Challenges of an ageing population – retirement age and the welfare model



Eva-Maria Svensson, Sara Stendahl, Thomas Erhag, Pernilla Rendahl, Otto Swedrup, Department of Law, Centre for Ageing and Health at the University of Gothenburg (AgeCap)

Background

An ageing population is repeatedly perceived as a major challenge for, and even as a threat against, the Nordic welfare model. Increasing demands on welfare services due to an ageing population, at the same time as a decreasing productivity growth, have led to a demand for a prolonged working life. The broader context, e.g. the discourse on 'successful ageing', the lack of interest for alternative ways to increase the revenues such as a changed tax base, and a challenge of the welfare model, is not sufficiently explored.

Aim

To provide an argumentative basis for a discussion on the presumptions of the perceived conflict between ageing and the welfare system, and, whether it is possible, and if so, how, to legally safeguard a sustainable welfare model based on inclusion and social security.



Method

'Sustainable development' is used as an analytical concept to scrutinize the discourse on the ageing population as a major challenge for the Nordic welfare model, and the challenged normative foundation for the Nordic welfare model embracing an inclusive social security and based on labour market participation.

Result

There are strong legal incentives to safeguard a sustainable society based on the ideals of the Nordic welfare model, such as inclusiveness and universality, equality and gender equality. The political and legal norms on sustainable development, agreed upon internationally, can be used as a normative foundation for the urge for an extensive welfare system, also in a situation with an ageing population.

There is an extensive legal body on sustainable development on an international level than can be used as an argumentative foundation for a redistributive welfare system that is inclusive and universal. The concept of 'sustainable development', going back to the Brundtland Commission (1987) and further developed in UN the Agenda for Sustainable Development (2015), is used as an analytical concept to scrutinize the discourse on the ageing population as a major challenge for the Nordic welfare model, and the challenged normative foundation for the Nordic welfare model embracing an inclusive social security and labour market participation.

The main solution proposed by the Long-Term Survey 2015 to meet the challenge of an ageing population is **increased working-hours.** This alternative, to increase the working hours among elderly (and also among immigrants), it is argued, is not the only solution. Other alternatives should be further elaborated, such as increased revenues, the acceptance of less growth combined with increased redistribution, and, a reprioritisation of the services provided by the welfare state.

One question that should be raised is, if the heavily dependence on direct and indirect taxes on labour is a sustainable financial structure for the Nordic welfare model. Such a structure might not cope with the challenges of an ageing population in a globalised market and the digital economy.

We have showed ways in which **re-prioritisation** to a large extent already is being made, by providing examples where deviations from the principle of equal treatment are done with reference to persons being of old-age. From a legal standpoint the questions to be discussed are; *who* should be considered a person of old-age? and; *how* should this be regulated?

Conclusion

The Nordic welfare model, although challenged by an ageing population, must be seen in a broader context. Other factors impact the composition of the population, not the least migration. Also, the construction of the welfare model, based on labour market participation and direct and indirect taxeson labour as the main tax base, must be scrutinized and alternative ways to finance the welfare system should be considered.

Ageing as a challenge of the welfare model and preferred solutions should be reconsidered.

For additional information, please contact: Name: Eva-Maria Svensson E-mail: eva-maria.svensson@law.gu.se Website: www.aqecap.gu.se

