

Global European economic model

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Abstract. *National identity is the paradigm of each country. Globally we try to integrate various challenges in new trends that tend to show a higher or lower economic competitiveness. We, as individual mobilizing global economic engine, want to find the various models that recreate human welfare. But beyond all the challenges that we are subject to, we must realize that the world we live in, works by some well defined patterns that outsource wishes and provide opportunities only to those who can prove they are strong. This article is to demonstrate the importance of integrating certain development patterns in global growth model, given primarily by the desire of the individual to maintain the integrity of the planet and human integrity.*

Keywords: globalization, economic growth, global economy, economic models.

JEL Classification: F62; O47; R11.

REL Classification: 20B; 10B.

1. Introduction

Globalization of the economy has led to the development of new technologies that increased competition and the pace of change.

Even if all this has led to growth and employment, it also led to significant changes for employees and businesses, which are forced to submit to the adaptability and flexibility to survive in this competitive global environment.

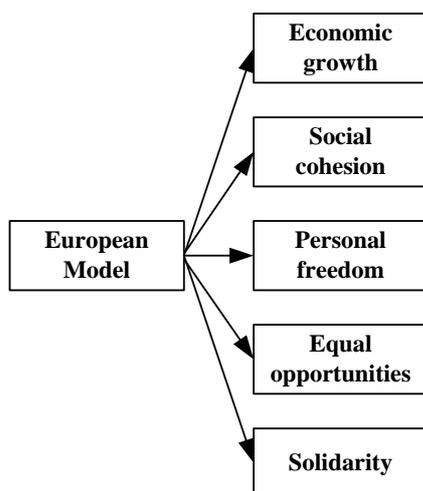
These changes have led to reforms aimed at creating a more flexible labor market, and the development of policies that capture both labor market flexibility and employment security involving security and social insurance.

Concerns related to the competitiveness of the European economy often raise European economic model.

European model concept was first used by Jacques Delors, at mid-1990s, used as an alternative to the American model of pure capitalism, as opposed to the model presented at the American or South East Asia with emphasis on development.

The main idea is that the European model of economic and social progress must operate by combining economic growth with social cohesion, characterized by extensive social protection and solving problems through democratic means. (Dumitrescu, 2007)

One of the first definitions of the European model are the social policy of the White Paper, prepared by the European Commission in 1994 and includes common values: commitment to democracy, personal freedom, social dialogue, equal opportunities, social security and solidarity with disadvantaged people (see Figure 1).



Source: own processing.

Figure 1. *Characteristics of European economic model*

There are present a variety of country-specific models (Swedish, German, etc.), but they all meet common principles: economic growth, social protection; the focus on each of them is different.

All EU countries have three social common characteristics: *social citizenship* which has the equity principle, not in terms of income but in terms of equality before the law, *political, economic and social rights*, and *protection gap* against market; no individual have a higher position. Giving up the nature of the cargo of some goods, essential to a decent social life involves education and healthcare.

The European model seeks to prove the ideas of globalization by broadening the horizons of citizens, by creating some general individual freedom but not forgetting the identity of individual. Keeping this identity is actually the backbone of defining humanity.

2. Reorienting global model

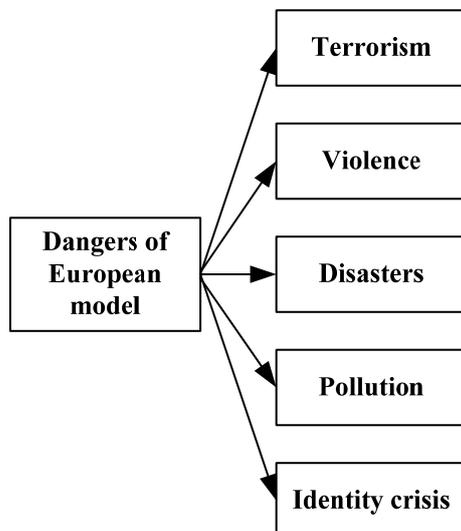
Globalization is not the only reason for diversion or reinventing the welfare state. To cope with globalization need to be refocused on the welfare state and should go beyond compensation for those who support the most cost increasing global competition. Responses basic social policy issues such as: education and training, immigration and integration policies, labor market reforms and welfare redesign to enhance its active role.

Modern society is the result of a long and successful which led to the institutional setup. This process reached its highest point in Europe ECE articulated in the early 1970s. In this space and time, the welfare state has shown that some features have inspired confidence: full employment, social services, universal and generous public and controlling poverty and marginalization. Since the crisis of 1970 some changes were very diverse, and there were eventually eroding the foundations of the welfare state. After this critical process especially severe intellectual change, where “the main social structures lose their authority, principal ideologies lose no longer mobilizes historical process, the social is nothing but prolong life.” This era of hyper- modernity is the substance of the return to liberalism, a historical piece, both in thought and in practice, risk and unable to improve the achievements of modern times, the golden age is increasing, the mid-twentieth century.

From panoramic view of the European model, I was able to see how the historical process could not foster convergence of social systems of the EU-27, meanwhile continued expanding its borders. The current EU social dimension seems to have

been put in a second place after a peak in 2005, and after overcoming the institutional crisis in 2007. Perhaps we could emphasize that momentum to flexi-security concept should inspire Member States' employment policies for future work, an acrobatic exercise – both linguistic sense and in the political sense – for an executive who shares the same values and political community. Should also be noted the impulse in the social communication area to establish a renewed Social Agenda, built on three concepts: access, opportunity and solidarity. Europe as a homogenous entity is unthinkable values beyond universal human. Even so, we can build a dream project generator requiring high doses of both political and intellectual generosity in a time when they are not values that rise.

We should also note the challenges faced model in its current version, and the aim of preserving its most significant and identity: international terrorism and possible disasters, neoliberal logic and its effects on employment; in local, urban pollution, violence in marginalized neighborhoods, on a personal level issues that weaken the body and mental balance. Before this reality, it is required a theoretical discourse and smoothing. This is, as we know, demanding effort of social scientists, to which we are committed. The ability to enjoy life and civilization is at stake (see Figure 2).



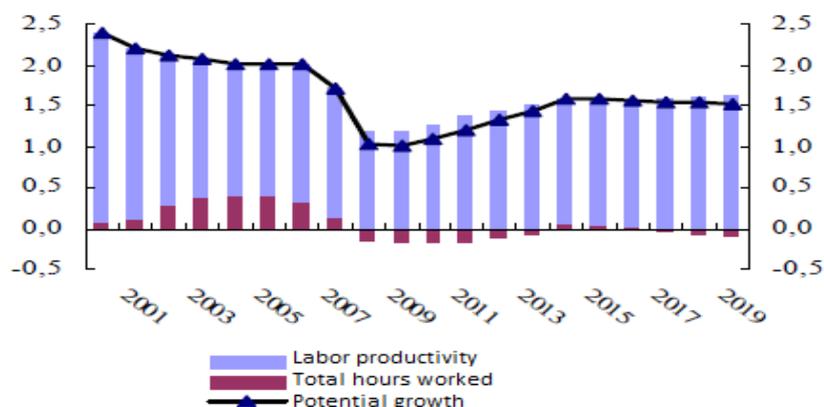
Source: own processing

Figure 2. *Dangers of European model*

Structural reforms can help achieve two goals: restoring the main factors of growth and preventing or correcting imbalances as a key condition for growth. These reforms could boost labor utilization and labor productivity. Also, structural

reforms can help restore competitiveness and reduce external imbalances in the short term by reducing wage and price rigidity. Facilitate the necessary reallocation of labor and capital across sectors and companies are essential for growth and to reduce external imbalances. Although many structural measures could support both growth and macroeconomic adjustment, some of them such as school policies, needs more time to bear fruit and are more suited to unlock long-term growth drivers. However, this does not mean that action to strengthen these policies should be postponed.

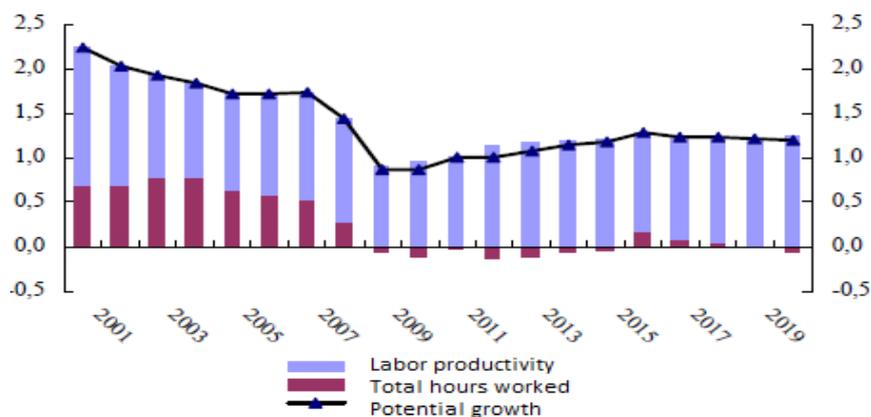
In the absence of resolute policies, potential growth is likely to remain weak in the next decade. In the next period, the average potential growth rate is estimated at around 1½% in the EU-27, unless policy changes occur, as shown in Figure 3. This is much lower than the rates found in the last two decades in the EU which, in addition, were much lower than in the U.S. This was caused by enhanced labor underutilization from the crisis, combined with a shrinking labor force as the population at the end with a slight increase in productivity in the EU-27. Most Member States have been affected by the crisis, both in terms of capital accumulation and labor utilization, and is expected at the end of the decade, they will experience a reduction in their labor resources due aging.



Source: www.cnp.ro

Figure 3. Potential output growth till 2020 in the EU 27

Confirming previous trends, growth prospects are even weaker euro area. In the period 2001-2010, the average potential growth was 1.6% in euro area, down by 1.8% in the EU-27 (see Figure 4). In the following decade, the prospects for increasing production and productivity will be particularly grim in the euro area, as it is expected that both will reach an average of around 1¼%. However, using the estimated labor is very similar to that predicted for the EU as a whole.



Sursa: www.cnp.ro

Figure 4. Potential output growth till 2020 in the euro area

To address the challenges outlined above, in the next period must mobilize EU growth factors. In Member States with large current account deficits and high levels of debt, reforms aimed at wage setting systems and services markets are important for improving the adaptability of prices and wages. It will also help, improvements in the business environment by enhancing competition (e.g. through the Services Directive) and reducing administrative burdens. Measures are urgently needed to support the reallocation of resources across firms and sectors. These include legislation on employment protection that do not impede the reallocation of resources between sectors more attractive financial incentives for employment and active labor market, better targeting the most vulnerable. Measures to remove barriers to entry and exit (starting conditions) and investment barriers (such as harmonization of corporate tax base) will also be important in terms of facilitating sectoral reallocation to higher value added activities greater and faster growth.

Member States with large current account surpluses have identified and remedied causes weak domestic demand. These policies could include further liberalization of the services sector and improving conditions for investment. Member States should step up efforts in structural reforms that eliminate the major bottlenecks to growth in the medium term. Based on the National Reform Programme (NRPs) submitted by Member States, the measures provided appear to be insufficiently ambitious and therefore is unlikely to medium term, a tangible impact on growth and jobs. Member States in their National Reform Programme final plans must provide more precise in order to expedite and track key actions generally more ambitious.

3. European model enigma

European model include economic growth, political freedom and social cohesion; it is bivalent, both economic and social focus on public policies and the regulatory framework. In terms of political freedoms, both American and European model are based on individual discernment, characterizing a competitive social market economy, based on competitive market mechanism for resource allocation. Social cohesion is present in the Asian model with a social purpose. Model features are liberalized imports and exports subject (semi) cheap labor and capital expensive. It is also a transition model where the emphasis is on supranational processes, processes of convergence and integration.

The European economy is an economy product where the risk factor is calculated and minimized.

Thus, the European model of integration processes to generate multiple perspectives at all levels must be maintained primarily national identity.

The European economy as a strategic component supports, with the yield on the finality of transfers or social cohesion.

The model is bivalent, economic and social, and also multidirectional, targeting and what lies beyond and beyond the market. Does the ingredient for the expansion of the monetary economy relies on the real economy and real economy that generates consistency reliability, stability nominal economy: the European economy is built on the relationship between earnings and productivity, employment and places aspiring products, job security, and sustainable business products reliable, energy – savvy chain – resources – products – services – money mechanic resume, show compatibility processes (integration) is the economy where risk is calculated and minimized, is the economy product.

Symbolically speaking, the European economy type looks like a trapeze exercise performance; the athlete develops over a safety net that protects it from injury. From the point of view of European economic structures , operating in a different space, scale north (average associatively) – South (Family associatively) is based on a mixed system of companies, mainly medium unlike the American economy, which benefits natural resource trust that generates spontaneous associatively and rely on large enterprises.

Models act as poles of attraction (around models have emerged separate integration processes): American model of integration processes generate concentric version with majors with the benchmark U.S. territory. Strictly speaking, a typical model of integration is assimilation, even imitation of the

nucleus. The European model of integration processes generates multiple perspective at all levels, with a tendency to functionalize a combined regional and national decision -state.

The European model has been “exported” to other nations. In various regions were implemented initiatives to establish free trade areas and cross-border political alliances. The North American Free Trade Agreement (NAFTA), Mercosur in South America and the Organization of American States (OAS) tries to create a transnational political model to harmonize their markets and gain an advantage in global economies of scale through regional.

U.S. are so strong in relation to Canada and Mexico (two major trading partners) that it would be impossible to create an entity that would even resemble a partnership between relatively equal partners.

Perhaps the three North American countries will form a free trade area, but will not create any super state or a transnational political space.

China and India have to face even greater obstacles in a world where the nation-state model is increasingly less able to adapt to global trade and cultural forces.

The region is the most likely candidate to follow the example of the European Union’s East Asian community, with or without China's participation. In 1967, Indonesia, Malaysia, Philippines, Singapore and Thailand have established the Association of Southeast Asian Nations (ASEAN), with the objective of deepening economic and social development in the region and the provision of collective security measures against external interference.

In 1998, the ten ASEAN member countries along with South Korea, Japan and China have formed a group for East Asian Vision (EAVG). In 2001, EAVG has issued a report entitled “Towards an East Asian Community: Region of Peace, prosperity and progress” The group made a number of proposals grouped into six categories: economic cooperation, financial cooperation, political and security cooperation, environmental cooperation, social and cultural cooperation and institutional cooperation. The authors report calls for the establishment of free trade area in East Asia (EAFTA) to promote development and technological cooperation between the signatory countries.

At the end of 2003, ASEAN was a historic moment. Already in an advanced stage by creating a free trade area in East Asia, countries have arranged for serious discussion regarding the prospect of creating an ASEAN economic community similar to the European Union in 2020.

In the book “The Geography of Thought” Richard Nisbett examined Asian mentality, presenting the idea that nations and Asian countries may be more suitable than European government to create a network, a transnational space and a global consciousness.

As shown Nisbett, attention to relationships makes Asians more sensitive to the feelings of others. American parents focus on objects and prepare their children to think in terms of expropriation, acquisition and ownership relations. Asian parents focus more on feelings and social relationships to help children to anticipate the reaction of other people who will have to coordinate their behavior. Because of the emphasis on harmonious relations and welfare of all, Asians are more interested in success than their private group. Thus, according to Rifkin Europe is best positioned among America's extreme individualism and extreme collectivism Asia.

To become universal European model will have to incorporate a new provision allowing individual behavior to understand how their personal behavior and choices affect the rest of the world.

The European model started to promote the cause of universal morality, but only at the experimental level.

For the European model to become global it will have to create a new story about human mission. A new meta-narrative that can unite mankind in a common journey and at the same time, can allow each person and each group to follow own way.

Europeans have drawn a visionary journey to a new promised land dedicated to reaffirm the indivisibility of life instinct and the Earth. Europeans have a model, want to live in a world where everyone is included and no one is left behind. They will also be integrated global without losing the sense of local identity and culture.

Europeans struggle for universal human rights and those of nature and are willing to obey the constraint rules for this purpose. They want to live in a world of peace and harmony and the majority supports a foreign policy and environmental policy to promote this goal.

Turbulent times we live European model make a beacon in a troubled world. This practical beacon calling us to a new era of inclusion, diversity, quality of life, universal human rights, rights of nature and peace on Earth.

Globalization has brought with it changes in the entire world economy and represents a promise for the future. The European Union is seen by many analysts as one of the most advanced forms of international integration and regionalization

of the world economy and consequently globalization. Globalization can be very advantageous for countries that have high economic competitiveness, that have advanced technology and efficient workforce brings greater labor productivity. In conclusion it may be added that all these things are there main source of capital. The sustainability of the model is closely related to the way in which moral rules are transmitted from generation to generation and to the way it spreads universally, especially through education (Rogojanu and Badea, 2011).

The result is the globalization of post-communist transition function only if democracy and social welfare will become universal values.

For our country, approximation of globalization comes first as an opportunity, which brings a gain of modernity. Vision specific European model of globalization encompasses our country and in this case there is a learning model values, knowledge is disseminated and internalized at the individual level of action and decision.

In the West, modernization has been accompanied by industrialization, but this process only nationally was triggered, and the effects were never full, and this is best shown in socio-occupational structure of the population still has some the pre-industrial economy. Modernity in our country but only recorded deficits of modernity.

For our country, the acceleration of globalization brings technology transfer and facilitating the capital injection time can lead to poverty reduction.

4. Conclusions

For European model to become universal it must incorporate a new standard of behavior that allows the individual to thoroughly understand how their personal behavior and choices propagate and affect the world. Universal human rights will be imposed only if morality and personal ethics are also universalized.

And for the European model to become global model , you need to create a new “story” about human mission – a new “meta-narrative” that can travel some humanity in a common and may enable every person and every group to follow own way.

The U.S. is caught largely in death instinct. They seek autonomy at all costs consuming, they satisfy any appetite and make waste “wasting wealth Earth”. Place a high value on unlimited growth, reward the strong and marginalize the vulnerable. They are concerned about protecting their own interests, creating the most powerful military machine in history. They consider themselves a chosen

people entitled to a greater share of the wealth of Earth. Americans consume over a third of global energy and vast quantities of other resources, despite representing less than 5% of the world population.

Instead, Europeans want to be globally integrated without losing the sense of cultural and local identity. They find their freedom in relationships, not autonomy and seek to live a quality life, which means to live in a sustainable relationship with the Earth to protect the interests of future generations.

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