

# INTERACTION OF ECONOMIC AND DEMOGRAPHIC PHENOMENA UNDER GLOBALIZATION

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**Abstract:** *in its progressive motion economic development presupposes availability of labor resources, high level of culture and training, i. e. the factors which are the strategic goals of population policy, the policy of labor resources, education, etc.*

*The criterion of optimal population growth, in our view, can be considered in terms of the number of projected jobs, and also direct or inverse relationship between the rate of population growth and per capita income.*

*In the study of the demographic and economic processes interaction one of the urgent tasks is the ratio of production and consumption of different generations depending to a large extent on the age structure of the population.*

*The consequence of the evolution of the Azerbaijan population age structure is the able-bodied population aging. Falling birthrate creates labor deficit on the future. At present there is unemployment in Azerbaijan under transition period.*

**Keywords:** *demography, globalization, population, labor resources, population policy, economic development.*

## ВЗАИМОДЕЙСТВИЕ ЭКОНОМИЧЕСКИХ И ДЕМОГРАФИЧЕСКИХ ЯВЛЕНИЙ В УСЛОВИЯХ ГЛОБАЛИЗАЦИИ

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**Аннотация:** *в своем поступательном движении экономическое развитие предполагает наличие трудовых ресурсов, высокий уровень культуры и подготовки, т.е. факторы, которые являются стратегическими целями демографической политики, политики трудовых ресурсов, образования и т.д.*

*Критерий оптимального роста населения, на наш взгляд, можно рассматривать с точки зрения количества прогнозируемых рабочих мест, а также прямой или обратной зависимости между темпами роста населения и доходом на душу населения.*

*При изучении взаимодействия демографических и экономических процессов одной из актуальных задач является соотношение производства и потребления разных поколений, что в значительной степени зависит от возрастной структуры населения.*

*Следствием эволюции возрастной структуры населения Азербайджана является старение трудоспособного населения. Падение рождаемости создает дефицит рабочей силы в будущем. В настоящее время в Азербайджане в переходный период наблюдается безработица.*

**Ключевые слова:** *демография, глобализация, народонаселение, трудовые ресурсы, демографическая политика, экономическое развитие.*

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The man is a determining factor in the socio-economic progress and it is an initial precondition for investigating the population problems. Therefore, the general policy of the state and its purpose are in guaranteeing the well-being of people and their all-round development.

The necessity to combine different aspects of the state policy in a single development strategy arises from the very nature of progressive motion of the democratic society.

Material and financial resources, provided by means of appropriate economic policy, are necessary for the implementation of active demographic processes.

In its progressive motion economic development presupposes availability of labor resources, high level of culture and training, i. e. the factors which are the strategic goals of population policy, the policy of labor resources, education, etc.

Changes in population number and age structure, sex, education level, occupation, etc., are elements that have decisive influence on the level and paces of socio-economic transformation. In turn, the dynamics of economic development stipulates the factors of population growth. Thereby, the realization of various socio-economic development programs includes measures affecting the dynamics of population and having the purpose to achieve the structure, the most favored economic and social progress. Population policies, in turn, should strive to create

more optimal proportions among the people, natural resources, the production of consumer goods and services, to establish a balance between opportunity and economic reality.

Demographic processes have decisive impact on economic processes and the scientists try to find this connection in the category of the population optimum, which is determined by comparing the population size with available resources. It means that if the population size is higher than optimal, the available labor force is used not completely, per capita income is reduced, there is overcrowding.

The criterion of optimal population growth, in our view, can be considered in terms of the number of projected jobs, and also direct or inverse relationship between the rate of population growth and per capita income.

The distribution of population by sex also affects the level of production, since there are economic sectors where male or female labor is preferable.

The age structure of population has material effect on the volume and the structure of consumption. The youth makes more demands of modern clothes and consumer durables. There are specific features in the structure of consumption in those middle-aged and older. According to surveys conducted by Hungarian economists concerning to the age-specific differences in the volume of consumption, it turns out that when taking the average consumption per person of 100%, the level of consumption aged 15 to 19 years will amount to 99%, from 25 to 29 years – 138%, aged 50 to 64 – 109% and 65-69 years – 98%.

In the study of the demographic and economic processes interaction one of the urgent tasks is the ratio of production and consumption of different generations depending to a large extent on the age structure of the population. Other things being equal, the larger the population of young and middle age the more considerable excess of production is over consumption, i. e. the fund which is disposable to the company for its further development.

Increase in the total size of older population and decrease in the youth part indicate the characteristic process of the age structure evolution in many countries. This process is rather appreciable because it shows economic and social consequences.

First of all the consequences of aging population are related to changes in the ratio of able-bodied and disabled population, of consumers and producers, the economic load's increase on the employed population. Population aging leads to changes in the structure of able-bodied population, which also results in certain results both economically and social.

As against Western European countries there is rather a low rate of able-bodied population's aging in Azerbaijan. However, in consideration of the peculiarity of the population aging if the birth rate continues to reduce in the future, the speed of able-bodied population aging can probably increase. As a result of health development and improvement of living standards the mortality reduction at older ages will increase the speed of able-bodied population aging.

The aging of the employed population entails a number of serious socio-economic sequels. The rapid development of scientific and technological progress requires systematic training and retraining of a large number of specialists.

The development of new industries, building-up new economic centers requires a constant change of specialists, and they are committed mostly by people under the age of 30 years, because they are more mobile and easier to adapt. First of all, the able-bodied population aging lowers the employed population's spatial and professional mobility. This causes certain difficulties in adapting the current economic structure, including human resources, to changing conditions and the requirements of scientific and technological progress.

The old population inherently is very heterogeneous. It partly consists of persons who continue to work despite their age, and society should provide them with jobs based on their physical condition, i. e., in some cases with milder working conditions, shorter working day, etc. Another part of the older people with health problems needs constant medical care and services adapted to their age and diseases. It requires training of specialists-gerontologists, creating a special network of health care – hospitals, nursing homes, etc., and greater consideration of the specific services of these age groups in planning the development of health care network.

There are many effects related to the change in the population age-structure, they are not fully studied, because of not showing their worth. However, society begins to feel some effects of people aging. First of all, it is necessary to highlight some of the demographic and economic consequences among them.

As a result of the population age structure evolution the number of births reduces and the number of deaths increases. The changes in the population age structure in the direction of its aging leads to reproductive population aging, i. e. the population that is directly involved in the reproduction. At the same time amidst the total number of women aged 15-45 years the share of older women, accounting for the minimum number of births, expands. The higher the proportion of older people the lower birth rates in the general population. On the other hand, the presence of the high proportion of people, exposed to greater risk of dying because of the organism's natural characteristics, leads to the fact that all things being equal in this population the magnitude of mortality coefficients grows or stabilizes at the same level (1960 – 6,7; 1970 - 6,7; 7,0 - 1980; 1990 - 6,1; 5,8 - 2015). This fact ultimately brings to the reduction in the rate of natural increase (1960- 95.9; 1970- 22.5; 1980-18.2; 1990 -20.2; 2015-11.6). It is known that women survivorship is much higher than men's, and this is one of the reasons why the number of elderly and old women outnumbers men's. The average life for 2015 is as follows: men - 63.2 years, women - 70 years. Thus, the difference in women survivorship increases with age growth, and raising the male age mortality in our country

creates greater imbalance in the distribution by sex of older people. The number of older single women in the population grows, which leads to a variety of social impacts in the society.

Thereby, the increase of the persons share who are older than 65 years (6% 1970; 2015- 6.4%) in the population's age structure reduces the speed of population growth, creates gender imbalances in the elderly population distribution.

In the society, the increase in older people number leads to a kind of economic and social consequences. One of the major changes in the ratio of the older, young and able-bodied number expands the load of the working-age population, who also supports the persons not engaged in production, but able-bodied.

The ratio of the older people's number to total able-bodied population is conventionally called the burden factor by elderly and old people.

Similarly, the load factor by children and the total index (children, the elderly and old people together) are calculated.

The load factor by children (2015 – 33%), by elderly (2015, 9.2%) and so the total index (2015 -42.1%) grows according to changes in the population age structure.

The concrete expenditures for the maintenance of a disabled part of the population depends not only on the able-bodied and disabled people number ratio, but also on the productivity of labor, the standards of consumption by children and the elderly, the level of unemployment. However, the cost of maintenance of children, elderly and older people varies considerably. According to many experts, the cost of maintaining older people exceeds the cost of the children's one because the family spends the main running costs for the children; but the old people's maintenance expenses are mostly paid by the state. The consequence of the evolution of the Azerbaijan population age structure is the able-bodied population aging. Falling birthrate creates labor deficit on the future. At present there is unemployment in Azerbaijan under transition period. As we know, in the country the level of official unemployment is low; it's 5% of the economically active population. However, from year to year increases the number of unemployed, recognized by the state statistics bodies.

Each generation (cohort) of people has a period in life cycle, when people prepare to work, acquire the appropriate skills, and the more level of their education i.e. their qualitative composition the higher they are. Since the beginning of labor activity period, each person begins to produce necessary products; their volume outstrips the consumption level more and more with time. After leaving to rest, a person lives at the society's expense, but in fact at the expense of their savings in the past. Here one of the challenges is to determine the volume of "savings" of this kind from different generations, the impact on the value of the population's age staff, its qualitative characteristics such as an educational level, a professional structure.

The change in intensity of age-specific mortality rates affects the economy through the changes in age-sex composition of the population. While it's reducing the population's lifetime increases including those able-bodied. Measures taken to reduce mortality and increase lifetime of able-bodied people have particular importance. Other demographic structures significantly affect the development of the economy. The family staff of the population influences the magnitude of the durable goods' consumption. The families with different staff have different requirements for housing stock structure, small families and childless families are more mobile, and they have been demand for different types of services, and use their free time more extensively.

The educational level of the population pays great attention to the rates of economic development, the higher education of the employed population in the average, so, *ceteris paribus*, the higher labor productivity. Much attention also has population's allocation at the territory. Shortage of labor resources in one part of the country or their overage in another part can lead to irrational use of society resources, slowing down the economy development. Economic reproduction consists of a number of interrelated elements of production, distribution, exchange and consumption (private and industrial). Each of these stages is a complex and specific phenomenon and it is in certain relationship with all other social processes, including demographic. Of course, taking into account the specificity of the social system "demographic interaction" can be carefully studied. At the same time, it is necessary to investigate separately the relationship of population and industry, population and assessment of produced wealth, population and consumption. It is clear that each of these problems is a big and special theme. Therefore, we confine ourselves by discussing these relationships in general terms, mostly in relation to the population and production, population and consumption, where the economic and demographic bonds are more obvious.

Changing demographic processes acts upon the economy, including manufacturing, primarily through changes in the quantity and quality of labor resources. Effectively functioning economy, taking into consideration labor productivity and the structure of social production growth, needs only in a certain amount of work force with different qualifications. Consequently, the possibility of using the existing resources of manpower depends on the production requirements in different categories of the labor force and the availability of workforce groups, which can do various kinds of work according to their physical, educational and professional data.

Under the influence of scientific and technological progress quality requirements to the educational level, terms of mastering a new technique or a profession, etc., and the number of population and labor force change all the time. The growth of people's educational level, increase in the duration of the study period has the same effect on the total number of potential labor resources. It should be mentioned here that, although the structure of staff training varies temporally faster than the demographic structure, but it can keep up with scientific and technological progress requirements. The medium term of professional knowledge's "moral" amortization with a tendency to decrease is about 5-8 years. The society, which does not have the sufficient number of young people, as already noted, can

therefore meet some difficulties in its development even if in the other conditions. Many other demographic structures affect the quantity and the structure of social production.

The community consciously adjusts the distribution of produced products for the benefit of certain age groups and some other population groups. These groups are mainly children and the elderly, the disabled workers and veterans, etc. A number of benefits are set for these groups especially through the system of the various funds. That is why, the change of all structures leads to the modification in national income distribution structure. Considering that the birth rate in our country has definite national characteristics, the alteration in national composition of population to some extent influences the dispensation of the country products. In general, we can say that the age and sex and all other population structure significantly have an impact on the structure of produced goods' distribution.

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