, social and ecological sustainability are tied together, therefore we need integrative policies with the aim at creation of a society for all ages**

Conclusions

- Finnish welfare policy has promoted the public health and wellbeing, even over the course of tightening public economy and financial crisis, but
- About 20 % of population is excluded from the general wellbeing, notably the unemployed, persons in disability pension, young people with low resources for Quality of Life (NEET's), and older people with poor health and high care needs
- We can differentiate 3 types of problems (Swedner 1979)
 - *Process problems = societal processes which lead to inequality*
 - *Structural problems= factors that maintain inequality*
 - *Resource problems= society lacks the necessary resources*
- In these times of austerity policy, the problems related to population aging are mainly formulated as resource problems, and cost containment and savings are seen as the major solution even there are considerable process and structural problems which need serious attention
- Beside the universal welfare policy, there is a need for targeted policies, where those with most needs are guaranteed with sufficient living standard, access to necessary help and good quality care that responds to their needs
- We need a cultural change in our society as longevity is such a new phenomena that we do not yet understand what it means
- A lot depends on how we succeed in realizing healthy and active ageing, in empowering people in all ages to use their full capabilities, and in maintaining social cohesion

JPI MYBL – what should it do against social exclusion and isolation?

It should give all possible support for strengthening the socially sustainable policies for “a society for all ages”

Towards socially sustainable societies

Support and foster social capital and cohesion

Ensure equal opportunities for people in all ages

Welfare society is for preparing rather than repairing

Improve service quality and accessibility

Distribution of benefits and obligations shall be fair

Clarify the care commitment

Get rid of ageism – check also at the existing legislation

Every person has resources – empower and abolish hinders for using them

Thank you for your attention!