




## MANAGING DURING THE CRISIS: FACTORS COMING FROM INSIDE THE SOCIETY

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**Abstract:** *This study summarizes the arguments and counter-arguments within the scientific debate on the welfare state issue. After the years of development of the welfare state caused by the development of the economy in the post-war years, when social rights became a new form of property, the 1970s came a period of economic crisis. The welfare state crisis comes with the economic crisis and is criticized by both the right and left of the political spectrums. This research checks whether changes in the labor market caused by the workforce transition from the environment of production to the environment of services greatly affect individuals and families. The research subject is labor migration and an increase in employment in the service sector versus a decrease in employment in the production sector caused by the arrival of the fourth and, according to some experts, the fifth industrial revolution. Other factors that are the subject of the research and are responsible for the crisis of the welfare state are the family crisis and the population's aging. These factors individually do not threaten the functioning of the welfare state, but as a complex that creates a load in a common and synchronous time frame, they are highly dangerous for the welfare state. The main goal of this research is to point out the most serious factors coming from within a society that affects the functioning of the welfare state. The literature analysis on the welfare state, social economics, social policy, and labor migration confirmed the enormous increase in pressure on the welfare state in the last two decades. This study deals with the idea of the complete demise of the welfare state when multinational insurance companies take over its function. Another option is supplementing or replacing some parts of the welfare state with another alternative. Such an alternative is shown, for example, by the measures that were used during the C-19 pandemic in the Slovak Republic. This is mainly about the financial aid that the state distributed to entrepreneurs who were forced to suspend the operation of their businesses due to the pandemic. Such assistance had many common denominators with the Unconditional Basic Income project, which is increasingly popular in the world and is proving to be a suitable supplement to the social system and a supplement to the welfare state. The results of study could be useful both for student practice and social and scientific fields. At the end of the research, the study is dedicated to finding a solution to help the welfare state in the given situation.*

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**Introduction.** The economic development in the post-war period of the middle of the 20th century also meant a flourishing welfare state. Unemployment was low, and the generosity of the welfare system was increasing without apparent consequences for the state. Genschel (2004) stated that international trade has doubled in OECD countries since the 1970s. International bank loans increased more than eightfold. The volume of foreign direct investment and the portfolio has increased fourfold over the last decade. It was therefore generally assumed that such developments would continue. Even the oil crisis in the mid-seventies did not diminish the optimism regarding the development of the welfare state.

Furthermore, the generally shared optimism and the determination of employees and employers to contribute increasingly higher amounts to taxes and levies formed the pillars of the welfare state, which was slowly approaching its peak. New, hitherto unknown problems began to emerge from within the company. The aging process of the population, the growing fragility of the family, the transfer of employees from the industry sector to the service sector, or lower labor productivity gradually dismantle the pillars on which the welfare state stands (Keller, 2006). Adding economic migration to these facts gives a complete picture of the problems behind the welfare state crisis. If the given problems came gradually, the social system would not be threatened by any of the mentioned threats. However, these came in a short time sequence one after the other and even began to combine and create a coherent whole consisting of its individual parts, which caused increasing difficulties for the welfare state.

The given problems creating a crisis in the welfare state have a global character. However, since there are several types of the welfare state in the world, e.g., social democratic in Sweden, liberal in the United Kingdom, Estonia, Bulgaria, Hungary, and conservative – corporatist in Austria, Germany, and Poland (Saar et al., 2022), it is not possible to determine with complete accuracy under which of the given models the crisis will cause the greatest difficulties. However, the most affected are certainly those societies in which the welfare state was at a high level and which have recently been losing their status of primacy in the economy. These states are forced to respond to the domestic and international challenges they currently face and are also forced to change the policy options available to governments to maintain the current level of social welfare (Gizelis, 2005). For example, in the Nordic countries, which were defined as welfare states until recently, where universality prevailed, high decommodification, high participation in the labor market, equality, generosity in social benefits, and a high level of public service provision, which was ensured from general tax financing, is today solidarity seen as a key issue. It is mainly due to claims that such conditions degrade the ambitions of individuals who rely more on the social system than on their skills. Given the circumstances, the Nordic welfare states are no longer known for a high degree of equality in many spheres of society. They still tend to behave favorably in terms of equality in some areas (e.g., gender equality). However, they have become less pronounced in terms of economic equality, which in the past was one of the main goals of the social policy of the Nordic countries (Greve, 2022).

**Literature Review.** In academic circles, the crisis of the welfare state is starting to be talked about simultaneously with the emergence of theories about the demise of industrial society and the rise of post-industrial society (Bell 1973; Touraine, 1973; Esping-Andersen, 1999). In 1973, Daniel Bell predicted the development of a different society than was known until then. The new company was to rely on the «economy of information» and not on the «economy of goods». Bell argued that the new society does not displace the older one but rather overlays some of the earlier layers, just as an industrial society did not completely destroy the agrarian sectors of our society. Dimensions of a post-industrial society would include the spread of a knowledge class, the shift from goods to services, and the role of women. All this would depend on expanding services in the economic sector and the growing dependence on science as a means of innovation and organizing technological change. In «Production de la société». Touraine offers a summary, general overview, and analysis of historical society. For Touraine, society is not a rule-abiding organization. Every company is able to change its standards and goals, to adapt to internal and external changes. The company even creates its own guidelines. Society gives meaning in its activity and transforms meaning in its actions. According to Esping-Andersen, most analyzes believe that the emerging post-industrial society is over-determined by massive convergent forces such as tertiarization, new technologies, or globalization, which would combine to make welfare states unsustainable in the future.

His book *Social Foundations of Post-industrial Economies* brings a different, more sociological, and institutional perspective on the driving forces of economic transformation. As a result, there is post-industrial diversity rather than convergence. Macroscopic, global trends are undoubtedly powerful, but their influence is easily rivaled by domestic institutional traditions, a kind of social regime that was established several generations ago. However, the family economy, in particular, holds the key to what kind of post-industrial model will emerge and how the evolving trade-offs will be managed. Esping-Andersen's twentieth-century

economic analysis depended on a set of sociological assumptions that are now invalid. Therefore, according to Esping-Andersen, it is necessary to start with its social foundations to understand what drives today's economy.

However, the welfare state is in crisis, and some critics even call for its abolition and demise. However, such a position of the welfare state results from certain primary signs and elements. Since all three elements of the social security regime, the labor market, the family, and the state, are in crisis, it is not surprising that individual proposals for solving the crisis of the welfare state focus on solving these elements. As stated (Keller, 2006), Pierre Rosanvallon recommends radically changing the entire understanding of market work. Abandoning the changes that the family is going through and fundamentally changing its relationship to the labor market is the content of the proposal of the Danish sociologist Gosta Esping Andersen. The realization of the renaissance of state power in the conditions of a united Europe is based on the proposal of German analyst Anthony Giddens.

**Methodology and research methods.** The main goal of the contribution is to point out, based on the analysis of the current state, selected factors coming from within society and the extent of their responsibility for the crisis of the welfare state. This work analyzes the literature devoted to the issue of the welfare state, the issue of population aging, the labor market, education, and the economic migration of the population. Following the main goal, changes were discussed from selected factors' points of view.

Research methods are used in the article: induction, deduction, analysis, and synthesis of available bibliographic references. The real shift of the workforce from the manufacturing sector to the service sector in research is determined by comparing the employment status in the given sectors for the monitored period. Also, by analyzing the investigated environments, the impact of the investigated phenomenon on the crisis of the welfare state will be determined. With the help of statistical indicators from the sector of demography and social statistics, we will get closer to the reasons for the crisis of the family. Also, by analyzing the literature from the given environment, the reasons for the family crisis and the impact of this crisis on the welfare state will be pointed out. The aging of the population as a demographic phenomenon and its impact on the welfare state will also be examined with the help of statistical data and with the help of the analysis of literature from the given environment. Migration as one of the most important factors affecting the strength of the welfare state will be investigated using literature analysis.

The realization of this goal presupposes the identification and analysis of:

- shifting employment from the manufacturing sector to the service sector;
- family crisis;
- aging population;
- migration like an important factor affecting the strength of the welfare state.

**Results.** In the last quarter of the 20th century, a situation arose during an increase in job opportunities in the service labor market. These are at least partially replacing jobs in the industry, which are experiencing a decrease mainly due to the onset of the industrial revolution Industry 4.0 and the phenomena associated with it. Table 1 compares employment in the service sector with the manufacturing sector (cleaned from agriculture and construction) in selected countries according to the OECD in five-year cycles since 2000.

In the advanced economies of the western part of the world (primarily the Anglo-Saxon states), the trend of job losses in production has been confirmed. In the USA, Australia, and Great Britain itself, the number of workers in production fell by an average of 25%. For Sweden, five years less was enough for an approximate decrease of 24%, since the data in the table are only presented from 2005. However, not one of the mentioned countries recorded such a decrease as Denmark, which has had a thirty-seven percent decrease in jobs in the manufacturing sector since 2000. Germany and Austria have approximately the same decrease of 3%, the lowest of all the developed western countries included in this research. Spain (decrease of 17%) and Italy (decrease of 13%) ranked in the middle among the countries with the highest and lowest job losses in manufacturing. In selected countries from Central Europe, this trend was not confirmed, as the Slovak Republic, the Czech Republic, and Hungary increased the number of jobs in production during the reviewed period. The highest increase was achieved by Slovakia (17%), followed by the Czech Republic with 9% and the lowest number of given jobs in Hungary (3%).

All the selected countries in this research achieved increased jobs in the service sector from 2000 to 2020. The highest increase in the studied period was in Australia (51%), the second highest in Spain (49%). On the contrary, the fewest job growth was in the USA (14%) and Denmark (15%). In the context of the highest percentage decrease in jobs in the manufacturing sector, it indicates a negative tendency in the economies of these two countries. On the contrary, in the strongest economy of Europe, Germany, there is a tendency of a minimal decrease of jobs in production and an increase in services is 31.5%, which ranks Germany in third

place among the selected countries in our research. Germany is followed immediately by Slovakia (31.5%), which ranks first among the Central European countries. It is followed by Austria (28.5%), Hungary (23.6%), and the Czech Republic (16.5%).

However, the transition of economically active persons from the environment of the industry to the environment of services brings several significant changes in the labor market. The most significant change is reduced labor productivity, which causes lower incomes for service firms while maintaining roughly the same labor costs, as service workers demand the same wages as industrial workers. In this case, work productivity is mainly influenced by the time spent completing the product or the service. Keller (2006, p.27) stated an important role is played here by the personal relationship required in services, which requires a greater amount of time.

**Table 1. Employment by service and production sector (\* data is from 2005), mil.**

Country	Types	Year			Year	
		2000	2010	2000-2010 %	2020	2000-2020 %
Australia	services	6 556.0	8 361.6	27,5	9 890.6	50,8
	production	1 071	978,7	-9	865,4	-19
USA	services	104 377.6	112 969.5	7,5	119 426.0	14,4
	production	19 644,10	14 081,40	-29,40	14 549,80	-26,00
Great Britain	services	20 647,90	23 307,40	12,90	26 608,80	28,80
	production	4 057,00	2 870,20	-29,30	2 825,80	-30,40
Germany	services	23 077,20	26 610,80	15,30	30 363,20	31,50
	production	8 016,60	7 580,20	-5,50	7 759,30	-3,30
Austria	services	2 373.9	2 806.8	18,2	3 052.5	28,5
	production	754,9	612,1	-19	671,1	-11,2
Sweden	services	3 187,00	3 530,80	10,80	4 056,50	27,30
	production	664,3 *	544,8	-18	505,5	-23,9
Denmark	services	1 915.00	2 060.2	7,6	2 256.9	17,8
	production	507,5	338,1	-33,4	321,1	-37,6
Czech Republic	services	2 575,40	2 878,20	11,76	3 148,50	22,30
	production	1 281,30	1 235,90	-3,50	1 398,80	16,5
Slovak republic	services	1 179.0	1 382.5	17,3	1 540.5	30,7
	production	540,4	530	-2	633,9	17,3
Hungary	services	2 285,10	2 416,90	5,80	2 825,20	23,60
	production	932,4	776,4	-16,8	963,4	3,3
Spain	services	9 736,10	13 636,60	40,00	14 494,70	48,90
	production	2 918,40	2 405,40	-17,60	2 431.2	-16,7
Italy	services	13 186,00	15 232,80	15,50	15 951.1	21
	production	4 917,80	4 195,50	-14,70	4 290,40	-12,80

Sources: developed by the authors.

The situation is similar in education, social services, and also in the health sector, where, for example, even though work is made easier by new diagnostic devices, doctors' time remains a limiting factor. This fact is also confirmed by Bell (1973). As one of the first visionaries of the emergence of the service society, the scholar claimed that productivity in services, which is a relationship between persons rather than a relationship between man and machine, would inevitably be lower than in industry. The lower labor productivity in services compared to production could be solved in three ways. First, it is the adjustment of wages to productivity. However, such a model risks the service's demise, as a situation may arise where labor productivity for the service is so low that the wage for it would be close to zero. The opposite case is the situation where the wage for low productivity would be paid in full by the customer. However, this would lead to high service prices, ultimately leading to the demise of the given type of service, as there would be no interest in the given service due to its overpricing. Subsidies from the state are the way out of the given situation, especially in healthcare, education, and culture. However, such an alternative requires maximum tolerance and cooperation in paying taxes or levies (Esping-Andersen, 1999).

In the season, «government of industry» was a trend focused on the fact that only one family member supported the family, and the overwhelming majority were men. Their income was sufficient for the decent running of the family, and the woman could take care of the children and the household. However, the transition of the economy from the industrial sector to the service sector brought a phenomenon that was not very widespread in Western society then. The family's income began to consist of two incomes, as the incomes

that ensured the family's running began to stagnate, especially with less qualified work. Dual-income families have become a common phenomenon and are characterized by both partners' sharing of financial, domestic, and parental responsibilities (Neto et al. 2021). However, problems also began to emerge with the countless advantages of such a relationship. As each partner had their own income, the partners became individualized.

In many cases, such a situation resulted in their mutual estrangement. During this period, the family becomes just a non-binding environment from which its members come and go according to their will. Therefore, an increase in the number of marriages ending in divorce and postponing marriages until an older age has become a significant demographic phenomenon both in the world and in Slovakia. These two demographic phenomena affect not only the structure of the population according to family status but also the intensity of society's demographic reproduction, which ultimately impacts the creation of funds and their redistribution within the welfare state. According to (SODB, 2021), the share of divorced people is 8.2%, which is 0.6% more than in the previous population census. The share of single people increased slightly from 42.3% in 2011 to 44.4% in 2021. While the share of single and divorced people is increasing slightly, the share of married people has slightly decreased, from 41.0% in 2011 to 40.0% in 2021.

Table 2 shows the development of the number of divorced and unmarried residents of the Slovak Republic. We compared the year 2000 with the year 2010 and 2020. According to the Statistical Office data, the number of divorced persons in the Slovak Republic decreased by 10.5% in 2020 compared to 2000. The increase in the number of singles over the same period was 6.3%.

**Table 2. Comparison of the number of divorced and unmarried people in 2000 and 2020 in the Slovak Republic**

Slovak Republic	Year		Year	
	2000	index 2000=100	2010	2020
Total population in SR	5 402 547	index 2000=100	1,01	1,01
single together	2 299 777	index 2000=100	1,02	1,05
men	1 231 716	index 2000=100	0,98	1,06
women	1 068 061	index 2000=100	1,02	1,03
divorced together	9 273	index 2000=100	1,30	0,89
men	4 154	index 2000=100	1,30	0,96
women	5 119	index 2000=100	1,29	0,84

Sources: developed by the authors.

In the period we monitored until 2010, the divorce rate in Slovakia increased sharply. Compared to 2000, it was almost 30%. More than 55% of divorced persons are women. The consequence of such a phenomenon is the increased number of single mothers. One of the main problems of this population group is the problem of combining motherhood with work. Mothers who are sole breadwinners, although involuntarily, in most cases find themselves in a situation where they are forced to take part-time jobs or accept job offers with lower wages. Such a phenomenon brings several problems for the welfare state. First, it is an increase in aid from the state for single mothers in the form of various contributions, which take funds from the social system. On the other hand, because this group of people often does not have a full employment relationship, they do not make standard contributions to the social system.

This study compares the data with selected European Union countries (Table 3). The number of divorced persons increased compared to the Slovak Republic was confirmed only in Spain and Italy.

**Table 3. Number of divorced persons in selected countries**

Country	2000	index 2000=100	2010	2020
Czech Republic	29 704	index 2000=100	1,04	0,73
Hungary	23 987	index 2000=100	0,99	0,62
Denmark	14 381	index 2000=100	1	1,09
Sweden	21 502	index 2000=100	1,09	1,19
Germany	194 408	index 2000=100	0,96	0,74
Austria	19 552	index 2000=100	0,89	0,76
Italy	37 573	index 2000=100	1,44	1,77
Spain	37 743	index 2000=100	2,72	2,04
Great Britain	154 628	index 2000=100	0,86	...

Sources: developed by the authors on the basis of (Eurostat, 2021; 2022).

The number of divorced persons in Spain in 2010 compared to 2000 increased more than 2.5 times, in Italy – 1.5 times. On the other hand, the divorce rate decreased in Hungary, Germany, and Austria in the period we observed (years 2010 and 2020). In the other observed countries (Czech Republic, Denmark, and Sweden), the index for the years 2010 and 2020 compared to the year 2000 was around 1.0, which means minimal differences in the divorce rate of people living in the given countries in the period under review. A minor exception is the Czech Republic, where the index in 2020 compared to 2000 is 0.73 points.

The comparison of data in individual countries showed that the greatest risk of burdening the social system in the framework of support for divorced mothers, who in many cases become single mothers, is in Spain and Italy (without taking into account the second issue or the family background of the persons in question). In other studied countries, this phenomenon could still cause a certain increase in social support expenses for the given group in 2010. However, 2020 has a situation similar to 2000, and in many cases, these indicators are better than in the given year. It means that the examined countries, except for Spain and Italy, should not expect an increase in the area of assistance for single mothers from the examined point of view.

In addition to the mentioned fragility of the family, another internal problem of the welfare state arising from society is the slowing down of population growth associated with a change in the age structure resulting in the aging of the population. Population aging is an objective process. The share of the population aged 60 and over is expected to increase in almost all countries between 2015 and 2080. Population aging tends to reduce labor force participation and the savings rate, which raises concerns about a future slowdown in economic growth (Maresova et al., 2015). The slowdown in economic growth caused by the above causes puts pressure on the pension system, which has become the most critical place of social insurance.

The increase in the number of elderly persons concerning economically active persons may bring the risk of intergenerational conflicts. While an increase in pensioners is expected soon, the number of newborn children is currently decreasing in Europe (Graham, 2021). It will result in the generation of today's young people (20-30 years old) having to save in the fund system for their pension security. At the same time, their contributions will cover the payments of current pensioners. For this reason, the population mentioned above group may experience a reduction in purchasing power. Under such circumstances, the young generation, to maintain their purchasing power and a certain standard, refuses to produce children, which will be reflected in the number of future contributors to the social system.

Table 4 presents the development in the categories of the population in productive and post-productive age in the Slovak Republic in three-year intervals between 2011 and 2020.

**Table 4. Number of inhabitants of post-productive and productive age in Slovakia**

The research group	Year		% statement	Year		% statement	difference 2011–2020
	2011	2014		2017	2020		
Number of residents in the post-productive age of 65 and over.	690 662	756 879	increase by 9,5%	844 855	932 024	increase by 10,3%	increase by 35%
Number of inhabitants in the productive age of 15 - 64 years	3 881 088	3 834 289	a decrease of 1,2%	3 748 564	3 659 463	a decrease of 2,4%	a decrease of 5,7%

Sources: developed by the authors.

The increase in the population transition in the post-productive age was recorded by 9.5% between 2011 and 2014; it was more than 10% from 2017 to 2020. From 2011 to 2020, the post-productive population increased by 35%. This phenomenon will cause an increase in pension recipients and a decrease in contributors to the pension system, which is also supported by a lower birth rate, i.e., a lower number of those who should contribute to the social system in the future. According to the Slovak Statistical Office, the gross rate of natural increase per 1,000 inhabitants in 2021 is -3.10. Compared to 2011, when the gross growth rate was 1.65 newborns per 1,000 inhabitants, this is more than a 4% decrease in newborns in ten years. The direction of the given trend is not exactly the most optimistic prospect for any country with a similar development, which has problems with self-supporting production capacities.

Economic migration, one of the basic elements of the future of the welfare state in Western societies, also plays a significant role in the situation of the welfare state crisis (Skeldon, 2013). According to some authors, the influx of migrants can play a positive role. It lies mainly in the demographic level, where the influx of migrants will ensure population growth, and also in the economic field if taking into account that migrants occupy jobs that the domestic population refuses (Síbl and Sakova, 2002). From a purely utilitarian point of

view, migration is considered to be beneficial to the economy, provided that migrants gain quick access to the labor market and a high rate of employment in it. On the opposite side, some authors claim that very high numbers of migrants can represent a significant risk both from the economic and social sides. A significant fact is the composition of migrants arriving in a given country. As reported by (Razin, 2013), over the past three decades, Europe's truly generous social benefits have supported a massive increase «social migration», especially low-skilled labor. During the same period, the US attracted a large share of highly skilled migrants, strengthening its innovation advantage. While Europe has ended up with 85 percent of all unskilled migrants in developed countries over the past two decades, the US maintains an innovative edge by attracting 55 percent of the world's educated migrants. This fact is reflected in the burden on the welfare state: on the one hand, some contribute, and on the other, just draw. In the second case, there are doubts as to whether migrants can ensure the functioning of the pension pillar, if they are the ones who receive social support more often than the domestic population and at the same time occupy jobs that are doomed to disappear shortly due to automation (Keller, 2017).

State support for labor mobility of foreigners and wage growth contributes to the growing trend of the number of working foreigners. From 2013 to 2019, their number increased 6.23 times. Not only the number of employed foreigners in the Slovak Republic has changed, but there has also been a change in their structure according to their work permits and whether they are citizens of EU/EEA countries. Therefore, we cannot unequivocally confirm whether the influx of migrants benefits the welfare state. Integrating immigrants into the economy can help reduce the burden on social security. Suppose the difference in human capital between immigrants and the domestic population is not too large, and the inflow of immigrants is limited and controlled. In that case, the growth rate of such an economy will be higher than the growth rate of a closed economy (Chen, and Fang, 2011). In the case of an increase in migrants, contributions to social security and tax contributions may decrease, which may negatively affect economic growth. We can therefore claim that improving the quality of migrants in terms of work expertise is beneficial for the country's economic growth. On the other hand, demand for taxation and social security increases if immigrants are workers with low or no qualifications.

**Conclusions & Discussion.** In the first years of the millennium, the states of Western Europe were as rich as they had never been before. Their efficient economy, science, and technology were high compared to the most developed world economic powers. Although the economy grew, on the other hand, the development and support of education, healthcare, and, last but not least, the fight against poverty were forgotten. Even the events of the last 20 years, which threatened the global economy, including the financial and migration crisis and the COVID-19 pandemic, did not contribute to correcting the view on the necessity of providing and helping not only the lowest class but increasingly also the middle class. Although a fundamental branch of economics, welfare economics is not present in the discussions of economists who deal with political economy. They mainly focus on statistics and other economic issues, such as GDP growth or fiscal policy (Olier, 2014). Also, the onset of globalization is only an amplification of the basic imperative of the market economy, which consists in maximizing the profit from invested capital while forgetting the other side of the given situation, which is the constantly widening gap between the classes and the fall of members of the middle class to the lowest class. The increasingly dysfunctional social safety net is caused by the destruction of the income availability of the majority of the population, which, together with the emerging trend of population aging, started the process of a significant reduction of the social model of the economy (Stanek et al., 2018). The stated causes are the trigger of the crisis of the welfare state and are directly related to the factors examined in this article.

The first factor causing the crisis of the welfare state from within society is the transfer of employment from the environment of production to the environment of services. This phenomenon occurs in a situation where the production sector does not provide a sufficient amount of work. The outflow of work causes it to countries with cheaper labor or the onset of automation, robotization and cyberization of production processes at the very moment when maximum labor productivity is achieved in the given sector. The data in the OECD database showed a labor shift from the manufacturing sector to the service sector from 2000 to 2020. The disadvantage of this phenomenon from an economic point of view is the lower productivity of work in the service sector. It ultimately reduces taxes and levies from which the funds necessary for the functioning of the welfare state are diverted.

Another factor that we examined in our article is the family crisis. According to the Statistical Office of the Slovak Republic, the divorce rate has been increasing over the last twenty years. The number of single individuals has been increasing. It means that in the case of divorce, this creates an incomplete family, where there are situations where single women, in many cases with one or more children, are forced to accept a work

contract with a lower wage rate or a contract for shorter working hours. That is a group of people with minimal or zero contributions to the social system and minimal taxpayers.

On the other hand, these people are the most frequent recipients of contributions from the social package. The biggest risk resulting from the above is the life of the given group at the poverty line and below this line. In the case of unmarried individuals, in many cases, these are people living in a free relationship who resist starting a family due to the loss of comfort and the set standard of living. The contribution of the given group of people to the welfare state is minimal. On the one hand, this is a group with a higher level of levies and taxes, as the income of the given group members is above standard. On the other hand, this group hinders demographic development in the country where it lives, as it is unwilling to take care of population reproduction. However, such individuals are the most frequent supporters of private pension funds and private insurance companies, as they can afford above-standard contributions to the mentioned institutions from their income.

The third factor whose influence on the crisis of the welfare state we examined in our work by comparing the number of inhabitants in productive and post-productive age in the Slovak Republic is the aging of the population. The findings from the literature analysis were confirmed. The aging of the population was identified as one of the main causes of the welfare state crisis. It greatly burdens the budget of the given state. The sudden transition of the solid post-war generation and the inadequate replenishment of the later population creates a problem with the amount of drawing and the amount of contributing funds to and from the social system. To reduce the pressure resulting from the given situation, some measures of European and non-European governments should help. The first measure is an increase in the retirement age. According to data from the Social insurance company in the Slovak Republic, e.g., men born between 1946 and 1954 have a set retirement age of 62. For younger generations, the number of years at retirement increases, and, e.g., those born in 1966 and younger have a set retirement age of 64. It depends on the number of children raised by women, but on average, it is 1.5 years less than for men born in 1953 and younger. Another measure introduced in the recent past is individual saving for pension payments in pension management companies through selected pension funds. However, the problem with these measures is that the financing of the welfare state remains with the citizens, and more and more business entities stop participating in its co-financing. Keller (2006) mentions three main ways that confirm the given statement.

The first way is the partial and, in many cases, complete exemption of business income from paying taxes in the category of the highest incomes, which are favored by various tax breaks, e.g., straight income tax. The second way is the reduction of ancillary wage costs, mainly in the form of a reduction in employers' contributions to compulsory workers' insurance. The third way, which we have already outlined, is the increasing pressure to increase the role of private insurance, thanks to which the financing of social claims does not have to come from the taxes of the rich and not from employers' profits.

The last investigated factor in this work using the analysis of professional literature is economic migration. It is closely connected with political migration or labor migration. However, we focused on the impact of migration on the welfare state. The findings showed that, on the one hand, migration helps the host country in the way that migrants fill jobs that domestic workers are not willing to fill. The disadvantage of such an approach is that the given jobs are low-skilled, which often results in part-time work, and often these are jobs that will disappear in a short time under the influence of the Industry 4.0 concept. Another disadvantage of migration is that migrants come from countries where, due to the influence of culture and religious traditions, a large family is customary, which, together with the impact of unemployment of migrants, is another problem for the welfare state.

The above shows that the welfare state is under enormous pressure in the given situation. On the one hand, there are pressures to limit, requalify, or even cancel it. On the other hand, more and more people depend on it for help. It is because, on the one hand, the largest group of contributors (members of the middle class) is getting poorer, which causes a decrease in the funds from which social security is financed. On the other hand, those who have enough financial resources and should participate in creating a rescue social network, which is taken as a prevention against the emergence of meat poverty (Masarova et al., 2015), do not act in this way.

On the contrary, they try in every possible way to avoid participation in this process. Suppose the investigated factors came all at once in a short time and greatly burdened the welfare state. In that case, it could be agreed with the statement that, on the economic level, the serious problems of the welfare state are primarily caused by the fact that the demand for social security increasingly exceeds the possibilities in even and advanced economies (Keller, 2009). Therefore, it is questionable whether the welfare states will be able to constantly change and adapt to meet the demands of the contributors and whether the richer classes will be willing to contribute to the welfare state and participate in the given process through cooperation in order to



maintain social peace. Or is it necessary to transform the welfare state, for example, to the state several hundred years ago, when social security was only in the form of minimal social assistance through church or secular associations? Another option is to replace the institution of the welfare state with something new.

During the crisis caused by the Covid-19 pandemic, various support contributions were provided for entrepreneurs, employers, and employees. New tools became available to maintain employment. Also, the possibility of supplementing or even replacing the welfare state with an Unconditional Basic Income or a Negative Tax is currently being investigated in scientific circles and in some cities or states. So far, only selected groups of the population and residents of countries have agreed to projects from the given environment. Perhaps this is an opportunity to help the welfare state, supplement it, or completely replace it with something new and more progressive.

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Авторами зазначено, що післявоєнні роки соціальна політика виступила тригером збільшення добробуту країн, яка була спрямована, у першу чергу, на задоволення інтересів і потреб населення.

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#### **Управління добробутом країни під час кризи: соціальні фактори**

Це дослідження узагальнює аргументи та контраргументи в рамках наукової дискусії з питань управління добробутом країни. Авторами зазначено, що післявоєнні роки соціальна політика виступила тригером збільшення добробуту країн, яка була спрямована, у першу чергу, на задоволення інтересів і потреб населення. Однак, економічна криза у 1970-х роках призвела до значного зниження добробуту держав, що спровокувало критику ефективності соціальної політики, як важливого елементу економічної стратегії державотворення. У рамках даного дослідження проаналізовано яким чином зміни на ринку праці, викликані перетоками робочої сили із середовища виробництва в середовище послуг, вплинули на рівень добробуту країн. Об'єктом дослідження обрано країни-члени Організації економічного співробітництва та розвитку. Предметом дослідження є методологічні засади та науково-методичний інструментарій забезпечення добробуту країн з урахуванням впливу трудової міграції, збільшення зайнятості у сфері послуг на протидію її зменшенню у виробничому секторі, спричинене четвертою, а на думку деяких експертів, п'ятою промисловою революціями. Основною метою дослідження є визначення внутрішніх соціальних факторів, що мають найбільший вплив на рівень добробуту країн. Визначено, що криза сім'ї та старіння населення не мають прямого впливу на рівень добробуту країн, але в сукупності з іншими соціальними факторами створюють додаткове негативне навантаження на неї. Емпіричні результати дослідження засвідчили, що відтік робочої сили з виробничого сектора в сферу послуг з 2000 по 2020 рік сприяло зниженню загальної продуктивності праці в досліджуваних країнах. Це призвело до зменшення обсягів бюджетного фінансування (за рахунок податкової системи) необхідних для забезпечення добробуту держав. Результати дослідження мають практичне значення та можуть бути корисними як в освітньому процесі, так і в громадській та науковій сферах.

**Ключові слова:** економічна міграція, криза сім'ї, старіння населення, соціальна держава.