

SOCIAL PROTECTION AND THE CONFLICTUAL REALITY FROM ECONOMY

Assistant Ph.D. Student Gabriela-Liliana CIOBAN
 „Stefan cel Mare” University of Suceava, Romania
 gabrielac@seap.usv.ro

Abstract:

The social protection reform is in full process of development, taking into account the real situations from our country, in this way it were adopted some measurements regarding this issue. It was introduced after 1990 economical reforms, which contributed to the public administration's system modernity, the economy freelance and the decentralization of the decisional process, but there are still some fundamental economical issues unresolved. Romania needs an active social protection. This means that yearly, the public expenses, but also the private ones for the social protection must be raised. The state that practice social policies would be a successful project if people had the proud and the morality to base on themselves and not on the others 'help unless they really need it that. The Romanian state must gradually allot resources for the development of the human capital and for programs of professional redeployment. Social protection means to sustain a perpetual process of qualifications and re-qualifications of the labor force, that the credibility of our citizens to constitute a tramp on the European work market. The European social democracy managed to offer viable solutions to the economical environment development in accordance with the promotion of social policies, very consistent with the purpose to integrate the weak social categories on a work market of a continuum transformation.

Key words: social protection, social inclusion, solidarities, economic agents, occidental mentalities

1. INTRODUCTION

The main objective of the social protection is to help the needy ones to integrate in a normal life of society, to help them to be part of the active work, to ease them at some risks they have (e.g. illnesses, invalidity, handicap, old age, family with many children, demise, unemployment, students, family with smaller income, etc.). Social protection does not mean only living conditions (labor force occupancy, the incomes, the consumes, the dwellings, the environment, etc) but also the social conditions as health, instruction and education, culture, conditions of recreation and leisure, the socio-political environment, the social order reorganization and that of right.

Having the problem, on what bases we can offer the people the right to benefice the social protection or to whom is the responsibility to ensure it we will find the following responsible: family is the one that have to ensure the solidarity between generations, charity assistance (the church, privets) ensure help for the poor, mutual help associations and the most important is THE STATE.

T.H. Marshall realizes the analyzes of this idea, starting with the economist Alfred Marshall's ideas, that, in the last part of the 19th century had a study on the laborer class problems. He considered that through science and the raise of the economy all the people will become educated, civilized persons, some gentlemen. According to his theory and calculations these results could be tangible.

T.H. Marshall, in his book "The Citizenship and Social Class" (Editor Universit ii Cambridge, 1950) suggested that the citizenship could be effective only when it ensures the access to three main types of rights. The author identified three components of the citizenship:

- The civil component that includes the rights regarding the individual freedom;
- The political component – e.g., the right to participate in practicing the political power and to vote and to be elected in parliamentary institutions;
- The social component, "the whole range of rights, from the right to a minimum economical and security well-being [social] to the right to equally be nefit of the social patrimony and to live as a civilized person according to the predominant standards from a society. The most tied institutions of this are the educational system and the social services" (T.H. Marshall, 1950, p.8).

promotion of social policies, very consistent with the purpose to integrate the weak social categories on a work market of a continuum transformation.

The state that practice social policies would be a successful project if people had the proud and the morality to base on themselves and not on the others 'help un less they really need it that. But people is changing and the benefits that the state offers through social protection denude consciences and makes the decent morality to be less and this conclusion is granted over 2 decades of market economy. The present generations have a new moral based on the "rights" offered by the social protection system, some of them being an "invention" of today. The ancient truth, the production conditions the consumption, is replaced by the belief that there is an undeniable human right of the social protection services offered by the state. Through the unions, the employers are recompensed every time when is an opportunity to ask (elections, the beginning of the school year, changing the governors) remuneration raise disrespect of the real productivity level, but in time these raise seems to be a normal situation. Those that do not receive a remuneration raise consider that the employer is bad deliberate. O person has the right to a better salary next year, as well as this year salary is better then the last year one. This is the today mentality. This thinking modification is the result of a change in the value system. There is no cause in the social life. Whatever you do, this is not your responsibility but of the government, of the employer or of the state institutions. The generation gap is now very obvious but few people "recognize" it. The nowadays people were not raised and educated by the parents but by the protectionist state in some nurseries, borders and then redirected to public schools, high schools, universities. After their studies, one of us, we engaged in the public sector and we were the beneficiaries of the educational programs due to the baby sitter - state social protection programs. The state is omnipresent and for some is the only way of surviving, and the economical and social benefices, which derive from this, are the only possible way to gain independence.

But the oldest are not the only one to be found at the periphery of this new type of society where the state is in charge of everything. This too is happening to the children, which are taken or raised (precarious conditions of growing them by the parents) by the state instead of their parents care. The teachers and the educators confronted their children's parents, which demand that, something to be done with their unpleasant social situation. The problems caused at home by the naughty children and escaped from the parental guidance must be resolved in schools by the teacher's staff or by TV through educational programs having most of the time a bad quality. The children must be seen not heard and they have not interrupted their parents from their careers, long holidays abroad and modern's events. To allow the older generation to work and to create well-being which must be taxed (the taxes rate is now about 62,126% from the income, employer and employee) the state launches all the time social programs to protect them from incidents and problems. This freedom is careless and without problems being offered by the baby-sitter state. We do not have a place to work, we can not find something suitable for you, no problem, we complain to the state and this will assure us the minimum income offered guaranteed by the social income. It is a personal tragedy for many Romanians. It is impossible to feel free and independent, to enjoy life, without having the ways to control your own life. The protectionist state created a dependent human being that cannot find the valuable in life; moreover, he is incapable to know typically human feelings as pride, honor and empathy. The way of administrate and resolve of the social problems promoted by the state creates tensions and antipathy between people from different social or professional backgrounds. The state seems to be incapable to see (or it does not want to see) the problem or to find a solution.

3. THE NECESSARY FISCAL SYSTEM REFORM TO THE ECONOMICAL DEVELOPMENT

The companies have as a purpose, according to the Romanian fiscal legislation, not the raise of the profitability and productivity, but the social protection, form the latest stadium of the World Bank (BM) „Doing Business in 2007”. Approximate 40% of the brut profit of a company represents

contributions to the social assurance, health and unemployment, taxes for labor books administration or assurances for work accidents. As a sum, half of the brut profit of a firm takes the road to the general consolidate budget. Although all these contributions must return as benefices to the companies' employers, this is not the case – the pensions are low, the health services are disastrous. There is a simple reason – the state is not a bad administrator, but a distributor of poorness. As the American president Calvin Coolidge observes, *“Nothing is more easier then spending public money. These seem to belong to no one. The irresistible temptation is to give it to someone”*. The present government gained the elections promising a fiscal system reform. It introduced the unique quota of 16% tax, giving up the progressive income tax, it lower the profit tax from 25% to 16%. It followed a fiscal contra –revolution: it raised the propriety tax. Moreover, by invoking the fiscal equity principle, it raised the dividend tax to 16%, as well as the one involving transactions with capital goods, ignoring the effect of these increased tax over the economical raise. In fact, these fiscal “revolutions” and “contra-revolutions” were done by the ear, without effectuating impact studies. The discussion regarding the effects, positive (the power claims), negative, (believes the oppositions) of the fiscal reform over the economy shows a mentality of a simple account, based only on the analyses of the main statistics indicators on short terms. The proof – the most burdening fiscal way, that on the labor force it remains almost unchangeable, being decreased the contributions to the social assurances, health or unemployment by only 2% from 49,5% to 47,5%. In exchange there is a tax of 0,75% to administrate the workbooks and a variable contribution, between 0,5% and 4%, for the workers' protection against the work accidents.

The World Bank research shows us the real ponder of different tax, income tax and contributions to the brut profit of a company. Even though the profit tax was reduced by 9 %, from 25% to 16%, the total sum of the taxes paid by the company, not the employers, in the brut profit, has decreased over 2004 with only 2,2% from 51,1% to 48,9%. The reason - a company firstly pays the contributions to the social assurance budget, health, etc, and then the profit taxes. That is way this tribute of 16%, is in reality of 9,3%, in the brut profit. In exchange, the different contributions paid by the employee for each employer is 38,6% of the brut profit. The World Bank is not taking into account unless the minimum wage for the accidents of 0,5% of brut wages. But it can reach to 4%, depending on the dangerous grade of the activity domain. The World Bank also ignore the fact that the buildings taxes with commercial character hold by juridical persons will be some huge ones, by 100 times bigger then those hold by physical persons, being calculated at the market price and not at a fixed value, contained in the Fiscal Code. Then its weight in the brut profit of the companies should be bigger, probably the tribute weight in the brut profit being more then 50%.

Instead of following some states with liberal economy, Romania preferred the road of socialism, of the assistance state. In the WB top of the countries where the companies are obliged to make social protection, Romania states on the 7th place, in a selected company. This is not a surprise, on the first three places there are countries with a powerful socialist tradition, Belgium (57,3% contributions in the brut profit of the company), France (54,9%) and Italy (48,2%). According to the numbers, we are not surprised by the Russian dissident's observation, Vladimir Bukovski *“the socialism became an integrant part of the occidental mentality. There is enough to read the newspapers, disrespect of the tendency to realize that from now on the industries do not belong to produce. Their main reason is to create work placements”*. Work placements and social protection, complete the WB study. Although the contributions are meant to be direct proportionate with the benefits, besides that of taxes and incomes. But from the moment when on a flyer appears a contribution with only 17% of the brut wages, a payer can not estimate if the medical services or the received pension is or not proportionate with the paid sums in dozens of work years. The reason - much more the company pays for an employer, almost double. And those 30% of the brut wages of the employer acquitted to the state by the company goes to the same pot.

„The public illusions makers”, which makes the companies to deal with the social assistance, ignores the fact that the market is the one that attenuates the best the unemployment rate. Milton Friedman characterized the American economy by saying *“The long term solution of the unemployment is encouraging people in their trial to make savings, to invest, to work and to employ*

other people. In exchange, we raise the costs, which a patron had to pay for hiring people; we accord subventions to people not to work. As a conclusion we have a system that tax aggressively work and subsidize non work". The Friedman's critics addressed to an economy where the contributions part at the brut profit are only of 10,1% and not 38,6% as in Romania.

From the WB statistics we know that on long term the economical laws have the last word. All the rhetoric for the social assistance for the citizens well being is infirmed by the reality. The state governors that embraced the socialism are envious to the other countries GDP for inhabitants, countries that respect the companies' economy and the assistant.

From the first 10 states using the GDP for each inhabitant, only one has a social contribution in the net profit resembling ours, Suede, with 38%. Next we find Finland with 29,6%. But the first 5 states as a developed well being of the population has reduced ponders: Norway (16,3%), Island (13,7%), Switzerland (11,5%), USA (10,1%) and Denmark (2,2%). The data confirms a very tied connection between the work tax and the suburb economy, comparing that between the income tax and gray economy. The Northern states with large amount of social expenses in the brut profit have also increased suburb economies. Suede, Norway and Finland, have gray economies of 19%, whereas USA or Switzerland – only 8,8% of the total economy. In spite of reducing the income tax and those on the profit to 16%, Romania with assistance expenses of 38,6% has a suburb economy of 34,4%. It is very logical why a firm manager to be very reticent to legalize his affair, as long as due to the "fiscal reform" it has a reduction for taxes, incomes and contributions by 2,2% of the brut profit, and not 9% as the governors say.

The taxes, the incomes and the paid contributions by the companies are vice versa proportionate with the economical raise, the WB data also says. Italy (with 76% of brut profit tax), Belgium (70,1%) and France (68,2%) have an economical raise in 2005 of 0,1%, 1,2%, respective 1,2%. Instead Island and Ireland, with 25% profit, had raises of 5,5%. The Central and East Europe States had beneficiated with bigger GDP due to their sub-development. The disparity between the effective and potential GDP conform the theory that stipulates the lower taxes lead to a better performance. Whereas France, Germany and Italy had in 2005 a disparity of 2%, the Ireland's GDP has risen with 0,2% more then the potential one and Great Britain has situated under this with only 0,3%.

The structure of the workforce taxation approaches the Romanian liberal government to the socialist Suede more then the liberal Ireland. In the last century 70's, Ireland was "competing" with Portugal, the poorest country of the EU. His GDP on inhabitant was appreciatively 30% lower then the EU media. Tied up by the bankruptcy the country was in, the Irish developed reforms and reduced the general level of the taxes to one closest to the preference one, accorded to the firms from special zones, and in the end it balanced the firm's taxation to 12,5%. Doing that Ireland became one of the countries with the smallest fiscal burden from EU (31% of GDP, European media of 50%). It also reduced the health expenses with 6%, education expenses with 7%, the agriculture had a smaller budget with 18%, the military expenses have been reduced with 7%, and the roads and the dwellings have beneficiated by smaller funds with 11%. The result – while in Suede the GDP on inhabitants stagnates at 115% of EU media, the Ireland's one had advanced in 20 years, from 70 to 140% of EU media. The economical raise from 2005 was of 2,75 % in Suede and 5,5% in Ireland.

On 19th February 2007 the European Commission has adopted the proposal of Common Annual Report regarding The Social Protection and the Social Inclusion, in order to be approved by the state presidents and governs from EU. The Report is a sum of recommendations to the member states, which forms directive lines in the social domain for the next two years.

Based on the numbers stipulated by Euro stat in his social studies, on national reports and strategies of social protection and inclusion from all the member states, the report makes a radiology of the social domain in Europe, including annexes referring to each of the 27 states member. This is the first time when all the states members present to the European Commission integrate national reports over the strategies involving the social integration, the pensions, the sanitary system and care, on long terms.

What says Euro-stat? The smallest percent of population that live under the living conditions is 9-10% in Sweden or Czech, whereas the biggest one over 21% in Portugal or Slovakia. If there were not social assistance services, where the pensions are not included, being considered incomes, the percentages would raise from 16% to 25% for the entire EU. Romania, with the preexistent social services, reduces its poorest population from 22% to 17%, Greece from 24% to 21%, Czech from 21% to 8% - the most spectacular reduction, as well as the northern state with 60%. As a media, the states member of the EU spend about 28% GDP for the social services and 13% of GDP for pensions.

Euro stat also shows that 10% of the EU citizens are living in a place where no one works. 9,5% of the European children are living in such a place. All the European statistics over the social inclusion reveals that the most exposed to the poorness risks are the children. The numbers differ from state to state: in Cyprus or Luxemburg only 5% of the families live as unemployed, whereas in Poland and Belgium we find 13%. But the record is for Great Britain and Poland. Romania has 11% being on the same scale with Slovakia, France or Germany.

The European Commission draws his attention on his report over these discrepancies between the state members and his life expectance. In Sweden the life expectance is for men 78,4 years, Lithuania 65,4 years. Romania has the smallest life expectance for women from the EU, only 75,4 years, but in Spain is 83,9 years. The same discrepancies are between the resources given by the states members for health: Estonia spends only 5,5% of GDP whereas Germany 10,9% of GDP.

In 10 years, 1995-2005, the life expectance has grown with 3 years for men and 2 for women all over the Europe. A positive aspect is also the fact that the pensions systems from the states member of the EU were able in 2004 to eliminate the poverty from the pensioners, people over 65 years old, with an income of about 85% from the youngest.

According to the European Syndicate Confederation, where Romania took part from 2000, in every member state the minimum wage must represent half of the medium wage, exception France with 60%. In our country the situation is not exactly the same. The problem is the corroboration of three aspects: minimum wage, its proportion with the medium wage and CCM coefficients. But for this we need a better vision of the Work Minister, double d by a long-term strategy in this domain. But both of them are really missing. We have a country with an oldest population and the pensions problem will become more assiduous while the work force migration is still continuing. On a long term leads to the raise of the fiscal grade. On short term will suffer the productivity, the efficiency, the product quality, and the Romanian work force will become a potential target for the poorest' countries' citizens. The solution is here but (pay attention!). The problems are not solved punctually and/ or in a fire manner, but negotiating with all interested parts. We speak in vain of the national interest if we treat these aspects from adverse positions. It is a mutual interest and if we cannot deal with these problems, we will regret sooner or later.

4. CONCLUSIONS

The social protection system tries to realize a redistribution of the material and human resources of the collectivity to the unable category of the population on the intergenerational solidarity principle, the youngsters solidarity to the oldest one, the employees' solidarity versus the unemployed ones, the healthy versus sick people solidarity, those with children versus those who don't have, those with great incomes versus those with lower ones, etc.

The social system in Romania has proved to be inefficient, regarded as the effort/ effect report because the most important part of the population is at the poorest level, and the actual social protection system can not, and it doesn't have all the necessary financial resources to sustain the social protection of all the needy ones, to not underline more the negative effects there are continuous efforts from the state institution to improve the social protection system.

NOTES:

- (1) Romanian Constitution

REFERENCES:

- [1] Marian Preda, *Politica Social Româneasc Între S r cie i Globalizare* , Editura Polirom, Ia i, 2007
- [2] T.H. Marshall, *Citizenship and Social Class* ("Cet enia i clasa social "), Editura Universit ii Cambridge, 1950
- [3] Revista Cadran Politic nr. 51 i nr. 52, 2007