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## THE SOCIALIZATION OF PUBLIC ECONOMIC POLICY IN THE EU

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**Abstract.** *The socialization of public economic policy is a topical and inevitable process of a global nature. The role of intellectual capital is increasing along with the value of human capital, which acts as one of the key indicators of the development of a company, country, and region, and of the formation of the consumer market. The socialization of the economic process, as well as deepening the economic traits of a person, forms an active and well-founded process that is becoming a common feature of every country in the global economy. In particular, it is also a defining feature of the formation of a convergent model of EU socio-economic policy. Studying the individual features of the manifestation of these trends, mechanisms, and forms of implementation of the process of socialization – and designing national and regional models of the social and solidary economy on this basis – will allow for the management, control, and direction of these processes in the direction necessary to maximize their effects and minimize production losses.*

**Keywords:** *socialization, economy, solidarity, convergence, EU.*

**Rekšminiai žodžiai:** *socializacija, ekonomika, solidarumas, suartėjimas, ES.*

## Introduction

Socializing the economic policies of the countries of the global economy by strengthening the social component in the economic models of regional integration associations is one of the key features of modern civilizational development, and is a prerequisite for the further deepening of the regional integration of national economies. Such a prerequisite represents the desire of governments and peoples to integrate into regional blocs in order to increase their level of economic and social development, to ensure high social standards, and to form a single, united, common labor market and market of social services. Despite the ambiguous and sometimes contradictory nature of the process of socializing the economic policies of the member states of regional integration blocs, its differing degree of effectiveness, and the marked increase in destructive disintegration tendencies in recent years, this policy is aimed at deepening and coordinating national policies in the field of socio-economic interaction. Integration agreements include such areas of cooperation as common environmental policy, the protection of intellectual property rights, cooperation in education and culture, joint efforts to address hunger and poverty, and sustainable economic, environmental, and social development.

In the process of socializing the economy, the economic policy of the state is often inconsistent, contradictory, or even antagonistic. The efforts of the state and its institutions to increase the social level of society, economy, and politics, to “socialize” a person through education, medicine, high salaries, and pensions, and through involvement in various foundations, associations, and other public institutions leads, via the more or less equitable distribution and redistribution of goods and services at a certain stage, to disruption of the individual-selfish and collective-social relations within a person. This phenomenon is manifested partly in the subconscious, but often results in the conscious rejection or protest of existing social standards, norms of behavior, and values, the manifestation of which is the alienation of the person, seclusion, loneliness, increasing levels of alcoholism and drug addiction, violence and abuse, the spread of various protest sentiments and movements, and the emergence of radical political parties and unions. In recent years, the antagonistic nature of the process of socialization of the economy and society and the negative consequences of high social standards has been manifested in the growth of the tolerant attitudes of the populations of highly developed economies in the EU and Scandinavia (and other regions) towards migrants, in view of multiple cases of violence from both sides. Socialization of the economy and economic policy should be carried out on a clear legislative basis and should be balanced, gradual, and purposeful in nature. It should organically combine tactical actions and strategic perspectives, focusing on global trends of socialization whilst taking into account national and regional peculiarities.

### **The significance of socialization for issues of public economic policy**

Elements of socializing public economic policy have taken place in the global economy throughout history. From the 16th to the 18th century, a process of transforming

traditional institutions and forming of a new model of the social state took place. In the absence of any institutions of social protection, states even resorted to repressive practices such as “begging laws” or work houses with prison-like conditions of detention in dealing with social issues. However, at the same time, the question of the humanization of public policy arose. Through the works of Hobbes (2016), people acquired values, and the satisfaction of their interests became the goal of public policy. More and Campanella (Blaug 2008) analyzed the issues of public consciousness through the lens of building a welfare state, and Owen (1950, 83) suggested proper steps for socializing public policy, including economic policy.

Walras (Donzelli 2006) was another supporter of the idea of social economy. His work reflected the problem of the economic role of the state, its socio-economic policy, taxation, and nationalization. The author proposed the general structure of the system of economic sciences, which included pure, applied, and social economic theory.

Currently, the conditions of functioning of a market economy must be revised in light of deeper socialization and social integration. In this case, it is the market economy that needs to be transformed to meet the demands of social institutions. Within the framework of a market economy, general welfare theories that define public policy on the basis of solidarity, universality, accessibility, and sufficiency have become widespread.

Thus, Pareto (Donzelli 2006) emphasized the issues of optimal observance of the interests of all members of society in the process of establishing market equilibrium, since the overall effect does not guarantee benefits for every member of the community. The problem of the effectiveness of the distribution of economic goods is closely linked to aspects of justice. Undoubtedly, for any member of society, the uneven distribution of income and access to resources is a very important issue, and the redressing of this imbalance is a sign of sociality.

Pigou (1985) developed certain tools for welfare based on the special functions of the state in the framework of economic policy, according to which the government should ensure not only the maximization of public welfare through mechanisms of redistribution of income and accounting for “external effects,” but also the development of fundamental science, education, the implementation of environmental projects, and the protection of “interests of the future.”

Podolynskyi (2000) is considered one of the founders of the social current in the Ukrainian political economy. According to his idea of “social socialism,” nationality is a convenient grouping for the economy of self-government. The task of social democracy is to study the various aspects of being one’s own people in order to better understand their needs and aspirations, to which one must adapt revolutionary theory and not vice-versa. The national component is the key in building the concept of the social economy, as well as any other organizational economic system.

Recent research in this area has increasingly focused on issues of solidarity. In particular, the economist Filipenko (2016) considered the main imperatives that determine the possibility and necessity of the development of the national and solidarity economies, the acute contradictions and the negative socio-economic consequences of deep stratification in society, the lumping-together of a large part of the population, the slipping of the

country's economy at the margins of the country, and the spatial, human, and territorial losses generated by the existing model of economy and society.

These aspects are connected with the practical implementation of the concept of social economy. European Union countries are currently implementing a communitarian social policy of the state, acting on the basis of a single EU Social Charter. However, there are significant differences in the national models of implementing the socio-economic policies of states. This study focuses on the identification of common and distinctive features of the national economic policies of EU countries, as well as the methods of their implementation.

### **The models of socio-economic policy in EU countries**

The most fully social aspects of economic policy are taken into account and implemented only in the European Union, as other regional associations have not yet achieved a sufficient level of integration. Only in the EU member states have the social sphere and issues of social development become the subject of social policy, which in turn is an integral component of both domestic and foreign economic policies.

Today, the so-called residual and institutional types of models of socialization of economic policy are clearly crystallized in the countries of the European Union, each of which has features of communitarianism as well as national peculiarities and historical traditions.

Similarity, EU social policy reflects a high human development index, which is defined in such areas as health, the environment, access to education, and a decent standard of living based on GDP per capita and purchasing power parity. This communitarianism of social policy as an integral part of common economic policy is enshrined in the Treaty on the Functioning of the EU (2012), and is the joint competence of both the EU and the separate member states. Despite certain national or sub-regional peculiarities, disintegration tendencies, new globalization challenges, threats related to the rapid growth of international (especially illegal) labor migration, and an aging population, the goal remains to socialize the economic policy of the European Union in order to create highly competitive innovations, innovative employment, and high social standards. The implementation of this goal implies a deep, inclusive, consistent reform of the social system of both the EU as a whole and the individual countries of this integrated union, which would meet the new conditions of development of the global economy of the 21st century. Priority areas for such reform, which are already under way in several EU countries – especially the Scandinavian sub-region of the world economy – are the transformation of the social assistance mechanism as a tool for overcoming business (strengthening its targeting) and quantitative and qualitative changes in pension provision (improving and ensuring the security of funded pension systems). At the same time, raising the retirement age, implementing an effective employment policy, professional relations, and job security will, in the aggregate, further the social convergence of the EU member states and the practical implementation of the common convergence policy under the Treaty of Amsterdam (1997).

According to the “Beveridge model,” which is a residual type of model, the state assumes such social functions as the payment of various forms of assistance to socially disadvantaged persons through the social security system and the protection of the minimum income of a person, regardless of their economic activity. For various reasons, such functions are not fulfilled in the market. The Beveridge model is currently widespread in Ireland and the United Kingdom (but the question remains as to whether it will remain so after the latter leaves the EU).

According to different disintegration scenarios (such as Norwegian or Canadian), the UK leaving the EU will result in GDP declining by 3.8–7.5%, trade by an average of 19%, foreign direct investment by 20%, and household incomes by 1–5% – resulting in each British family losing, on average, from \$1,050–\$2,200 (Blockmans and Emerson 2016).

An analysis of the British model of socializing economic policy over the last 40 years shows that the most attention was paid to social issues by the Labor governments of Tony Blair and Gordon Brown (1997–2010), and the coalition government of the Conservatives and Liberal Democrats under David Cameron and Nick Clegg, respectively (2010–2015). The UK’s virtually neoliberal model of economic and social development, called “Participatory Economics” and the “Third Way” of the Labor Government, was characterized by tax and pension reforms that led to an increased minimum wage, a reduction in unemployment (not exceeding 1.5 million), significant increase in investments in the social sphere, cheaper education due to compensation from the state budget, the reduction of the state budget deficit to 3%, and an increase in administrative taxes due to the application of a differentiated tax scale. The tax base depends on income for persons under 65 years of age – for those who have an income of no more than \$100,000, a tax credit of \$11,000 per year is provided (IMF 2017).

In *Naked Economics*, Wheelan (2002) noted that when higher rates tax are allocated, individuals and companies can move towards the “shadow economy,” existing outside the law and trading in “invisible” money. Scandinavian countries which feature government programs with high marginal tax rates have been confronted with different sides of the shadow economy. According to experts, Norway’s shadow economy grew from 1.5% of GDP in 1960 to 18% in the mid-1990s. Wheelan also noted that significant unemployment benefits reduce the incentive to look for work, and government payments to the elderly reduce the population’s desire to save and thereby reduce the national savings rate.

The economic policy of the state in the social sphere based on the Beveridge model is aimed at supporting relatively stable growth rates of the minimum wage (2.4–2.5% annually) in order to overcome poverty in the country and to further improve the structure of the pension system. This includes public, private, and personal pensions and the optimization of the tax mechanism and its instruments to ensure sustainable economic development, reduce income inequality, and enhance the well-being of UK citizens (IFS 2016). It should be noted that, in preparation for the UK’s exit from the EU (Brexit), the economic policies of the Theresa May’s and Boris Johnson’s governments were more focused on minimizing the negative economic impact of this process and developing measures to adapt the financial and labor markets to the conditions Brexit, while less attention was paid to the social aspects of these policies.



It should be noted that the index of social stratification in British society (Gini coefficient) is higher than the average in Europe at 34%, which is almost 10% higher than in the Scandinavian sub-region (26%). Further, 52% of national wealth is concentrated in the hands of 10% of British people (HM Revenue & Customs 2019).

According to another, institutional model of socializing economic policy, almost all layers (on the basis of income equalization) of the population of a country are the objects of a policy where the state guarantees a sufficient level of support for the poor. This type of socialization policy (also called corporatist or neoliberal) is present in Germany, France, and in the Scandinavian countries.

### **The solidarity economy as a common feature of the EU's convergent socio-economic model**

The socialization of the economic policy of the EU countries is carried out within the conceptual, theoretical model of the solidarity economy, which became widespread at the end of the 20th century. In view of the growing scale of activity of the entities of the so-called “third” sector of the economy involved in the production of social goods, these goods – which are important in the process of forming a decent standard of living – should be accessible to all groups of the population, regardless of income levels and purchasing power. This is why governments, and therefore policies, are directly involved in the processes of production and distribution of goods that fall into this category. State participation is realized either by buying out and providing certain categories of goods to the population at no charge, or by subsidizing their producers, ensuring that prices are kept below market levels.

Based on the consolidated principles of common welfare, the economic policy of the state should aim at providing a high level of a range of goods and services, including those of a medical and educational nature. A similar level of social services, sufficient for maintaining a decent standard of living, is now guaranteed in most developed countries in Europe and around the world. However, over time, new social needs emerge, which are not sufficiently covered by either the state or market sectors of the economy, but which affect many populations at risk of social exclusion. These are problems related to issues such as the living conditions of the elderly, mass long-term unemployment, immigrants, ethnic minorities, people with disabilities, the chronically ill, and the reintegration of former prisoners.

If one were to form a list of those spheres where the mechanisms and tools of a solidarity economy (in the form of cooperatives, associations, state subsidies, etc.) would really, in addition to the traditional effects, lead to social changes and sustainable economic development, it would be a short one (*Final Economic Report 2018*).

As with any other economy, a solidarity economy focuses on the market, but not the market exclusively. The triad of major pillars contains the market, redistribution, and reciprocity. The latter relates to non-monetary exchange in the so-called primary sector. Thus, a social solidarity economy has multiple dimensions and cannot be determined solely by commercial or monetary concepts. Building a social solidarity economy is an

attempt to link the three pillars of the system with specific economic initiatives, hybridizing market, non-market, and cash-strapped economies. Beyond the market stereotype of the orthodox economy, their resources also have varying origins: market (sale of goods and services), non-market (government subsidies, donations), and cashless (voluntary).

In addition, a solidarity economy, as a type of social and responsible policy, is a driving force for social changes; an attempt to create an alternative to the classical understanding of society (or an alternative to the classic understanding of capitalism) in light of current trends, challenges, and threats in globalization (The World Bank 2007).

Typically, social aspects of state economic policy relate to areas of the labor market and labor relations, social insurance, social security and protection, education, health, culture, housing, childhood and maternity, pensions and demographic policies, and pricing. In order to coordinate active social and economic policies, the state itself should intervene in all of the above-mentioned areas. It is important that, within the framework of social economic policy, the state puts the social needs of broad sections of the population in the list of priorities, and strives to provide all citizens with equal opportunities for development.

In order to further classify existing national economic models based on the content of the social component in them, it is first necessary to determine by which parameters the socially-oriented economic policy of the state is identified (Pryiatelchuk 2019). Among the most commonly used indicators are the ratio of public expenditure to bureaucratic functions, social policy, life expectancy, Gini coefficient, human development index, and different indexes of happiness and quality of life (See Table 1).

*Table 1. Individual indicators of the social component of the EU's national economic models*

Country	Social progress index	Human development index	Gini coefficient*	Life expectancy	Expenses from the budget for health care (% of GDP)	Expenses from the budget for education (% of GDP)
Austria	86.76	0.908	76.4	72.4	10.3	5.4
Belgium	87.39	0.916	72.3	71.6	10.5	6.6
Bulgaria	76.27	0.813	64.7	66.4	8.2	3.1
Croatia	79.6	0.831	63.1	69.0	7.4	4.6
Cyprus	82.85	0.869	89.8	73.3	6.8	6.1
Czech Rep.	84.66	0.888	75.8	69.3	7.3	4.0
Denmark	89.96	0.929	83.6	71.8	10.3	7.8
Estonia	83.49	0.871	71.1	68.2	6.5	5.5
Finland	89.77	0.92	76.7	71.7	9.4	7.2
France	87.88	0.901	68.7	73.4	11.1	5.5
Germany	89.21	0.936	81.6	71.6	11.2	4.9
Greece	82.59	0.87	64.0	72.0	8.4	3.1
Hungary	80.11	0.838	66.2	66.8	7.2	4.6

Country	Social progress index	Human development index	Gini coefficient*	Life expectancy	Expenses from the budget for health care (% of GDP)	Expenses from the budget for education (% of GDP)
Ireland	88.82	0.938	83.0	72.1	7.8	4.9
Italy	86.04	0.88	68.9	73.2	9.0	4.1
Latvia	79.25	0.847	78.8	66.2	5.8	5.3
Lithuania	81.86	0.858	65.5	66.1	6.5	4.5
Luxembourg	89.27	0.904	66.3	72.6	6.0	4.0
Malta	89.0	0.878	63.1	72.2	9.6	7.2
Netherlands	89.34	0.931	73.6	72.1	10.7	5.5
Poland	81.21	0.865	72.2	68.5	6.3	4.5
Portugal	85.36	0.847	73.6	72.0	9.0	5.1
Romania	74.51	0.811	72.8	66.6	5.0	3.1
Slovakia	80.34	0.855	79.8	68.3	6.9	4.4
Slovenia	85.5	0.896	64.6	70.5	8.5	5.3
Spain	87.11	0.891	69.7	73.8	9.2	4.3
Sweden	88.99	0.933	86.5	72.4	11.0	7.7
UK	88.74	0.922	66.5	71.9	9.9	5.8

\*An indicator of irregularity of income distribution

Source: Social Progress Imperative (2018)

These figures clearly demonstrate the ratio of public expenditure on the implementation of traditional managerial functions (maintenance of public order, national security, organization of justice, etc.) to expenditure on social protection, social insurance, and development (education, culture, health care, social protection, etc.). It is noteworthy that in the developed countries, social expenditures far outweigh the costs of traditional functions, while in developing countries the inverse of this ratio is dramatically apparent.

In the leading countries with socially-oriented economies, there is a high level of social security of the population and a level of socialization of economic policy. This is due to high tax rates, progressive personal taxation, the use of tax rebates, and other features. It should be noted that the filling of the budget, its redistribution, and the social level of the citizens of the country depend on both direct and indirect taxes. At the same time, the use of a specific set of fiscal instruments and their effectiveness in foreign countries depends on fiscal traditions and socio-cultural factors that affect the consciousness of the population and their obligation to pay taxes and fees.

Such socialization can be clearly demonstrated by the example of the two most powerful EU countries – Germany and France. Because of their economic potential and their key roles in the development of the European Union, the institutional model of socializing



economic policy in these countries should be considered appropriate in the context of the Europe 2020 Strategy for Socio-Economic Development adopted in 2010. This strategy (European Commission 2010) focused on areas such as knowledge and innovation, sustainable economic development, high employment, and social inclusion. It contained three scenarios for Europe's development by 2020, two of which envisaged either sluggish or sustainable recovery, capacity building, and increased well-being of the region's population. The third scenario, called the "lost decade," was pessimistic in nature and envisaged a weakening of the EU's position in the world economy and international politics, a slowdown in economic growth, high unemployment, social conflicts, disintegration processes, and reduced potential.

At the end of 2019, with the deadline for the implementation of the Europe 2020 Strategy soon to pass, it is possible to talk about the reality of the third scenario of the socio-economic development of the European Union. Speaking at the World Economic Forum in Davos in January 2019, the Federal Chancellor of Germany, A. Merkel, noted that populism, nationalism, and protectionism are dominant in both the modern world and the European Union (Merkel 2019). In addition, asymmetries in the economic and social development of EU countries are increasing, disintegration processes associated with the crisis of supranational regulatory institutions existing in the EU are taking place, the massive international migration of primarily illegal labor continues, and ineffective mechanisms and instruments of the socialization of the economy proliferate. Whilst countries such as Germany, France, Poland, Lithuania, Croatia, Latvia, and Malta had fairly stable annual rates of economic development, in others such as Greece (-2.0%), Italy (-0.5%), and Portugal (-0.3%), GDP declined. A major macroeconomic problem in most EU countries is presented by the increase in public budget deficits and public debt, which does not meet the requirements of the stability and growth pact. This puts the national budget deficit at 3% of GDP, and the national debt at 60% of GDP. The Europe 2020 Strategy has not been fully implemented either in terms of reducing unemployment and creating new jobs, or in terms of improving the welfare of the population. The unemployment rate continues to be high, and has fluctuated from 8–10.5% on average across the EU as a whole over the "lost" decade. However, in the last four years the range of such fluctuations has increased significantly, and whilst the unemployment rate in Germany is 3.2% and in the Czech Republic only 2.2%, Slovakia (6%), France (8.6%), Italy (10.3%), Spain (13.9%), and Greece (17.8%) highlight this issue. The problem of unemployment, the effectiveness of social programs, and the general socialization of both the residual and institutional economic policies of EU countries have been exacerbated in recent years by an increase in the volume of illegal migration and additional costs from EU budgets for the social assistance of international migrants and refugees. In fact, during the decade of the Europe 2020 Strategy, the social rapprochement of the EU countries as a component of the convergence policy under the Treaty of Amsterdam (1997) did not fully take place. In some areas there were divergent processes, increasing social stratification and social tension, and declining welfare and living standards – as evidenced by massive, nationwide strikes in France, Greece, and Germany in 2018 and 2019, which involved employees not only of the budget sector but also from the business and corporate sectors.

The most significant and illustrative institutional models of socialization of economic policy are: the German model, which is also called “social market economy” or conservative (corporatist); the French model, or the “conducting” model; and the social-democratic model (Scandinavian or Swedish). The social dimensions of Germany’s economic policy are defined and implemented within the framework of the social market economy (Die Soziale Marktwirtschaft) model, initiated by Erhard (1958) in the 1950s. This model has undergone certain stages in its evolution at the hands of multiple government coalitions.

The economic model of the Social Democrats and the Greens was based on neoliberal policies aimed at supporting small and medium-sized businesses, reducing the tax burden and simplifying the tax system itself, and reducing unemployment in the country. Democrats led by A. Merkel started the reform of the welfare state in the direction of building a corporatist, solidarity economy with a “conjuncture” economic policy to support a real sensor and social standards.

The current stage of this reform involves a reduction in income taxes (with the minimum income tax rate reduced from 15% to 14%), an increase in the tax-free minimum (since 2010 it has been set at €8,004 per year), the introduction of incentive mechanisms for the purchase of new cars to support the automotive industry, the allocation of additional funds to the unemployed for their retraining, and the promotion of flexible working hours. However, the main focus is on creating the conditions for the self-fulfillment of the individual, stimulating citizens’ own initiative to improve their material well-being.

Despite the fact that the German model of economic policy socialization has become a perfect model for other EU countries, it has a widely-branched social system (involving social insurance, pension and education, and unemployment assistance) which spends around 28% of the country’s GDP and which is based on the principles of solidarity and personal responsibility. This system has to respond to such globalization challenges as changes in employment patterns, an aging population, significant migration processes, and other related problems. The strategic direction of the reform of the German model of socialization involves, on the one hand, the reduction of the total amount of social programs and projects and the desire to improve their effectiveness. On the other, it concerns the shift of the center of gravity towards providing social assistance and creating conditions for the maximum full use of work potential and the self-realization of the individual. This is accomplished by expanding social partnerships, decentralizing of power, and strengthening the roles of local authorities. This reform is changing the role of both the state and the citizen – now, they act as both the subject of the social policy of the state and the producer and consumer of social services.

The institutional model of socializing the economic policy of France has its own national features and contains more indications of dirigisme, which is related to the role and the socio-economic function of the state. France’s economy, which is the basis of social policy, ranks ninth in the world in terms of purchasing power parity (\$41,800), and second in the European Union. France occupies fifth place in the world in terms of commodity exports (\$573 billion or 3.5% of world exports), and 80% of the country’s GDP is in services (IMF 2019). France is the largest agricultural country in the EU, with its agricultural production accounting for more than 18% of the EU’s total. With regard to

the social system, its structure and, accordingly, its social policy, is multilevel, and – based on the *Pacte civil de solidarité* (PACS) and the European Strategy 2020, as well as the EU background documents – is sufficiently broad. In a country with a population of nearly 68 million people, the number of employed citizens is around 28 million; the employment rate is 71.1%, and the unemployment rate is around 10%, with youth significantly exceeding this figure and reaching a level of almost 24% (European Commission 2019). The economic model of France and its socialization throughout the post-war period since the Fourth Republic has been through a series of stages of formation, modernization, and reform, each of which had its own characteristics and features. In the initial stages (1945–1959), this model was characterized by the nationalization of a number of industries, banks, and insurance companies, the reduction of foreign investment, and France’s loss of its status as a colonial empire. Later, in the 1960s–90s, France’s economic policy was characterized as one of conductivity, which was aimed at introducing indicative planning, industrialization, the development of nuclear energy, and transport; resulting in the achievement of a minimal unemployment rate (1.8%) and well-developed wages and salaries. The economic policy of the Socialist government until 1995, designated as an “austerity” policy, led to a weakening of France’s position in the global economy, an increase in unemployment to 10%, and facilitated the migration process (Euro Area Government Budget 2019). The minimum wage was the highest in the EU for a time, and France also has a better indicator than the EU average (18.5% versus 24.4%). However, the Gini coefficient in the country is 29.2%, which is below the EU average (Eurostat 2019).

Thus, the differences between the national models of socio-economic policy in the EU states are clear, provided that there is a single development strategy and common principles for its implementation.

## Conclusions

1. The state, whilst managing powerful material and financial resources and possessing legal levers of influence on employment, should not suppress the actions of the market mechanism, but should instead seek the optimal combination of management levers with elements of market relations. Central authorities should set a minimum wage at least at the subsistence level, establish and organize a network of training, retraining, and employment for the workforce, define legal rules for hiring and dismissing workers, stimulate job creation and social work by providing benefits, and perform other similar functions.
2. The socialization of the essence of models of public economic policy in the European Union is determined by urgent trends in the development and transformation of the state systems of socio-economic development in most countries. Both the common strategy and social orientation of national development models in EU countries and the existing differences between their macroeconomic indicators – due to different conditions of individual national markets, foreign trade structures, available resource potential, styles of public management, etc. – are revealed as parallel objective conditions of development.

3. In general, a social solidarity economy as a model of the economic system of the state is an alternative to capitalism, as well as to other authoritarian, state-centered economic systems in which human resources play a crucial role in shaping economic life. The socialization of the economy is evident in all sectors: production, finance, distribution, exchange, and consumption. The functioning of the social economic system stems from an ethical and values-based approach to economic development, prioritizing the well-being of humans and the planet in general (for example, the concept of gross inner happiness and the principle of *buen vivir* – living in harmony with other people and nature) in quantitative indicators of profitability and growth.
4. The socialization of economic policy in the solidarity model provides several options for the implementation of solidarity: between different generations; between different groups and layers of society; between the state and civil society, which is carried out through the system of redistribution of financial resources; and between the three main subjects of social policy – the state, the corporation, and the individual, each of which in its defined area participates in its realization through the system of budgetary contributions and the insurance contributions of employees and employers. Among the modern European states, at least two types of countries with fundamentally different ratios of the percentages of state, employee, and employer participation in the financing of social programs can be distinguished: countries of socially-oriented market economies (Germany, France), where the ratio of budgetary deductions and insurance contributions of the employee to employer are approximately the same, and the main channels of redistribution are public and private (but state-controlled) social insurance funds; and countries of the so-called market socialism (Sweden, Denmark), where a significant percentage of the responsibility for social spending is borne by the state, and the main channel of redistribution is the budget. Thus, it can be stated that even with a solidarity-based model of socialization of the economic policy of the state, its direct financial role in the implementation of social programs and activities may be different. In any case, under the solidarity model, the responsibility for the social well-being of citizens rests with the state, not the corporation or the individual themselves, because the state organizes and implements a redistribution system (or a budget, or social insurance funds) in society and implements the principle of social solidarity.
5. This analysis shows that the socialization of economic policy and the development of social policy models that are implemented within the EU and its individual member states are the result of a complex interaction of political, economic, socio-cultural, and technological factors. The scope, directions, and forms of socialization of economic policy reflect the nature of the integrative interactions of countries, common pan-European traits, and national features. The EU communitarian social policy itself is being modified by the new conditions and challenges of globalization and the information and technological revolution.
6. Based on a comparative analysis of the model of socio-economic policy within the European Union, it is possible to ascertain that such a type of policy is related

to all regions of the global economy in terms of socialization of the economy. The European socio-economic model is characterized by a synergistic effect of economic development through the deployment of socially-oriented small- and medium-sized businesses, entrepreneurship, cooperatives, corporate unions, associations with a high level of network governance and fair income sharing, and effective regional actions in developing a strategy for the development of the social economy and cooperation with the governing structures of the European Union. However, the EU regional grouping is not homogeneous at the level of socialization of existing national models of socio-economic policy; there are significant differences in the methodology for implementing its common key features. These differences are not only based on economic preconditions, potentials, opportunities, and indicators, but also take into account and reflect the peculiarities of historical and cultural development, the specifics of political systems, state structure, geographical location, and the geopolitical positions of each country.

7. The joint regional public economy in the EU is represented by the common forms of implementing the community-based socio-economic policies of the states, the activities of governing bodies either individually or united in a common system of coordination, the close functioning of national labor markets, and the general vector of socializing economic processes. At the same time, national models are represented by a number of features, the existence of which are explained by development problems and, consequently, ways to overcome them. Thus, steady growth of gross domestic product, employment, exports, and foreign investment, overcoming unemployment, raising the weighted average absolute indicators of welfare, wealth, and social security, and ensuring consistently high rates of social financing are the common tendencies and parameters of economic policy in the EU. At the same time, there are some differences between the volume and form of socialization in separate countries.

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## ES socialinės viešosios politikos socializavimas

### Anotacija

*Ekonominės politikos socializacija yra aktualus ir neišvengiamas globalios visuomenės procesas. Dėl didėjančio intelektualinio kapitalo vaidmens vis daugiau reikšmės įgauna žmogiškojo kapitalo vertė, kurios dalis nuolat didėja, veikdama kaip vienas pagrindinių įmonės, šalies, regiono plėtros ir vartotojų rinkos formavimo principų. Ekonomikos socializaciją galima vertinti kaip efektyvų ir gerai pagrįstą procesą, būdingą visoms pasaulio šalims. Tai yra esminis bruožas formuojant suvienodintą Europos Sąjungos socialinę ir ekonominę politiką. Straipsnyje pateiktas socializacijos proceso įgyvendinimo mechanizmų ir formų raiškos individualių bruožų tyrimas. Remiantis šiuo pagrindu, suprojektavus nacionalinius ir regioninius socialinės ekonomikos modelius, bus galima valdyti, kontroliuoti ir nukreipti minėtus procesus reikiama linkme, siekiant maksimaliai padidinti poveikį ir sumažinti gamybos nuostolius.*

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