

## THEORETICAL PROBLEMS OF LAW AND POLITICS

**Emma Gansova, Sc.D in philosophy**

*South Ukrainian National Pedagogical University named after K.D. Ushynskiy*

### DEMOCRACY AND SOCIAL POLICY<sup>1</sup>

The article contains two approaches which are taken from political science and from sociology. Sociology of policy is the methodological basis of this research. Peculiarity of democratic system implies the wide participation of population in the process of governing. This principle means that the politicians should consider the specific of social relations, the public opinion, the state of satisfaction of people's needs, wants, interests. When we try to find the definition of democracy it is necessary to define the aim of this mental operation. First of all the major error of modern politicians is a great wish to create an ideology or a mythology. According to the democratic idea democracy is the best organization of human life in the contemporary world.

**Key words:** democracy, social policy, social relations.

#### **1. Instead of Preface. Dialectical interaction of Political and Social Elements of Society**

In this article we intent to display that democracy is only one of the organizational means which mankind invented as well as authoritarian rules.

Democracy does not exist as an independent phenomenon in society structure. It is meant to be the certain social form of relationship. This form is presented in different spheres of society: economy, policy and interpersonal contacts. Democracy is the most substantial matter for the political area. Here it takes role of power's form, of managerial instrument. One of the significant signs of democratic rules is involvement the civil society in the process of management. That's why democracy implies the conjunction of political and social elements of society. They make up the universal where social component is the goal and the means are political one. In our opinion social policy forms the core of democratic system. The problem demands a range of definitions.

#### **2. Definition of Main Categories of Social Policy System**

One can find the set of terms characterizing social policy in sociology. The main term we need to describe the social system is "social relations". Sociological theory accumulated a lot of definitions of this notion. The article proposes four of them as a summary of a long discussion:

- social relations assume differentiation in society;
- social relations are connections among groups of society;
- social relations are the system of values of citizens through which they assess past, present, and future of their country;
- social relations are interaction between the state and the population, an individual or a group and the state, in connection with meeting their various wishes, wants, and needs in particular with necessity of social security.

So these definitions contain a wide field of democratic space. The first of them concerns the certain direction of policy and namely the problem of balance among the different parts and layers which society is divided into.

The second definition assumes another purpose of a democratic efforts. Social stability is depending on ability of power to meet different group interests and needs creating appropriate conditions for their realization. One of the functions of the state is to support the equilibrium among diversity of group interests.

The third statement supposes multisided counting of public opinion and accountable attitude to it from the side of authorities of different levels.

The fourth judgment summaries all mentioned above. It gives a special sense to democratic activity

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<sup>1</sup> This article is result of author's activity in Canadian-Ukrainian project "Study Democracy" during her staying at Quin's university (State Ontario)

determining its contents. Moreover we can say that the type of democracy is determined by the mechanism of involvement of public needs in process of governing.

Social policy makes up such mechanism which serves as a substantial link between the state and civil society. Our major argument says: developed social policy is the sign of developed democracy.

Social policy may be defined as a system of actions to provide following directions of human existence: enhancement of public and individual wealth, improvement of quality of people life, maintenance of social and political stability. Social policy performs a main function of democracy in its attitude to an individual. This function is creation of economical, political, and cultural conditions for protection and development of "social capital".

### **3. Economic Determinants of Policy. The types of democracy as the types of social policy**

Democratic expansion has global character nowadays. But globalization is not homogeneous process. There are different types of democracy in the modern world.

The type of political regime depends not only on political forces' will. Economic factor determines political order in a country to a great extent. But link between policy and economy does not have direct character. We share the view of Canadian specialists

Analysis of economical circumstances implies eligible approach.

There is a set of indices which function as means of measurement for contemporary world economy. Appropriate state of national economy causes appropriate state of policy and social policy particularly. World experience demonstrates three states of economy and three states of policy. Economic states of crisis, stability and development agree with policy of extreme measures, stimulation and laissez-faire respectively. Basis of indices' system includes such indicators: volume of production (or GDP — Gross Domestic Product), level of inflation, level of unemployment, correlation between the cost of consumer basket and average wage. If paces of volume of production are (-20%) annually the state of economic crisis will be as consequence, policy of extreme measures, is followed by. It also means that social programs must be curtailed.

State of economic stability is accompanied by zero (0%) percentage of volume of production. This process expedites emergence of stimulating policy and extension of social programs. + 10% of annual economic development is called dynamic growth. It is assumed to be laissez-faire policy and wide realization of social policy in one of existing forms: liberal, conservative or paternalistic (social-democratic) models (see below).

Three states of political regime and social policy may be observed in connection with indicator of inflation: there are crisis and policy of extreme measures in situation if inflation achieves 50% annually; stabilization and stimulating policy when paces of inflation are 30%; dynamic growth and laissez-faire policy emerge when 6% of inflation takes place. Appropriate dimension of unemployment corresponds to state of economic and political life. It is successively 20% annually (economic crisis and policy of extreme measures), 10% (economic stability and stimulating policy), 5% (dynamic growth and laissez-faire policy).

The fourth index (relation between average wage and the cost of consumer basket) shows the level of life in the society. It evolves from 50 % (economic crisis and policy of extreme measures) to 70 % (stability and stimulation policy). 100 % indicates dynamic growth and laissez-faire policy.

Idea of unity political and social elements was elaborated by G. Espin- Anderson. According to him there are three types of countries depending on style of state's activity in the social sphere. The scientist proposed "liberal," "conservative" and "social-democratic" models<sup>1</sup>.

More obviously this comparative aspect may be manifested when three major political ideologies are represented. Three following attributes are the basis for such comparison: 1. Attitudes to individuals; 2. Attitude to State; 3. Attitude to Current Social Welfare System (CSWS).

Social welfare measures are undertaken not as desirable, but as necessary defense to save the political system therefore CSWS should be curtailed.

Stephan Leifried briefly but exactly describes conservative system of Germany "Today's German unification repeats, compressed in time, the pattern of 1871: civil and social unification preceded the political union"<sup>2</sup>.

The remarkable trait of conservative policy is a trend of "compensatory strategies" which substitute a

1 *Divisions of Welfare: A critical Introduction to Comparative Welfare Policy* (1993). London: SAGE Publication, 21.

2 Adorno, T.W., Horkheimer, M. (oth.) (1998). *German Sociology. Toward a European Welfare State? On integration Poverty Regimes into the European Community*. New York: Continuum, 261.

right to social security for a right to work.

State takes a care of individuals but also of group; 2. State should protect individuals but should not alter basic structures or ways of conducting the country's affairs; 3 CSWS needs to be coordinated because of a large variety of local and federal CSWS. For liberals many differing programs may be necessary but they confront their rationality.

After S. Leibfried's characteristic "the historical sequencing of "citizenship" is "normal"... first come civil, then political, and then social rights"<sup>1</sup>.

The countries of liberal democracy have always emphasized the "residual welfare model"<sup>2</sup>.

1. Main direction of social activity of the state is concern for equality of individual opportunities. 2. State is interested in emergence of civic and political organizations, as well as provision workers by new jobs. 3. The socialists settle for policies that are seen as initiating trends to a more equitable distribution of income. They are seen to be ready to continue the process of reforming to more comprehensive reforms. CSWS is valued by socialists as the main purpose of power.

Since World War II, the welfare states of socialistic choice (for example Scandinavia) have stressed the right to work for everyone and have centered their welfare state policy on this issue and not on compensatory income transfer strategies.

David Held in his work "Models of democracy" explaining evolution of liberalism marks. "Gradually, liberalism became associated with the doctrine that individuals should be free to pursue their own preferences in religious, economic and political affairs"<sup>3</sup>. In accordance with D. Held all factors of democracy (the constitutional state, private property and the competitive market economy) are the central mechanisms for coordinating individuals interests. There is the principal problem joining political and social aspects. The question is: how is the "sovereign state" to be related to the "sovereign people"? For while the state must have a monopoly of coercive power to provide a secure basis upon which "free trade", business and family life can prosper, its coercive and regulatory capability must be contained so that its agents do not interfere with the political and social freedoms of individual citizens, with the pursuit by them of their particular interests in competitive relations with one another.

The second principal problem concerns the contradictions between political power and social policy. This contradiction is described by Larry Diamond very convincingly. "...founding a democracy and preserving it are two different things. To be stable, democracy must be deemed legitimate by the people; they must view it as the best, the most appropriate form of government for their society... Democracy will not be valued by the people unless it deals effectively with social and economic problems"<sup>4</sup>. Democratic countries have found a set of means to solve this contradiction. Their peculiarities form certain models of democracy.

Liberal model is characterized by general features which are inherent for different countries of liberal democracy. They are following:

- decentralization of power, principle of self — governing of provinces;
- ideology of individualism; consciousness of personal responsibility for own wealth;
- a wide range of public organizations performing functions of social security.

Contemporary Canadian state has both features of liberalism and conservatism though it proclaims liberal values. Liberal ideas were connected with wide activity in social domain. The Canadians keep in their mind names of "pioneers" of "social welfare": Goldwin Smith, J.J. Kelso, J. Sh. Woodsworth.

Ken Battle argues that in the 90s transformation of social policy was initiated by the Wilson Conservatives and continued by the Martin Liberals<sup>5</sup>.

In the April 1996 the Canada Assistance Plan (CAP) was based on a federal and provincial "cost

1 Adorno, T.W., Horkheimer, M. (oth.) (1998). German Sociology. *Toward a European Welfare State? On integration Poverty Regimes into the European Community*. New York: Continuum, 261.

2 Diamond, L., Plattner, M.F. (eds). (1998). *The Global Resurgence of Democracy. Three Paradoxes of Democracy*. Second edition. Baltimore: The Johns Hopkins University Press, 12.

3 Abel-Smith, B., Tirmuss, M. (1987). *The Philosophy of Welfare. Selected Writings of Richard M. Timuss. Developing Social Policy in Conditions of Rapid Change: the Role of Social Welfare*. London: Allen & Unwin, 262.

4 The Development of Liberal Democracy, For and against the State (2006). *Models of Democracy*. Second edition. Stanford, California: Stanford University Press, Chapter 3, 74.

5 Pulkingham, J., Ternowetsky, G. (ed.) (1996). *Remaking Canadian Social Policy. Desperately Seeking Substance...* Eernwood Publishing, Halifax, 52.

shared" approach to the funding of social programs. According to the Canada Health and Social Transfer, the CHST, federal transfers enter the provinces for health, post-secondary education, social assistance and welfare services.

" Social welfare" can be defined as a network of legislation, policies, institutions, resources, and services that have been developed to ensure that citizens will have access to those materials, services, and resources of society that will permit them to develop their potential as individuals in a manner acceptable to them with due regard to the rights of others<sup>1</sup>.

The most valuable experience of Canadian policy of "social welfare" is the process of realization principles of liberalism in a real practice. This process begins from the tax policy. Tax policy is determined by social interests and that is why it is not purely economic instrument. If we continue our comparison we shall be able observe how three types of countries differ from each other concerning tax policy. Table 1 shows that tax rate increases from liberal kind of states as far as social-democratic. So social-democratic model turned out to be the most expensive for society. And inversely, the countries of liberal democracy are relatively cheaper for citizens.

In the range of liberal states Canadian total government tax rate is the highest and it approaches to the level of conservatives group of countries.

Countries differ not only by virtue of their level of taxation, but also by the composition of taxes. Government usually tax income, profit, payrolls, consumption and wealth. Liberal countries (except U. S.) in contrary to conservative ones rely far more on income taxes than most other countries as a revenue source. Second, their reliance on social security/payroll taxes is much lower than both the United States and European countries. This statement concerns Canada in the first turn.

Table 1

#### Comparison of Total Government Tax Rate as a Percent of GDP of three types of countries

Liberal		Conservative		Social-democratic	
Australia	25,5	Germany	39,6	Denmark	49,3
U.S.	29,4	Austria	43,5		
Canada	36,5	France	43,6		

Source: Revenue Statistics of OECD Countries i 993; OECD (Organization for Economic and Cooperative Development).

Flexibility and social purpose of liberal orientated policy are exposed in system of tax expenditures. Idea of the redistribute welfare state (redistribution of income) and the concept of a welfare state are ideological foundation of state social expenditures. All kinds of modern democratic states realize three important conditions: the assurance of a minimum income for individuals and families, protection against certain universal risks (sickness, old age, unemployment), equal access to the range of services (education, health care and so on). There are the set of instruments which are resemble for every type of state, such as full employment policy, minimum wage standards, tax exemptions, and direct provision of certain goods and services.

However, it also requires some special programs for those who cannot participate in the labor market. Canadian types of cash income programs are samples in this respect. The selective transfer payment is one of the cash income programs. It is also known as social assistance or social allowance. It is basically the transfer of money from the general revenue funds of any level of government to selected individuals or families in need. The universal transfer payment is a type of income maintenance program that provides fixed rate benefits to individuals or families defined by certain demographic characteristics, such as age or number of children. Social insurance income maintenance programs are intended as protective measures against certain universal risks, such as old age or unemployment.

Analysis of all the major federal programs and provincial and municipal programs in Canada allows to make the range conclusions.

1. The system of Canadian social policy was basically launched in period after World War II and in the 60-s. This situation is rather typical for countries of liberal democracy because conservative regimes predominately created their system of social policy in the last century.

Social security system (Social Insurance) takes essential place in the structure of Federal

<sup>1</sup> *Canadian Social Welfare* (1981). Canada, 3.

expenditures while the social assistance forms major part of provincial social policy.

Relation between the total of state social expenditures and average wage makes up an indicator (coefficient of substitution, CS) which may be used for definition of the type of democratic model. It shows Canada's position among other democratic countries.

N. Ginsburg built the scale of divisions of welfare states putting in the basis coefficient of substitution (CS) (Table 2).

Table 2

#### Divisions of Welfare States on the basis of Coefficient of Substitution (CS)

Liberal	CS	Conservative	CS	Social-democratic	CS
Australia	13,0	Austria	31,1	Denmark	38,1
Canada	22,0	Belgium	32,4	Finland	29,2
Japan	27,4	France	27,5	Netherlands	32,4
Switzerland	29,8	Germany	27,7	Norway	38,3
USA	13,8	Italy	27,1	Sweden	39,1

Source: Ginsburg, N. (1993). *Divisions of Welfare: A critical Introduction to Comparative Welfare Policy*. London, SAGE Publications, 2.

Diversities among countries are observed when we make juxtaposition of their social payments. Each state sustains own ideological principles in its financial policy. The last can be seen in Table 3.

Table 3

#### Social payments in the countries of OEC (Organization for Economic Cooperation) (in % of GDP)

Liberal	%	Conservative	%	Social-democratic	%
Australia	18,4	Austria	28,8	Denmark	33,9
Canada	22,6	Belgium	35,8	Finland	22,8
Japan	16,2	France	34,2	Netherlands	31,8
Switzerland	20,5	Germany	25,8	Norway	23,5
USA	18,2	Italy	26,7	Sweden	32,0

Source: Welfare in Civil Society (1993). *Report for the Conference of European Ministers Responsible for Social Affairs*. Bratislava, European Center Vienna, 9.

Table 2 and Table 3 show that states of liberal democracy spend less finances for social payments than conservative and social-democratic ones. But this is only visible side of problem. One can reveal invisible side if compare social expenditures with total government tax rate as a percent of GDP of three types of countries. For example, tax rate of the U. S. A. is 29,4 %, Germany – 39,6 %, Denmark – 49,3%. So pressure of taxes under liberal conditions is comparatively less than under social-democratic regime.

This analyses of social policy demonstrates following fact. Conditions of life, living level depend not only the state of national economics. Political factor, promises of political leaders, their responsibility are substantial elements of social relations.

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