

THE SOCIAL PROTECTION SYSTEM HAVING IN MIND THE ECONOMIC – FINANCIAL CRISIS

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Abstract: In this paper we tried to identify the behavior related to contemporary social protection systems, taking into account the socio - demographic community in a time of economic – financial crisis. We analyzed each of the four identified social protection systems and we determined their positive and negative parts, proposing for the European social protection system a strategy which will increase workforce competitiveness in the world.

JEL Classification: G01, G18, I31, J3

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1. INTRODUCTION

Contemporary social protection is more than ever subject to pressures that lie in socio - demographic-specific communities. Today, we find that the old solutions are not viable, new ones are needed, tailored to the economic situation.

Given the demographic problems that result, the human society will be forced to find solutions to finance the social protection, having in mind that the percentage of elderly population increase, it also increase the life expectancy for both women and men, negative natural growth increases, the extent of cross-border migration from underdeveloped or developing to developed countries in economic terms is increasing.

Given the emergence of phenomena related to globalization, free movement of persons and capital, development of transnational companies, knowledge transfer, which put their stamp on every social protection, it should reconsider the approach it. Modern social protection should not be considered local, it should be taken into account regional and even global.

It is clear that without a direct and precise approach to social protection and without awareness of its role in the economic system, the social community can't develop to a level enabling citizens welfare.

Modern social protection should encourage citizens to work, giving them tax incentives and discourage concomitant the that part of the community who rely exclusively on state assistance.

2. THE CHALLENGES OF THE SOCIAL PROTECTION SYSTEMS WHICH ARE FACING A CRISIS SITUATION

All economic declines recorded in the years 2008 - 2009 led to loss of income, rising unemployment and lower income self-employed. Families are profoundly

affected even if they were based on income earned in the formal economy, informal economy, wage or revenue earned from seasonal work abroad¹.

Social protection as it was defined originally by Bismarck² requires a security framework that allows state intervention in society for a fair share of national income created. Following the technology boom from the second half of the eighteenth-century social problems have increased, diversified, state intervention is thus necessary to ensure a climate of stability and to allow economic development. Also, in addition to the emergence of these social problems, appears, in a strong manner, the polarization of rich and poor human communities, along with a transfer of income between social classes mentioned above.

State, to ensure fairness in the redistribution of national income, had to take the necessary measures that are circumscribe to the welfare state, as it known today, which is understood as a way of organizing social protection, state intervention whenever a citizen is in trouble.

Since the inception of the welfare state benefited from favorable conditions, retirement age, life, reduced number of beneficiaries, an equilibrated a ratio between the number of taxpayers and beneficiaries, its effectiveness was certain, he managed to solve most of the problems faced by citizens: unemployment, sickness, retirement, disability, etc..

The notion of welfare state is used to represent how the state accepts responsibility for the welfare of its citizens. The core contention is between an institutional model that provides welfare of every citizen and providing residual welfare model only when other methods have failed.³

Today, worldwide economic status, we observ that in the most of the states the conditions that led to the welfare state are missing, therefore involving the lack of sustainability.

The current economic crisis - caused financial pressure on international financial markets, national industries and the labor market equally. These pressures have resulted in the loss not only of a few billion of financial assets, but also increased the unemployment rate in the industrialized countries but also in developing its poverty reduction and household income.⁴

Now it appears the harmful effects of budgetary imbalances and soaring public debt, public debt in all countries is necessary and urgent concrete measures to restructure the system.

We note a small infusion of capital in the human resource people, level is not likely to lead to a healthy national economies reviniment. The level of state investment in the real economy is at a low level and as a result the unemployment ratio is still to a high level of unsustainable for very long loans from international financial markets.

Since a nation's GDP consists of consumption, both government and households, investment and net exports, the state can intervene directly on government

1 International Labour Organization, World social security report 2010-2011, Providing coverage in times of crisis and beyond, Geneva, 2010, pag. 105

2 Matei, Gh., Protecția socială în România, Editura Didactică și Pegagogică, București, 2007, pag. 25

3 Spicker, P., How social security works: An introduction to Benefits in Britain The Policy Press, University of Bristol, Bristol, 2011, pag. 11

4 Ehmke, E., Skaletz, M., Strengthening social security in economic crises. The need for a social protection floor, FES Briefing Paper 14 , Geneva, October 2009, pag. 1

spending on investment in national infrastructure. By an investment the state creates the cash flow necessary to ensure proper functioning of the state apparatus and social programs supported by the budget.

Economic recession in the current financial environment reveals the fragility of the international banking system and its inability to recover in time to face an environment of increasingly volatile.

In any recession revenue contributions or transfers from the budget to finance social programs decreases, while the cost increase due to increased number of beneficiaries, unemployment and other social support programs.⁵

Even if all countries reduced government spending or consumption of government it appears that they consume more than they produce. Note the contraction of consumption which has involved a decrease of the aggregate demand in the economy, which adversely affect the measures taken by governments to stimulate sustainable development of nations.

We believe that only by encouraging entrepreneurship, encouraging work and reducing taxes on labor and capital we can move human society to a higher stage of evolution.

It is also necessary to adopt the measures needed to ensure the budget balance, both at the state budget and the budgets of special funds. To avoid entry into collapse it is necessary the international movement of capital, the technology transfer, free movement of persons, while deepening the international division of labor.

ILO report on the state social protection during 2010 - 2011, analyzing the international financing of social protection, concluded that the financing system is not done automatically but through budget reallocation from one field to another, from increased contributions to the budgets special funds from the state budget or by increasing the deficit of public finances.

For a correct perception of the significance of social expenditure share in GDP and government spending is necessary and useful an international comparison with some developed countries.

But such a comparison involves a certain caution, given the influence on the size and evolution of social spending, some important factors such as the level of development, demographic and structural changes in the economy, not at least the extent and characteristics of the social programs in each country regarding: accessibility of the population, the benefits tailored to each category of beneficiary.⁶

Analyzing how the welfare state is now working in different parts of the world we can see that:

a) the Scandinavian system of social protection is the exponent of the welfare state. This system provides generous benefits to beneficiaries but in return it can demotivate the reinsertion in the work field, the contributions paid by the insures high rates of benefits. Swedish social policy was based on the slogan "people's home" - home and the people, because it includes the entire population in social protection programs, whether or not it was manifested.⁷

⁵ International Labour Organization, World social security report 2010-2011, Providing coverage in times of crisis and beyond, Geneva, 2010, pag. 105

⁶ Poenaru, M., Politica socială și indicatori sociali, Editura All, București, 1998, pag. 52

⁷ Matei, Gh., Op.cit. , pag. 25

Given the economic crisis that has affected markets - financial in recent years Barry Freeman⁸, analyzing the scandinavian system, especially the swedish social security system, concluded that the risk of poverty and inequality have increased in a surprising manner but with very little.

He also noted that the Swedish welfare state was able to provide necessary support for the poorest categories of people so the poverty rates remained low, highlighting the high capacity this way the Swedish labor market to adapt to conditions in the global economy .

According to statistics provided by Statistics Sweden, National Accounts, the expenditure on social protection have continued to grow continuously as a share of GDP, so in 2009 the percentage of expenditure on social protection reached 32.2% as compared to previous year when the level was 29.5%.

During the period, 1993 - 2009, there was a 69.4% increase in welfare spending, spending computed in current prices, and in terms of annual average there is an additional of 5.1%.

The same authors said that there were important variations in spending on social protection, so that the maximum was reached in 1993 when he spent approximately 37.7% of GDP, the minimum being allocated in 2009 which amid the global economic recession has allocated only 32.2% of GDP.

It is relevant to mention that most of the cash benefits provided by the Swedish state through social security system are taxable, so if we take into account this factor, the percentage allocated to social protection, after payment of contributions due in 2009 has decrease to the level of 27.4%.

Maria Poenaru⁹ said that the philosophy behind this model of social protection lies in promoting a policy of guaranteed basic income in a range of social benefits, of which the most important are: universal child allowances, pensions basic health care, etc., where the system is inland objectives redistributive transfers and taxes system.

Analyzing the expense of Sweden across the EU with the social protection we can see that between 2004 - 2008 only France has spent more than Sweden with social protection.¹⁰

⁸ Freeman, R., B., Swedenborg, B., Topel, R.H., Reforming the welfare state, recovery and beyond in Sweden, The University of Chicago Press LTD, London, 2010, pag. 6.

⁹ Poenaru, M., Op.cit., pag. 42

¹⁰ http://www.scb.se/Pages/PressRelease___314159.aspx

Table no.1: The EU 15 social protection

| Country | 2004 | 2005 | 2006 | 2007 | 2008 |
|-----------------|------|------|------|------|------|
| Belgium | 27.8 | 28.2 | 28.8 | 25.5 | 26.6 |
| Danmark | 29.8 | 29.4 | 28.5 | 28.1 | 28.9 |
| Germany | 28.7 | 28.6 | 27.6 | 26.6 | 26.7 |
| Greece | 22.9 | 24.0 | 24.0 | 23.9 | 25.1 |
| Spani | 20.2 | 20.4 | 20.3 | 20.5 | 22.2 |
| France | 29.4 | 29.5 | 29.3 | 29.0 | 29.3 |
| Irlanda | 16.8 | 16.8 | 17.0 | 17.6 | 20.9 |
| Italy | 25.1 | 25.4 | 25.6 | 25.5 | 26.5 |
| Luxembourg | 21.9 | 21.3 | 20.0 | 19.0 | 19.8 |
| The Netherlands | 26.4 | 26.0 | 27.0 | 26.7 | 26.9 |
| Austria | 28.5 | 28.0 | 27.6 | 27.0 | 27.3 |
| Portugal | 22.3 | 23.0 | 23.1 | 22.6 | 23.2 |
| Finland | 25.8 | 25.9 | 25.6 | 24.6 | 25.5 |
| Sweden | 31.0 | 30.5 | 29.8 | 28.6 | 28.9 |
| United Kingdom | 25.4 | 25.8 | 25.5 | 22.3 | 22.7 |
| EU15 | 26.5 | 26.6 | 26.3 | 25.3 | 26.0 |
| Islanda | 22.3 | 21.3 | 20.9 | 21.2 | 21.8 |
| Norway | 25.5 | 23.4 | 22.2 | 22.4 | 21.9 |

Source: http://www.scb.se/Pages/PressRelease___314159.aspx

As it can be seen from the table no.1 the part of the GDP used to sustain the social protection expenditure has decreased year by year, because the measures taken by the Swedish government which they aimed to reform social protection system by reducing the income replacement rate for unemployed, the period for benefits, reducing funding for programs also employment.

Swedish welfare state also works closely with the labor market to attract into the active life the unemployed, and uses the tax system as a lever of social protection, exempted from paying taxes the unemployed, the sick, early retirement workers, reducing taxes for businesses.

b) The residual welfare system, used specifically the Anglo-Saxon countries of origin do not provide generous benefits but encourages work and entrepreneurship. Uses welfare as a residual welfare safety net is provided to people who need it.¹¹

The residual welfare system implies a distinction between the concepts of universality and selectivity. Universality is a fundamental characteristic of social protection system from a state where citizens can have access to social protection only fulfill a minimum of citizenship. Opposing the the concept of universality the selectivity says that only a certain category of citizens can benefit from social protection benefits and objective conditions.

Richard Titmuss¹² argued that any comprehensive social protection system must combine the practical aspects of universal benefits with selective systems designed to complement the basic measures and to meet basic needs.

¹¹ Spicker, P., Op. cit., pag. 11 – 12

¹² Spicker, P., Op. cit., pag. 16

Thus if we observe the British expenditure on social protection recorded as a percentage of GDP, we can argue that they are situated to a lower level than the entire area U15 and even under U25.

The current British system of social protection is the result of British Beveridge Report, report signed in 1942 by Sir William Beveridge.

Florin Lazar¹³, by examining the residual system of social protection from the EU, eg Great Britain and Ireland, said that social services provided by the state in a little while the benefits are modest. The same author concludes that the state intervenes in emergency situations only in certain areas.

Unlike other national pension systems, the British system seems to be the most lasting and it can be used by the British government as a means to boost economic activity by reducing social security contributions. British pension system is 100% private, assets being administered in the name of the future British pensioners by pension funds that are not related to the British budget.

Recently, in 2010, the British government reduced the share of social security pensions to boost the national economy. The mechanism envisioned by the British government provided puts at the entrepreneurs disposal a part of the insurance funds for businesses to invest in the national economy, funds that will create jobs that which will generate higher revenue to the budget.

The delay in the introduction of the pension defined contribution system and then canceled shortly after the implementation has helped to keep the British out of any fiscal straits.

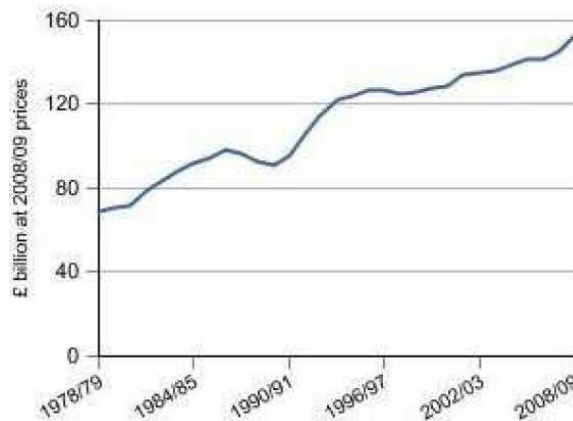
This is a characteristic that distinguishes British pension system from the rest of Europe and the USA. Finally, however, all countries will need to design institutions that combine the need of insurance with the possibility to choose, in a manner that provides protection against poverty, unemployment, insecurity income pensioners¹⁴.

Even if the UK practice of social protection systems is more reserved, in terms of access and benefits, in the period 1979 - 2009¹⁵ the expenditure on social protection experienced exponential growth as is observed, in real terms it was observed a doubling of spending.

¹³ Lazăr F., *Introducere în politici sociale comparate. Analiza sistemelor de asistență socială*, Editura Polirom, Iași, 2010, pag. 171

¹⁴ Feldstein, M., Siebert, H., *Social security pension reform in Europa*, The University of Chicago Press LTD, London, 2002, pag. 346

¹⁵ <http://www.statistics.gov.uk/hub/people-places/people/social-protection-and-benefits>



Source: <http://www.statistics.gov.uk/hub/people-places/people/social-protection-and-benefits>

Figure 1: Evolution of social security expenditure in the UK

The British system of social protection is more realistic than other systems but as the other is facing the same problems: increased lifetime benefits paid to beneficiaries, decrease of the ratio between employees in the nation's total population and declining birthrates. c) the paternalistic guidance system has the advantage that involve the japanese authorities into solving the social inequalities and all interested sides, from businesses, local authorities and the beneficar itself. Maria Poenaru¹⁶ considered paternalistic model is based on traditional junction among of elements o help from a a family with substantial government intervention and involvement of employers in solving social problems.

Such a system is effective only to the extent that the taxes for businesses and employees are low, then the workforce and the capital are encouraged to develop. L. Schoppa, analyzing the japanese system of social protection and how it is financed concluded that the fees are kept to a minimum in order to stimulate the economy, the nation adds about 7% of GDP from its budget deficit - a mountain of debt which the year 2003 amounted to 166% of GDP.¹⁷

Now¹⁸ the Japanese welfare system is found at a crossroads because there is a serious imbalance of the report contributor / beneficiary. Japanese social protection system problems began to worsen when the baby-boom generation, children born between 1945 - 1965 began to withdraw from productive activity. All Schoppa¹⁹, quoting R. Katz said that the difficult situation facing the welfare system in Japan is generated by the national economy that had lower economic performance than in past.

Because the birth rate did not increase from 1.43% to 1.63, the outlook is bleak, by 2030 the share of persons dependent in one way or the other state social benefits can exceed the 28% estimated by the government in Tokyo under a favorable birth rates.

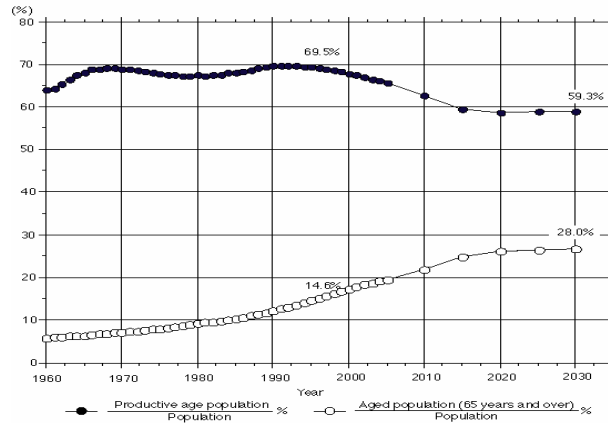
¹⁶ Poenaru, M., Op. cit., pag. 43

¹⁷ Schoppa, J., L., Race for the exits: The unraveling of Japan's System of Social Protection, Cornell University Press, 2006, pag. 3

¹⁸ <http://www.statistics.gov.uk/hub/people-places/people/social-protection-and-benefits>

¹⁹ Schoppa, J., L., apud Katz, R., Japan – The system that soured: The rise and fall of the Japanese economic miracle, Armonk, N.Y., :M.E. Sharpe, 1998, pag. 99 – 106

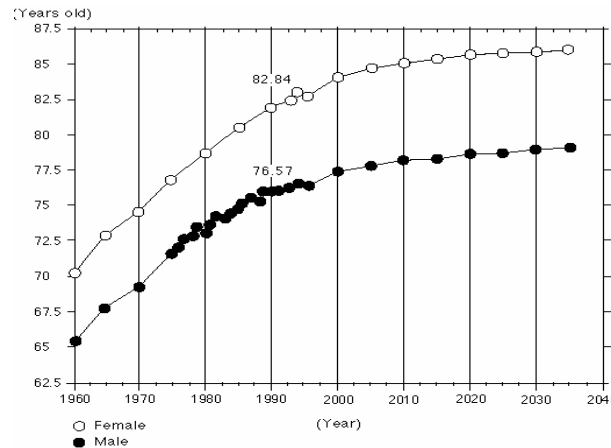
Thus, under the conditions described above, it was determined that by 2050 there will be a significant increase in need of help, along with reduction of employment.



Source: http://www.mofa.go.jp/j_info/japan/socsec/maruo/maruo_7.html

Figure 2: Employment and retirement as compared to total population

It is important to note that the Japanese social protection system seems to be sustainable, but it faces a major problem that threatens its sustainability: life expectancy increases and gradual decrease of the active population.



Source: http://www.mofa.go.jp/j_info/japan/socsec/maruo/maruo_7.html

Figure 3: Life expectancy in Japan

It is clear that without clear measures to encourage sustainable development of the economy Japan's welfare system will collapse, unable to be supported by the state through the proliferation of every year of chronic budget deficits and increasing debt. d) the socialist system is probably the most inefficient. Implies a strong benefit from the state while the contribution to the state budget is sometimes reduced. Also appear important in the budget deficits involved in the support system.

The taxation is progressive, giving benefits to all citizens even without any previous contribution. It proposes a welfare system inconsistent, poorly structured,

where benefits are granted to a populist manner, welfare being temporary, the low value cannot provide a sufficient standard of living beneficiaries.

It is essential to stimulate the sustainable development of Central and Eastern European economies by any means, eg as increasing employment, granting fiscal incentives to foreign investors and domestic and especially foreign direct investment is required to encourage the economy.

Table no. 2: Social protection in Central European countries reported on social protection in U25

| Country | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------|------|------|------|------|------|
| Czech Republic | 18.7 | 18.5 | 18.0 | 18.0 | 18.1 |
| Estonia | 12.8 | 12.4 | 12.0 | 12.1 | 14.9 |
| Cyprus | 17.7 | 18.0 | 18.0 | 17.8 | 18.1 |
| Latvia | 12.5 | 12.1 | 12.3 | 10.9 | 12.4 |
| Lithuania | 13.0 | 12.9 | 13.0 | 14.1 | 15.7 |
| Hungary | 20.2 | 21.5 | 21.9 | 22.0 | 22.3 |
| Malta | 18.5 | 18.3 | 17.9 | 17.8 | 18.6 |
| Poland | 19.7 | 19.2 | 19.0 | 17.8 | 18.2 |
| Slovenia | 22.8 | 22.5 | 22.2 | 20.8 | 21.0 |
| Slovakia | 16.6 | 15.9 | 15.7 | 15.4 | 15.5 |
| EU25 | 26.2 | 26.2 | 25.9 | 24.8 | 25.5 |

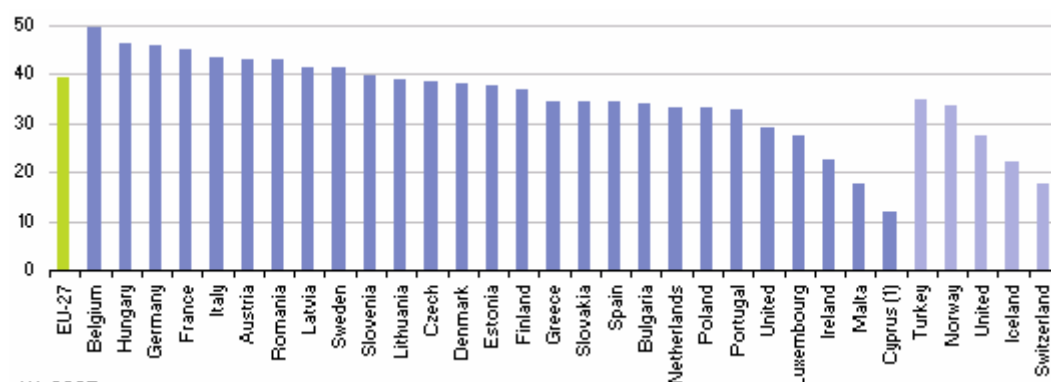
Source: http://www.scb.se/Pages/PressRelease___314159.aspx

Romania, as EU member, has a system of social security old, unreformed since it is far from being efficient. Today Romanian social protection is practiced at a subsistence level, which implies a lower replacement rate.

We can see to a summary analyze of the market labor the strong taxation of both employer and the employee contributions being above the European average, which stimulates a strong informal economy.

The informal economy cannot be an advantage in global economic competition as there may be social groups to enter the labor market discouraged.

Schematically, the situation of European labor taxation is as follows:



(1) 2007.

Source:

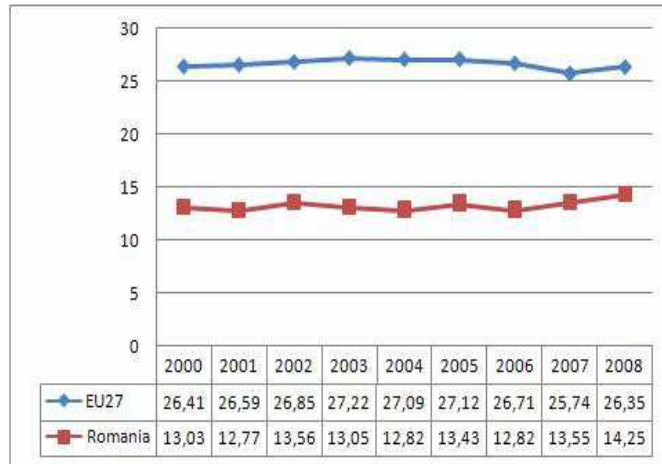
http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Wages_and_labour_costs

Figure no. 4: The cost of the European workforce in 2008

As we see Romania has a taxation of the labor market that does not encourage work.

Also we quote that the Romania spends 50% less than the average of the EU social protection system. Thus, if an european average is spent about 27% of European GDP for social protection, Romania spends up 14% of national GDP.

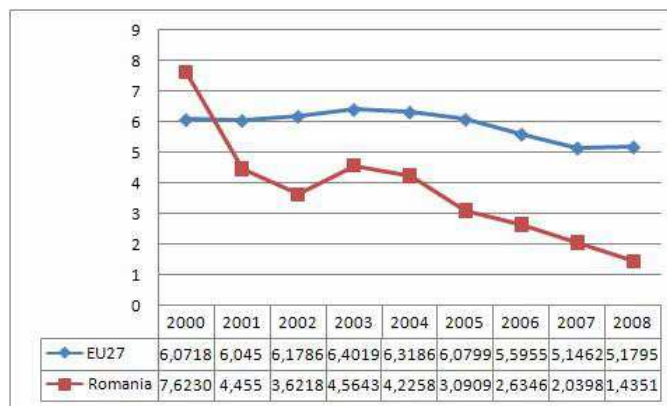
We consider it auspicious the introduction into the Tax Code of clear measures to stimulate employment and exemption from taxes of certain social groups in need.



Source: <http://www.bns.ro/fisiere.portal/NM.ppt>

Figure no. 5: Expenditure on social protection in EU GDP and Romania

Even if there is lower unemployment benefits paid, the rights assigned to this category of romanians are social decreasing from year to year. Also we observed the lack of inspiration of the decision makers, in adopting measures to stimulate the economic development, by legislative or fiscal means, and finally to stimulate employment.

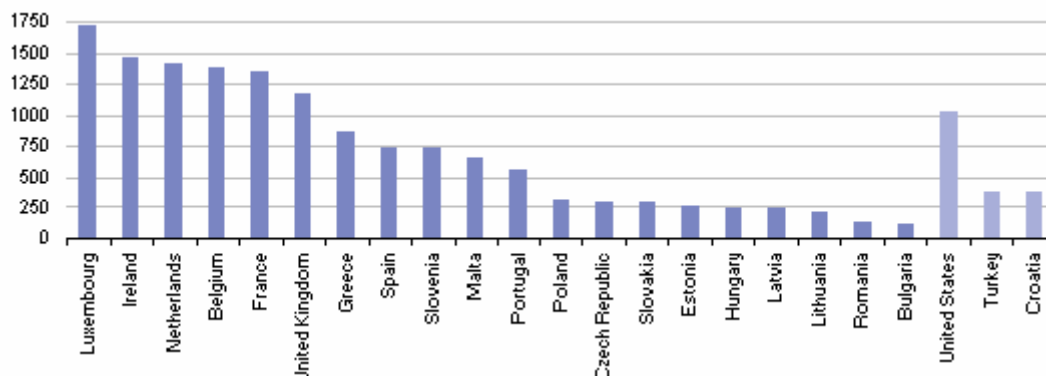


Source: <http://www.bns.ro/fisiere.portal/NM.ppt>

Figure no. 6: Total Expenditure on social protection to support unemployed

The social protection system from Central and Eastern European is profoundly affected by the performance of national economies, and the average earning record. If we look at the entire bloc at the recorded minimum wage for each member state we

will see that the highest minimum wage is recorded in U15, Western Europe, exactly the opposite situation being presented in the Eastern Europe, where the wages are low.



Source:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Wages_and_labour_costs

Figure no. 7: Average wage in EU

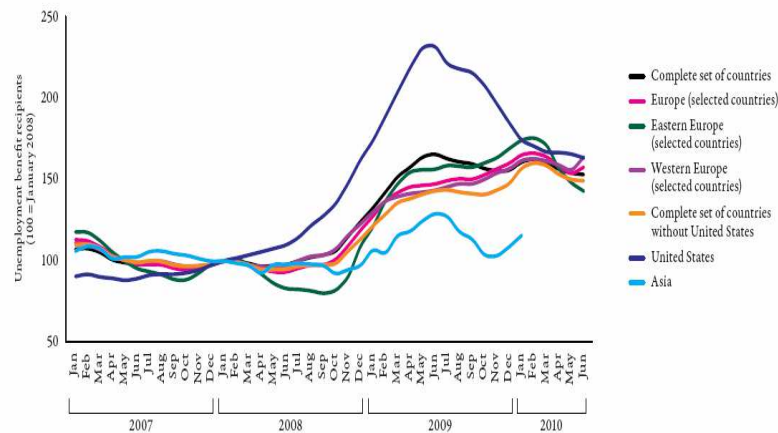
In general the developed countries spend a higher percentage of their GDP on social protection compared to developing countries²⁰. International Labour Organisation examining how the the expenditure with social protection are financed in countries situated on different levels of development concluded that the underdeveloped countries 4% of GDP allocated annually to support national health systems and other transfers of social protection sector, the countries developing from 7 to 10% and developed countries about 20% of GDP.

Analyzing the above data we find that the degree of social protection financing depends largely on the degree of development of national economy, observing that social protection developed countries expend twice as much than developing countries and four times in developing countries.

We emphasize that between 2007 - 2010 the number of people receiving support through state assistance programs for the unemployed, according to geographical area, has increased and the evolution of the evolution was like in the figure below²¹:

²⁰ International Labour Conference, Report VI, Social security for social justice and a fair globalization, Geneva, 2011, pag. 37

²¹ The countries taken into consideration: Argentina, Armenia, Australia; Belarus, Belgia, Brazil, Bulgaria; Canada, Chile; Croatia; Cyprus, Czech Republic; Danmark; Estonia, Finland; France; Germany; The Netherlands, Hungary; Israel; Kazahstan, Latvia, Lithuania, Luxembourg, Mexic; Montenegro; New Caledonia, New Zeeland, Poland, Korea Republic, România, Russian Federation; Serbia, Slovakia, Slovenia; South Africa, Spain, Sweden, Thailand, FYR Macedonia, Turkey, Ukraine, United Kingdom; United States; Uruguay.



Source: International Labour Organization, *World report Social Security 2010-2011, in times of crisis Providing coverage and Beyond*, Geneva, 2010, pag. 107

Figure no. 8: Evolution of the number of people receiving state support

In the most developed countries the main economic recovery measures have been circumscribed to stimulate employment by reducing unemployment and encouraging people to enter the labor market, thus contributing through taxes paid to balancing their budgets. Thus, the developed economies have a social security system organized on the principle of social solidarity his one should not be treated as a relic of the past, being a powerful tool of economic development - social future.

While most of the developed and developing states have a relatively efficient system of social protection and prevention of poverty, underdeveloped states do not have this chance because only a small part of the population has access to the system.

3.CONCLUSIONS

In todays conditions of economic-financial crisis it is important to take drastic measures in restructuring of the international financial system by enlarging the attributions of the international institutions already created. Europe has a choice between two strategies. The first strategy is to adopt a more liberal model, based on increased tax competition will lead to reduced taxation and welfare privatization. A second strategy is to maintain the current social protection model, characterized by a significant level of transfers and public expenditure and taxation such.²²

The application of an ultra-liberal strategy it is not possible because is contrary to fundamental principles behind the formation of the European Economic Community, against the interest of most citizens of the Union and the principle of social justice, principles that have been taken over by the European Union.

It is said that one of the European Union's core values is equality. This value must be understood not only in legal terms and policies (equality of citizens before the

²² Grahl, J., *Global finance and social Europe*, Edward Eldar Publishing Limited, Cheltenham, UK, 2009, pag. 277

law), but also economic and social, which means the obligation of public authorities to formulate economic and social policies that benefit all citizens, not just some, few.²³

This involves efforts, for each of the members, to transcribe the supranational legislation into national legislation, regulations and directives issued by the European Commission. Indeed the European system of social protection in adverse economic conditions, is subjected to unprecedented pressures so far, pressures that will generate significant changes in its functioning.

It requires further integration among nations and the introduction besides the three pillars the European Union (Economic Community, legal and police cooperation, foreign policy) of an additional pillar namely social development.

Without this fourth pillar the European Union would not have a solid foundation to withstand the global economic competition, cannot cope with China and U.S. economies. European social development will involve significant investments in the quaternary sector of the European economy, it will encourage free enterprise, intercultural exchanges and the free movement of people in employment.

Even if the competition is affected by recession it would be necessary to take the measures needed in order to increase the European competitiveness in the global labor market.

We also notice the huge amount of U.S. currency in the global economy and observes that the main U.S. creditor is China. This involves a huge risk for the fragile European economy.

Given the link between U.S. and Chinese economies is expected that with the decrease of the real estate market in China to appear, timid in the first phase, problems in the Chinese economy. Occurrence of any imbalance in the Chinese economy will automatically generate a reduction in the financial resources available to loan, which involves a rise of the price of financing of the U.S. economy. If the U.S. Economy it cannot resolve the situation occurred the shock will induce the whole international financial system, a new wave of crisis. If the U.S. Economy cannot resolve the situation the wave of shock will induce in the whole international financial system, a new wave of crisis.

Referring of the possibility of keeping the actual system of social protection, Luzzaraga says that "the social protection system should be protected from competition in terms of taxation by introducing, in some cases, minimum rates and overall harsh measures against tax havens."²⁴

We believe that an effective social protection can still start in school which leads us to suggest that school programs should be rethought in order to stimulate entrepreneurship and free association, school, thus providing future citizens the skills necessary to compete. We can say that the welfare state is facing a crisis of structure. This crisis has an impact over the postulates which lead to the actually welfare state.

Also believe that without the corporate social responsibility of the international business environment there cannot be an effective social protection.

We believe that true social protection should be the first promoter of employment and it should stimulate the development of national labor market by

²³ Luzzaraga, F., A., Llorente, M., G., Europa viitorului. Tratatul de la Lisabona, Editura Polirom, Iași, 2011, pag. 127

²⁴ Grahl, J., Op. cit., pag. 277

encouraging the ongoing development of human resources and improve the performance of individuals on the international market labor.

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