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## SOCIAL STATE AS A STRATIFICATION SYSTEM OF SUSTAINABLE AND INCLUSIVE GROWTH

**Abstract.** *The purpose of the EU is to enable citizens to enhance their prosperity, solidarity and security in an era of globalisation. This can be achieved through the Common Reference Framework and a common understanding of the probable impact of the big social challenges we face. The welfare state is thus an important part of the modern world; and then an own perception of changes in social policy depends on preferable interpretation of current conditions. A social phenomenon exceeds the dimension by metamorphic development. Globalisation and subsequently the economic recession have brought an extremely problematic symptoms and consequences. On the one hand, globalisation liberates from the dictation of scarce resources generates growth and wealth. On the other hand, it deepens inequality, the dehumanization of economy, alienation from nature, and also poverty. It leads to no solidarity and «undermines the legs of social state». It unbalances the categories as state, market, labour, capital, social security and flexibility, competitiveness and solidarity. **Conclusion.** Even though liberalism has destabilised the pillars of social state, it has never destroyed them. The application of liberalism could not eliminate social state. Social state as a whole needs to be built on minimum 3 logical structures: institutional logic (versus contractual one); the logic of socialisation of wealth and income generation (versus the logic of their competitive and privatisation determination); the logic of a higher social quality of life (versus the logic of risk). There is a social convergence with minimal values needed in the EU as prevention of social damping/life minimum, health services, pensions/and maximum values for the economy to be competitive. It is necessary to maintain the social dimension at current decisive changes in the EU, i.e. social standards respected in the Euro zone, definition of social objectives, coordination of social reforms, macro-economic coordination also considering social indicators, developed social dialogue in the upcoming period.*

**Keywords:** social state; social security; social systems; labour market; solidarity.

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### **СОЦІАЛЬНА ДЕРЖАВА ЯК БАГАТОРІВНЕВА СИСТЕМА СТАЛОГО ТА ІНКЛЮЗИВНОГО ЗРОСТАННЯ**

**Анотація.** Мета Європейського Союзу полягає у формуванні умов для підвищення добробуту його громадян, зміцнення їх солідарності та безпеки в епоху глобалізації. Досягнення цієї мети можливе шляхом створення спільних соціальних стандартів і загального розуміння ймовірного впливу масштабних соціальних проблем, з якими стикається європейська спільнота. Тому соціальна держава (держава загального добробуту) як важлива складова сучасного світу має оновлювати свою соціальну політику, адекватно реагуючи на зміни умов розвитку.

Нинішні соціальні феномени потребують метаморфози моделі зростання. Глобалізація та подальший економічний спад призвели до вкрай проблемних ефектів і наслідків. З одного боку, людина звільняється від диктату дефіцитних ресурсів, необхідних для забезпечення зростання та багатства. Але з другого боку, поглиблюється нерівність, відбуваються економічна дегуманізація та відчуження від природи, розширюється зона бідності. Відтак посилюється де-солідаризація, підриваються устої соціальної держави, виникає дисбаланс між такими категоріями, як держава, ринок праці, капітал, соціальна безпека, гнучкість, конкурентоспроможність, солідарність.

У статті доводиться, що економічна лібералізація хоч і призвела до дестабілізації основ соціальної держави, проте не змогла знищити її. Соціальна держава як цілісна система повинна будуватися щонайменше на трьох логічних структурах, а саме: інституційна логіка (а не контрактна); логіка соціалізації багатства і створення доходу (на відміну від їхньої конкурентної та приватної детермінації); логіка високої соціальної якості життя (на протиположності логіці ризику). Ми виявили соціальну конвергенцію між мінімальними соціальними цінностями, яких потребує ЄС (гарантування прожиткового мінімуму, медичного та пенсійного забезпечення) – з одного боку, та максимальним рівнем конкурентоспроможності економіки – з другого боку. Важливо зберегти соціальний вимір у процесі реалізації нинішніх вирішальних змін у ЄС, який виявляється в повазі до соціальних стандартів, орієнтації на соціальні цілі, координації соціальних реформ, макроекономічному балансі з урахуванням соціальних індикаторів, розвитку соціального діалогу.

**Ключові слова:** соціальна держава, соціальне забезпечення, соціальні системи, ринок праці, солідарність.

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### **СОЦИАЛЬНОЕ ГОСУДАРСТВО КАК СИСТЕМА ПОДДЕРЖКИ УСТОЙЧИВОГО И ИНКЛЮЗИВНОГО РОСТА**

**Аннотация.** Цель Европейского Союза состоит в формировании условий для повышения благосостояния его граждан, укрепления их солидарности и безопасности в эпоху глобализации. Достижение этой цели возможно путем создания общих социальных стандартов и единого понимания масштабных социальных проблем, с которыми сталкивается европейское сообщество. Поэтому социальное государство (государство всеобщего благосостояния) как важная составляющая современного мира должно обновлять свою социальную политику, адекватно реагируя на изменения условий развития.

Нынешние социальные феномены нуждаются в метаморфозе модели роста. Глобализация и дальнейший экономический спад привели к проблемным эффектам и следствиям. С одной стороны, человек освобождается от диктата дефицитных ресурсов, необходимых для обеспечения роста и богатства. Но с другой стороны, углубляется неравен-

ство, происходят экономическая дегуманизация и отчуждение от природы, расширяется зона бедности. В результате усиливается десолидаризация, подрываются устои социального государства, возникает дисбаланс между такими категориями, как государство, рынок труда, капитал, социальная безопасность, гибкость, конкурентоспособность, солидарность.

В статье показано, что экономическая либерализация хоть и привела к дестабилизации основ социального государства, но, тем не менее, не смогла уничтожить ее. Социальное государство как целостная система должна строиться, по меньшей мере, на трех логических структурах, а именно: институциональной (а не контрактной) логике; логике социализации богатства и создания дохода (в отличие от их конкурентной и частной детерминации); логике высокого социального качества жизни (в противоположность логике риска). Мы обнаружили социальную конвергенцию между минимальными социальными ценностями, которых требует ЕС (гарантирование прожиточного минимума, медицинского и пенсионного обеспечения) – с одной стороны, и максимальным уровнем конкурентоспособности экономики – с другой стороны. Важно сохранить социальное измерение в процессе реализации нынешних решающих изменений в ЕС, которое проявляется в уважении к социальным стандартам, ориентации на социальные цели, координации социальных реформ, макроэкономическом балансе с учетом социальных индикаторов, развитии социального диалога.

**Ключевые слова:** социальное государство, социальное обеспечение, социальные системы, рынок труда, солидарность.

**Introduction.** Social and market model with the help of the social state concept created hand in hand with Christian and social parties after the 2nd World War wanted to connect the motto of the French Revolution – liberty, equality, fraternity (solidarity) into a relatively harmonic whole. The model has undergone various changes and modifications within historical development (in various national forms). Social and market economy could be effectively regulated, particularly within individual national states, until the beginning of globalisation. Globalisation lead to new inequalities, which were significantly reduced in many countries within relatively well-regulated capitalism in national states and with the help of social state. Capital hardly got out of national control, and it could export inequalities and various pathological phenomena (damage to environment outside the borders). Globalisation at the same time initiated fast economic growth in several countries, however often by means of tools (corruption, tax dumping, low salaries, breach of the Labour Code, etc.), which do not belong in the present times. Neoliberal trends used economic pressure to restrict social state in developed countries based on a thesis that it makes countries less competitive and leads to the policy of debt. Washington Consensus became an ideological protection of so called invisible market hand and free trade in the global extent. Social state ideologists also have to «globalize» in overcoming the economic crisis by means of coordinated enforcement of global regulation of markets and financial capital, and gradually enforce global social benefits, which led to political and economic stability in Europe for decades. A solidary social and economic model in the globalized era will be effectively enforced under the condition that it will be enforced transnationally.

The European Union is more and more united and reinforced due to the effects of economic crisis. The position of Euro zone is gradually stabilising. The ability of the European Commission to affect national budgets is increasing. The Euro zone moved on the way towards a greater integration through the agreement on unified banking supervision. It is a positive moment mainly for financial markets stability. Trust of financial markets in euro has strengthened.

**Brief Literature Overview.** Social state is a stratification system (it actively manages social relations); we can comparatively and historically determine alternative stratification systems, which are basically a social state (Coleman, 1998 [1]; Delors & Dolle, 2009 [2]). European social states have common values: freedom, labour, democracy, participation and subsidiarity. Prof. Peacock (1996) states that an objective of social state is to teach people how to cope without it. Prof. Thonese (1996) claims that social state is a type of society where government takes responsibility for economic, social and political prosperity of its citizens. Liberally oriented Wilensky H. L. (1975) [12] claims that the basis of social state is governmental protection of a minimum level of income, nourishment, health, housing and education for each citizen as a political right, not as a provision of a beneficent allowance. Social models enforced in present EU are based on the same key principles defined in 1957 Treaty of Rome of the EEC, 1961 European Social Charter, 1989 Charter of Fundamental Rights of Workers,

2000 European Social Agenda, 2000 Charter of Fundamental Rights of EU Citizens, 2020 Europe Strategy and other documents of the European Commission.

**Purpose.** Objective of this paper is to characterise the latest approaches to the task of «social state» and selected social protection systems with regard to the ongoing process of globalisation and economic crisis.

### 1. European integration at historic crossroads

EU social states, whose inhabitants represent developed society, seek to create political and administrative; social and economic; and social and cultural system able to enhance public well-being of citizens, the quality of life, order, safety and general satisfaction within intelligent, inclusive and sustainable growth, while not only concerning economic and social imperative but also ethical truth. Development of economy and society is significantly influenced by demographic development, globalisation and social cohesion possibilities. Development of EU social systems has several dimensions. We particularly mean dynamic and complex challenges of future development of economies and societies, development perceived from the viewpoint of needs of the life of an individual (human dimension) and development from the viewpoint of social, all-societal dimension (social dimension). The European Union is based, besides economic interests and political and legal responsibilities, on the approval of people. It is an alliance of democratic states and a democratic union of citizens at the same time. The EU is a certain tool of fulfilment of aspirations of people. However, it seems that the EU is mainly a project of political elites. Social state endangerment is particularly related to external conditions created by globalisation, economic crisis, policies of national governments, insufficient integration, which disables full release of the potential of common market and creation of an effective regulation of economic life at the level of whole union.

The development of European integration includes several essential crossroads. The Union cannot work effectively under its present structure. Economic competition from China and India, new global threats caused by incredible differentiation of citizens and great poverty (Yemen, Tunisia, Egypt), environmental problems, disrespect of human rights, pressure of global recession – those are all factors to which European integration enhancement is a rational response. The crisis of the last decades is mainly reflected in conflicts between increasing financial demands, large debts of social protection systems and global recession resulting in a loss of sources.

We can discuss:

1. Cost crisis.
2. Effectiveness crisis (administrative cumbersome, in transparency and ineffectiveness).
3. Legitimacy crisis (preference of certain classes, which means that state is unfair).

The issues of social state reconceptualisation related to the building of European social policy also enter the crisis. Created value system is pluralistic, however often conflictive and incon-

gruent. Systemic changes require changes in behaviour values. Value instability, unlimited individualisation and desolidarisation have led to disintegration of identities and the feeling of alienation. All richness created by people in the culture of social relations has been reduced to money. Social state is a stratification system (it actively manages social relations). We can comparatively and historically determine alternative stratification systems, which are basically a social state. European social models have common values: freedom, labour, democracy, participation and subsidiarity. Present value orientation can be divided into several spheres: orientation to happiness, family, health, success, wealth and social status. Another sphere includes mental values, a relationship to life, and finally privacy and active life with friends. Symbiosis of family and social values is disturbed. It is necessary to build upon Jew and Christian, Greek and Roman traditions, humanism, ethical truth, adding eternity, education, culturalism and refusal of extremism. After the entry of SR into the EU, a change towards national awareness enhancement needs to be more resolutely reflected in supra-regional and European dimensions. European social models are examined in the context of internationalisation of economy. Situation differs in the USA, where a combination of economic growth, employment and small state interference into social policy seem to be mitigating economic and social burden of internationalisation. Globalisation, global recession and ageing represent challenges for the states of the world. It practically means a rise in social expenses. Structural differences between European social models and the USA will probably remain. New development of social state could however become a principle of a balance between the market economy necessity and social needs. A resolution to establish social state was expressed in Slovakia after the election. The question is what markets will think about the financial ability of such state. Financial ability of a social state is dependent on many factors, particularly the extent of economic growth, employment or unemployment levels, salary height, taxation system, etc.

## 2. Globalisation and functioning of social states

If functioning of social states is to cover the present as well as future requirements, we need to find theoretical and practical changes in joining the redistribution objectives and understanding of how to interconnect material and cultural necessities. Social exclusion is considered to be a consequence of the social solidarity system failure in the EU. In examining the exclusion and emphasizing the need of inclusion, time and social capital deserve attention. Implemented tools of social justice protection (redistribution of income and expenses, growth and expansion of public sphere, rise in expenses) need to get further from the centre of our attention, and policies approaching life story as a whole and enabling individuals to handle a period of low income need to be enforced, as most of us experience it occasionally. The market seems to be unable to build social capital, on which social integration depends. The theory of self-regulating markets has never been scientifically proved and we have reached an edge of neoliberal vision of financial markets. Social development and human development are considered to be complementary aspects of development (an individual is a part of society). Social development has to observe human development objectives at the same time (democratic society has to observe interests of independence and freedom of individuals). The member states basically act as independent and equal subjects in the social sphere, with only a part of their competences shared with the EU; they share common values and they decided to act together towards agreed social objectives.

Cultural diversity and social state weakening seems to be a dangerous mixture. Free multicultural society cannot coexist with neoliberal views on state functioning. The purpose of the EU is to enable the citizens of Europe to enhance the extent of their prosperity, solidarity and safety in the era of globalisation. That cannot be achieved without a common reference framework and without a common understanding of a probable impact of great social changes we face. The European Parliament adopted a social inclusion programme for 2007-2013. It deals with five issues:

1. Employment.
2. Social protection and inclusion.
3. Working conditions.
4. Antidiscrimination.
5. Gender diversity and equality.

The main reason of globalisation threats results from a discrepancy between a rising need of monopoly regulation on one hand and boundless liberalisation on the other; similarly a discrepancy between the need of adequate temporary protection of economic emancipation of less developed economies and adopted procedure of the world trade liberalisation, supporting developed economies. The EU is a political project and a question of the future is whether it will follow the economic liberal model, where the European institutions give up a possibility to interfere with the economic sphere functioning, or the European integration will be used to strengthen social functions, which individual states cannot carry out effectively anymore. The EU social model in operation needs to be thought out and managed institutionally. Social state is a necessary condition of the existence of democracy and open society, and a necessary condition of social peace. Implemented social policy is to contribute to economic growth, social conflicts elimination in the meaning of social justice. Revealing insufficiencies and social injustice, it should lead social development in the democratic direction towards emancipation, freedom, justice, inclusion and cohesion. Global risks destroy order set by neo-liberalism. Global risks support states and civil and legal movements, as they put forwards new sources of legitimacy and new behaviour possibilities. On the other hand, they weaken capital, as many investment decisions create inoverlookable and life-threatening risks already today. Neoliberals support a need to force a regulation corset to globally operating financial capital. Europe cannot recover from the crisis without a change of logic in the approach to its solution. Euro will be saved by economic government and the European budget for growth, as deepened integration (federalism) is a way how to maintain a standard of living. Present inability of the Euro zone to eliminate the crisis causes unexpected political events in the most indebted states, increasing the risk of development sustainability. Tension on financial markets and its impact on financing slowed the economic growth speed. A cure for debt crisis is economic growth acceleration in developed economies. 2012 appears as a breakthrough in the crisis solution. Previously adopted Europe 2020 strategy with its key priorities – innovations, green growth, education, employment and poverty restriction, and present cornerstone of the fiscal union – agreement of states on deeper integration, cooperation and harmonisation in other spheres, inclusion of community institutions mean that the EU is starting a way of political integration with a democratic, transparent and effective federation at the end. Experience with globalisation and ongoing economic recession leads us to building a social dimension of sustainable development. The dynamics of technical, technological and communication changes, internationalisation and integration of relationships and mutual dependence require a quality social environment and a high quality of human and social capital in it. There is nowadays no general consensus on a single definition of social capital in literature. We favour a view (which will need further elaboration) that it is a set of social relations and social networks, adopted social changes and social institutions which enable to reach set objectives based on trust, tolerance, solidarity and cohesion. We will examine exacerbated relations in the following pair categories: market – state, labour – capital, solidarity – competitiveness, social safety – flexibility, rights – duties. Globalisation has caused civilisational, cultural and value conflicts, which represents a risk for the future. Globalisation has to be able to define common value systems, however, it cannot force a value system of one part of the world to another one with different historical, cultural and religious developments and different ethical bases. We need to work on a room for value categories corresponding to traditions and development of national culture while maintaining variety. Individual social models are included, particularly from the viewpoint of their geographical position, into: British, Scandinavian, Continental, Mediterranean and Eastern-



European groups. Besides geographical relatedness, individual models are mainly connected by similarities in the logic of their functioning. Various authors have created various typologies of national social systems and determined their common features and differences. Therefore, there are typologies according to various criteria identified in literature as well as in practice (Titunus, Esping, Anderson, Wilensky, Sapir, Pieck, Grashkovits, Krebs, Radicova, Peacock, Thonese, Giddens, John Paul II, Keller, Hertz, Krausova, Gutieres, Muller, and others). We want to relate to the social state pillars: social protection, public services, social dialogue, right for work, economic policy of support of business and employment.

#### Conclusion

Even though liberalism has destabilised the pillars of social state, it has never destroyed them. The application of liberalism could not eliminate social state. Liberalism could not respond to the series of social needs (employment, poverty, health service, school system, sport) after the 2nd World War and neither cannot do so in present global recession. That creates room for a progressive structure of social state and its public intervention. Its certain features already exist.

Social state as a whole needs to be built on minimum 3 logical structures:

1. Institutional logic (versus contractual one).
2. The logic of socialisation of wealth and income generation (versus the logic of their competitive and privatisation determination).
3. The logic of a higher social quality of life (versus the logic of risk).

There is a social convergence with minimal values needed in the EU as prevention of social damping/life minimum, health services, pensions/ and maximum values for the economy to be competitive. Deepening of social differences is an occurrence, perceived in globalisation intensely for almost three decades (the upper one percent of the world population is about 2000 times richer than the lower 50% of the population – as published by the UN in 2008).

Social convergence should be key in considerations of the member states, which are preparing the Economic and Monetary Union within the integration. If there is no clear framework in the EU for social coordination and convergence, it can lead to more intense mutual competitiveness and social dumping (degradation of salaries, social allowances, and social standards.) It is necessary to maintain the social dimension at cur-

rent decisive changes in the EU, i.e. social standards respected in the Euro zone, definition of social objectives, coordination of social reforms, macro-economic coordination also considering social indicators, developed social dialogue.

It will be necessary in the upcoming period to deal with the following issues also in the research work: the analysis of selected social problems in counterpart systems, the study of new approaches to the typology of social states and the focus on an appropriate model, a solution of the issues of management and financing of social protection in counterpart systems, the formation of a value framework of the 21st century in the process of overcoming negative impact of globalisation and economic crisis, the formation of a reasonable sufficiency of sources in social policy with regard to economic situation, evaluation of whether our ability to build the basis of a sustainable system of relationships between the market economy and social system is increasing, the elaboration of the issues of compliance with social policy principles and their relativisation in relation to the disturbing of social cohesion, ensuring of new quality in the development of intellectualised services and their impact on the structure of economy and society.

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