

ASPECTS REGARDING THE SOCIO-ECONOMIC DETERMINISM – ANALYSIS AT THE EUROPEAN UNION LEVEL

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Abstract

Theoretically, the *determinism* represents a concept according to which the phenomena are generated by chains of causes and effects by conditionings and laws, by the necessary and repetitive interactions. As regards *socio-economic determinism*, it can be said that it shows the importance of the social factor in determining the economic development. Usually, paradoxically, although it is the key element in deciphering economic behaviour, the social factor, by its main representative - the man, is almost always excluded from analyses which regard the elements that contribute to the determination of economic development at national, regional or global level. For this reason, we consider necessary a shift in current paradigms towards the social factor, at the same time, positioning social policy the centre of public policies.

Today, in a highly globalized world, when the powerful turbulences are observed on the international markets, social policies development is conducted under the pressure of new constraints, with obvious implications on all aspects of economic, political and social life. Although European Union is the promoter of the welfare state values, it does not focus enough the attention to the theoretical and practical aspects related to the reform of social policies, to the development of human capital and to the improvement of social cohesion in order to meet the current challenges of the globalized world. Thus, this article brings as novelty a series of arguments on the role

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and the place that the social factor should occupy in the economic sphere, it not being at this time an economic determinant.

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1. Introduction

The current world is experiencing a period of deep transformation after passing through a period of severe recession marked by financial turbulences, by the decline of the industrial production and of the world trade, by the continuous deterioration of the labour market and of the social fundamentals. Thus, in the social field, one may notice a spectacular increase of the unemployment rate, of poverty, the deterioration of the working conditions, labour force migration and other adverse phenomena. Although worldwide there are organisations which debate and try to find solutions to the social problems, they still remain stringent and extremely difficult to solve. Among these problems are the poverty and the effects of the climate changes on the life conditions of the people, the inequitable globalization, the indecent working conditions, a trade system which is unfavourable to the developing countries, an international financial system yet insufficiently encouraging for the investors and the labour force, discrimination of the immigrants in the destination countries and the inexistence of a coherent international democratic system.

There are extremely few means to control and alleviate the social problems (and not only) at worldwide, regional and national levels, which requires a systematic, properly structured vision, which to take into account all the components of the economic, social, political and legislative life.

In this globalized, continuously changing world, with many problems, the economic, political and social theories, and the policies and systems grow in diversity, displaying resemblances and dissimilarities, by divergences and convergences, by complementarities and integrations of the national economies, of the explanative-interpretative approaches.

The definition and description of these theories helps understanding better the structure of the economies, the way they operate the harmonization of their evolutions, the institutional construction, at the European Union level

included. The change of the socio-economic, political, institutional, etc. realities determined the renewal of these theories.

Under these circumstances, the future of the European Union can be questioned. Its development is submitted to new constraints and complications, with obvious implications on the member states and on the other countries as well.

As it is known, the European Union is a supranational economic community, with its own system of governance which advances specific concepts, paradigms, institutions, mechanisms and procedures not observed in other international organisations. The process of European integration, by the theories and concepts formulated about it, reflects the economic, social and politic interests of the European Union and of its institutions. The clarification of the theories, concepts and paradigms that concern the process of European integration, such as European convergence and governance and its determinism, may contribute to a better understanding of it.

2. Theoretical aspects on the socio-economic determinism

Theoretically, *determinism* is a conception according to which the phenomena are generated by sequences of causes and effects, by conditionings and laws, by necessary and repetitive interactions. Actually, the concept of determinism is seen in opposition to the concept of *freedom*.

The social *determinism* sets the framework in which society acts or reacts to the stimuli that make it adhere to rules imposed by the society. The social determinism reveals the importance of the social interactions and constructions on the individual behaviour.

According to A.L. Bradford (1929), the term of "*social determinism* is a notion rather unfitted to the absolute conditioning of the human character by the aggregate social and biological influences. The term suggests a philosophy or discipline that probably doesn't exist, at least as ideational entity." However, he notices that "the social organisms operate *a priori* in influencing the generations yet to be born, and *a posteriori* by inducing environmental changes, which is enough reason to use the term of *social determinism* for this universal process."

Generally, the vision on the social determinism is at the micro-detail, or microeconomic level, showing the influence of the social constructions or

realities on the individual behaviour. For a broader, macroeconomic analysis, we should analyse the social constructions and realities in the aggregate behaviour within the society and the implications of the conceptual and practice changes from the social field on the economic field. The latter is actually the approach that we will use in this paper, which is a novelty in the debates of the economic theory.

Another nuance of the determinism, or better said, of the *institutional determinism*, is the *determinism or path dependency* (Paul David, 2000), which, although doesn't has a direct connection with the economic and political sciences, is applicable to the institutional construction within the European Union. This determinism claims the importance of the initial choice in the evolution of a process or phenomenon, the current situation depending on the past decisions. The theory may be veridical because we may notice that the initial design of the European organisms had and still has a major importance on the current manner of decision-making and institutional behaviour.

On the other hand, in the new member states, within the process of accession to the European Union, the path dependency had a lower influence compared to the international institutional determinism, to the European determinism included, outlining the policies and institutional realities from those countries through the conditionalities imposed in exchange for the economic support.

Regarding the change of the socio-economic environment and of the related concepts, several internal and external factors and forces, acting solely or in conjunction, create new pressures and reciprocal conditionings.

In our opinion, the *socio-economic determinism* reveals the importance of the social factor for the economic evolution. Actually, the socio-economic determinism can be seen from the perspective of the institutionalism, functionalism, intergovernmentalism and federalism of the European Union which, through the measures it adopted (including those aiming to reduce the budget deficit and the public debt), constrained and shaped the evolution of the social policies and the labour market policies; on the other hand, this large set of measures with direct or indirect impact on the social policies produced effects of these policies at the economic level.

An interesting perspective on the socio-economic determinism can be obtained by analysing the countries from the North-American continent and those from the European continent. While in the North-American continent, the social problems are rather a task of the citizens, in Europe the states consider that the social problems should be part of the public policies, because a good solution to these problems leads to social progress. Nevertheless, paradoxically, the concern for labour and the establishment of an economic foundation for job creation, solution proposed by the North-American countries, seems to be a more efficient solution than the European one, which is rather declarative and formal. Actually, the active public solutions (North-American vision) and not those reactive (*post factum*) (European vision), can help the citizens make full use of their qualities; under the conditions of a high unemployment rate and of increasing social problems, only the efficient stimulation of the economic environment and of the private initiative may alleviate the tensions within the social structure and decrease the budget burden of the socially assisted people.

Within the current context, on the background of the global economic and financial crisis, both the countries from the North-American continent and those from the European continent display a strong feeling of aversion towards the public policies of social protection, focusing on the reduction of the fiscal-budget deficit, while paying less attention to the protection of the citizens from the dramatic effects of the crisis.

As it is known, the traditional way of economic growth relies on two factors: work and capital. The “bundle” of current crises has shown that there are other factors too that have not been accounted for. For instance, such an example is the human capital, strongly affected by the austerity measures enforced so far, which didn't produce economic growth or at least didn't limit the effects of the crises, but simply aggravated the macroeconomic misbalances, particularly to the detriment of the poor population.

Formally, the population is the focus of all social policies and of the labour market policies. As far as the population is the subject of education and professional training, we may speak of human capital, of its quality and less of its size, depending on the proper functioning of an economy. Of course, the proposal of ambitious quantitative targets for higher employment rates, lower unemployment rates, less poverty, reorganisation of the pensions

system, improvement of the health care system etc., can be a starting point for the improvement of the qualitative social parameters; however, this is not a sufficient condition, just a necessary condition.

Socio-economic determinism – theoretical and practical analysis of the European Union

Analysing the socio-economic determinism within the European Union, we may notice that the concrete form of this concept displays an excessive structuralism determined by a huge volume of extremely ambitious target proposals, however with no functional perspective that may allow the member state to accomplish these targets; on the other hand, the natural consequences of the crisis reduced the budget possibilities to implement the social policies required for the harmonious development of the European Union.

As it is known, the role of the social policies is to identify, understand and transpose the needs of the population in a practical form, which to improve the general welfare, support the development of the human capital, improve the employment rate and implement an efficient formula of social cohesion, as intended by the EU programs and strategies.

Hence, it is extremely important to analyse the social component of the economic and financial crisis, which should be observed, highlighted and stimulated both in policies and in practice, so as to find the correct solutions to solve this situation and to control the social effects of the global crisis.

The control of these effects should not be limited to some directions such as: lower unemployment rate, labour protection, higher level of professional conversion of the people able to work, higher retirement age, more demanding eligibility criteria for social aids etc., but should consider a broader range of social aspects. For instance, the public policies design ignores the major demographic deficit within the European Union.

Population ageing is one of the main problems of Europe, and given the conditions of the crisis, many of the fiscal-budgetary constraints limited the access of the old population to incomes that may provide a decent standard of living. Furthermore, the European and national strategies do not include mechanisms that may attract the migrating population, to maintain and stimulate the local population to build their future in the countries of

origin. The process of interregional migration within Europe may be beneficial if know-how and income flows occur between the more developed and less developed regions of Europe. In time, this might homogenize the standard of living of the Europeans, and the immigration of the young, properly trained population would no longer be such unpleasant problem for the host countries and for the origin country. The reality shows, however, that migration is many times irreversible (International Organization for Migration, 2008), or least, that it is long (Alvarez-Plata, Brücker and Siliverstovs, 2003); because of this, there is no important transfer of knowledge and the remittances from labour are not a sufficient basis for the sustainable growth of the standard of living in the country of origin, which happens sometimes for a very brief period, particularly because of the higher consumption. Knowing that migration is extremely sensitive to the changes in the GDP and in the GDP per capita, we may consider that the migration of population (particularly of the labour force) will increase with the gap of the GDP per capita between the countries of destination and the countries of origin.

Thus, we should not overlook that the human capital factor, particularly that which is active on the labour market, should hold an important place in the economic calculations, generating added value; thus, the European Union countries, taking into account their structural vulnerabilities, will bear a lower cost of the current crisis. Furthermore, although the human capital was in the focus of the austerity policies, it is extremely difficult to recover it on the labour market, which presumes high costs and longer cycles of "regeneration".

Within the European Union, and not only, the human factor, which is formed within the family, school and church, is a determinant of the institutional changes and development. The values and norms underlying the development of the human factor contribute to the construction and expansion of the social networks, to the strengthening or weakening of the social cohesion. Hence, the social cohesion is one of the many European political objectives, and the form of manifestation of the human capital should be one of the major basics of the European Union.

In the vision of the European strategies (Europe 2020 Strategy, particularly), the growth that favours social inclusion presumes the provision of access and opportunities to life-long education and measures to control or

reduce poverty. Although they are designed in an integrated manner, the objectives of the European strategies (such as the objectives regarding education, research and development, labour force employment, poverty) seem difficult to accomplish if, both within the European Union and within the member states, the political will to fulfil these strategies as much as possible and synergistically, lacks. In the absence of such strategy, the solutions and any European state that intends to design its development (an efficient social system included), if they work, will be accomplished only partially and on the short term.

3. Conclusions

The concept of *social determinism* is treated by the literature rather at the microeconomic level, the social aspects influencing the individual behaviour. Hence, this paper displays rather a macroeconomic approach, considering the social factors, both at the individual and aggregate level, at the society level, as main determinant of the economic evolution.

Generally, on the background of the global economic and financial crisis, the *human capital* factor is strongly affected by the austerity policies; it is difficult to be reintegrated on the labour market, presuming large costs and long periods of training and reintegration. Within the current context, the austerity policies affect mainly the European Union, which is also affected by an important demographic deficit. The demographic deficit, although determined and acknowledged as fundamental problem that influences the design of the public European policies, and the economic evolution, is a fact that is not given the proper consideration.

In the European Union, the design of ambitious packages of European directions, strategies and policies is not a solution for the actual reality lived by the European citizens, because many of them lack the instrument for national implementation, or it is inadequate; many times it is not an original vision, a personal pattern of development. Furthermore, the political will to materialise the European social and labour market strategies often is just declarative, the liberty of the national "original path towards development" being seen as "offense" to the synergic, common development. At the same time, there is no coercion between these policies and strategies at the level of all member states, or at least in a significant part of them, so that the local

benefits of the successful implementation are felt by the other member states too.

The European Union will thus have to intensify the efforts to use the labour force potential, the training potential, to support the synergic development of the human capital so as to cope with the challenges brought forward by the increasing world competition and ageing of the European population.

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