

WC-BEM 2012

Sustainability and social justice

Cristina Balaceanu^{a*}, Diana Apostol^a, Daniela Penu^a

^a*Dimitrie Cantemir Christian University, Splaiul Unirii 176, Bucharest, Romania*

Abstract

The importance of sustainability results from the marginal benefits for human development through which incomes, due to the process of redistribution, support human development. Human development is understood as the measure in which individual reaches a certain living standard by satisfying his subjective, objective and factual needs generated by the economic, social, politic and cultural environment, and becoming aware of the ways of their satisfaction, adjusting himself to the existing and potential resources. This means that human development is achieved if concepts such as social justice and economic justice are implemented.

© 2012 Published by Elsevier Ltd. Selection and/or peer review under responsibility of Prof. Dr. Hüseyin Arasli

Open access under [CC BY-NC-ND license](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Keywords: sustainability, social justice, economic justice, human development;

1. Introduction

The paradigm of the sustainable development in which the economic and social rapports encourage and position the societal treasure in a limited temporal framework, but sufficiently large to meet the expectations of the next generation, support value systems and societies to find solution for the humankind's current issues, which have become imminent. Human development assures the interaction of the elements of humanity with the economical ones through which people's needs are satisfied. Development becomes the process through which social justice is achieved.

2. Body

The concept of development has changed fundamentally in relation to the expectations of society and individuals on one hand, and of the state or the institutions, on the other. Currently, the development refers to what is useful to the individual to achieve certain parameters of development without prejudicing the natural environment, with community support only. The inclusion within the development of the concepts of human development, economic development and sustainable development emphasizes the comprehensiveness of the development focused on creating economic conditions to ensure the prerequisites of human development. Initially, the comprehensive approach of the development, according to Joseph Stiglitz, implies strengthening the markets, but equally important is the strengthening of the government and the identification, as each country reaches a certain stage of development, of the correct ratio of the government market mechanism (Stiglitz, 2007).

Our conception on the development exceeds the governance, the state no longer having the means and tools to satisfy the social needs, from a shortage of financial resources and defective management on them. For this reason, along with markets, government and individuals, the community is an important factor in the generation of

*Cristina Balaceanu. Tel.: +40-072-354-4537

E-mail address: movitea@yahoo.com

sustainable development, this community is assimilated with the local economy. The concept of local economy resides in the need for regional economic development, of the local economic community whose goal is to implement economic reform programs targeting both the infrastructure and the increase of the welfare of citizens.

There is no universally accepted definition of the local economy, it has a certain degree of autonomy from the national institutional economy, but combines local specificities, existing economic resources, create strategies resource exploitation by attracting investors for the development, both horizontal (addition of new businesses that produce goods / services similar to those of the company and operates in the same sequence of the chain research - development - production - sales) and vertical (extending the range of business activity within the industry it belongs to), aimed at creating jobs, and ultimately increasing the economic welfare of the community. The omnipresent terms in the local economy are: economic resources, local authorities, public-private partnership, investors, sustainable development, equitable intergenerational exchange, social enterprises. These terms are part of shaping the concept of social justice or at least attempt to configure the path of the concept of social justice.

Social justice is a moral and political construction aimed at equal rights and collective solidarity, advocating for a more just society, assured by the redistribution of wealth, and realize its perpetual state of injustice. Social justice is based on equal rights of any person and the possibility of all human beings, without any discrimination, to benefit from economic and social progress, irrespective of the political or social-economic doctrine. Ensuring social justice goes beyond the state of the revenues from economic activity, being equally an expression of rights, dignity and freedom of expression, of economic, social and political autonomy.

Or, as Sen says, “despite the crucial role of income in the advantages enjoyed by different persons, the relationship between incomes and the achievements and personal freedoms is neither constant nor automatic or irresistible” (Sen, 2004).

Above income or at least complementary to it matter the individual welfare which incumbent besides the income, the freedom of expression, the freedom to communicate, to relate and act within the limits accepted and enforced by the Community.

John Rawls shows that a society is fair by following these principles, in the exact order: **all social values, freedoms and opportunities, income and wealth as well as social bases of self-esteem, must be distributed equally unless from the unequal distribution of some, or all, would benefit everyone** (Rawls, 1971).

Although it is not necessary that the distribution of wealth and income to be equal, it should be beneficial to everyone and at the same time, the positions of authority and responsibility must be accessible to all. The distribution of wealth and income and of the positions of authority and responsibility must be consistent both with the basic freedoms and the equality of opportunity (Caraiian, 2008).

Currently may be submitted three dimensions of the concept of social justice: the symbolic dimension, namely **the recognition**, which means not the valorisation of a group identity, but the claim of an equal status in social interactions, the economic dimension, respectively **the wealth redistribution**, and the political dimension, respectively **the access to the political representation** for certain groups (Fraser, 2008).

The applicability of the concept of social justice involves a trivalent relation between market, institutions and needs, which strengthens the relation between social justice and economic justice.



Figure 1-The concept of social justice

In fact, on a scientific level, the two concepts differ in terms of species' content - "social" and "economic", the genus being the same: "human development". The issue of achieving welfare involves both the state and the market: the state through economic policy levers can influence the effective allocation of economic resources, particularly

through monetary and fiscal levers, which contribute to satisfy the needs of individuals to the extent that the market, through competitive mechanisms, can ensure efficient use of economic resources. Thus, the problem of ensuring the welfare of individuals is limited to increasing the effectiveness of the state (of the economic policies) within redistributing wealth in the economy combined with increasing the efficiency of the market mechanism in the production of economic incomes.

What maximizes the individual welfare? How to maximize the efficiency of resource utilization, taking into account the effectiveness of the process of attracting and using resources to meet the needs of individuals in order to increase welfare?

In this respect, we will consider the assumption that welfare maximization implies ensuring social justice, on one hand, and ensuring sustainable development of the economy, on the other. So, welfare can be achieved when reducing the degree of disparity between communities, as the subject of the local economy, without to consider reducing the disparity between individuals, this being a consequence of the physico-psycho-socio-economic development of each individual in part; in this analysis is important, in terms of social justice, the individual reporting at the formal act of economic policy, namely the extent to which support the redistribution of economic wealth in terms of attitudes towards labor and community. In analyzing the degree of economic disparity we use an indicator of disparity, D, used by EUROSTAT; the dispersion 'D' of the regional GDP of the level 2 regions (Gross Domestic Product, Eurostat Regional Yearbook 2011, Eurostat) defined as the sum of the absolute differences between regional and national GDP per inhabitant, weighted on the basis of the regional share of population and expressed in percent of the national GDP per inhabitant:

$$D = 100 \frac{1}{Y} \sum_{i=1}^n | (y_i - Y) | (p_i / P)$$

where:

- y_i is the regional per-inhabitant GDP of region i ;
- Y is the national average per-inhabitant GDP;
- p_i is the population of region i ;
- P is the population of the country;
- n is the number of region of the country.

Table 1. Indicator of Disparity, Romania, 1996-2009

Year	Real GDP growth rate – volume, percentage change on previous year	D Indicator, %
1996	3.2	18.863
1997	-4.9	20.755
1998	-2.1	23.61
1999	-1.2	25.389
2000	2.4	30.913
2001	5.7	27.996
2002	5.1	31.281
2003	5.2	30.346
2004	8.5	29.671
2005	4.2	35.067
2006	7.9	36.152
2007	6.3	37.53
2008	7.3	40.173
2009	-6.6	39.163

Source: Contribution of authors based on Eurostat and INS-Romania Data.

The above statements make us see an increasing disparity level among regions (counties of Romania being assimilated to regions). Thus, the causes leading to those increasing results can be very diverse: the low level of investment attracting in order to exploit the local potential, the poor use of workforce, the low labor productivity correlated with relatively low weight of economic goods on markets, the poorly equipped technical labor, the prevalence of self-consumption economy and subsistence farming compared to the knowledge economy, the low level of incorporation of research and high technology in economy.

We analyze further the possibility of local economic resources to be allocated efficiently into the local economy to reduce disparity among regions, medium and long term.

Most authors analyze the principles, parameters and policies "of local economic development-DEL" in relation to the effective utilization of economic resources available in the respective local economies. Local economic development is an activity designed and implemented by local actors in public and private sectors of the community through a set of programs and projects. This process increases the welfare of local members and economic agents (Profiroiu A., Racoviceanu S., N. Taralunga, 1998). Achieving this goal requires cooperation between public and private sector representatives, in the use of the human, technical and financial resources of a community associated in a sectorial or intersectorial structure of activity, private or public, aimed at creating employment (The Council for Urban Economic Development, Local Economic Development, p. 24, 1998).

In essence, local development is a development policy, mainly economic, applied to a territory and concerning the local community. By means of factors and local social and economic structures, mainly local small and medium enterprises (SMEs) this policy materialize its objectives related to the use and the development of local resources and the creation and maintaining of a stable and profitable business environment (Porojan D., Iftimoaie C, 2008).

The local economy also depends on the financial resources available to local authorities (local taxes paid by economic agents and individuals). Therefore, enterprises benefit from local economic policies and, by compulsory levies at local level, finances mainly local government expenditure, which shows that local economic development is the result of collective actions of public and private sectors and the local community.

The problem that arises and can be exemplified by Indicator D, is how to stimulate the local economies which are precarious in economic resources (less natural resources, aging workforce, poorly qualified or currently underemployed population) to develop sustainable economic activities, benefiting at the same time from the transfer of financial resources and technical assistance from more prosperous local economies. In these conditions, the market mechanism can not make alone an allocation of economic resources, especially financial ones. Therefore, the state through policies and economic institutions is able to stimulate the business environment by using fiscal and monetary levers to attract investment, develop the local market using specific products of the local economy, and to train superior labor in an educational system centred on skills and high using of the resources of the local economy.

An important source for local economic development is promoting **entrepreneurship** locally, regionally, by providing the means to support entrepreneurial activities: institutional and financial support (accessibility to attract financial capital) or promoting various forms of association for entrepreneurship development.

We take into account the identification of those motivations which find appropriate to encourage and support entrepreneurship in poorer local economies who want to develop the economy and hence the wellbeing of individuals:

- at whatever stage of economic development, one can benefit from promoting entrepreneurship both types: *mimetic*, meaning that technology should be brought from abroad, especially through FDI, and *innovator*, through innovations adapted to the unique circumstances of local economies;
- the adoption of all the principles of entrepreneurial capitalism - the adoption of the set of incentives for people to become entrepreneurial and productive and to use productive means for tracking personal goals through a combination of power, wealth and prestige; regulations and institutions have to reduce the obstacles to such activities and should provide or at least not intervene in the granting of financial rewards on success, and to provide some assurance that these rewards will not be withdrawn.

Local economy development is, as noted, an important prerequisite for social justice, which will also lead to the reduction of the disparity between regions. This fact is even more obvious as it is emphasized the economic nature of the social justice. In this respect, will be considered:

- adjustment of economic divergence of local economies by maintaining a low level of taxation, to increase the interest in entrepreneurship development, stimulating economic initiative and surfacing economy;
- reducing the underground economy by eliminating the subsistence economy. Initiation of measures to stimulate the creation of markets for products of the local economy, especially those produced in households, by creating mechanisms of penetration of these products in the consumption basket of citizens, in order to increase the premises of monetization of subsistence economy, developed especially in rural areas;
- the creation of technical assistance and research programs in order to implement an advanced technological and research infrastructure in local economies to reduce development gaps;
- focusing on the individual and his needs, as the main subject of the local economy, in the sense that it could stimulate his motivation and create an involving behaviour in the act of local economy;
- local economy development, in consensus with sustainable development principles.

Conclusion

By actions centred on human development and entrepreneurship, the society will ensure a potential to generate rational economic behaviour, based on efficient use of resources, on awareness of the resource depletion and hence the possibility of market expansion. In order to ensure the social justice, to strengthen the economic justice and to reduce the economic disparities among regions, the economic process should be based on the ability to assume a complex of institutional and market measures to stimulate the growth of local economies by exploiting the human capital, the ecological capital and the incomes generated by the act of production and sales.

The increase in purchasing power and consumption capacity of the individual, as part of the local economy, will follow the process of creating the revenues through market, supported by structural economic policies, based on productivity incentive measures, as far as the economic goods produced respond to a stimulus of domestic and external demand. This should be in correlation with exploitation of comparative advantages of local economy in order to increase its competitive ability.

Acknowledgement

„This work was supported by the project "Post-Doctoral Studies in Economics: training program for elite researchers - SPODE" co-funded from the European Social Fund through the Development of Human Resources Operational Programme 2007-2013, contract no. POSDRU/89/1.5/S/61755".

References

- Caraiani, O. (2008). *Dreptate sau moralitate ? O introducere în filosofia politică a lui John Rawls*, București, Editura Comunicare.ro,
- Rawls, J. (1971). *A Theory of Justice*, Cambridge, MA, Harvard University Press,
- Fraser, N. (2008). *Scales of Justice: Reimagining Political Space in a Globalizing World*, Columbia University Press,
- Stiglitz, J. (2006). *Making globalisation*, W.W., Norton Company, Inc., New York,
- Sen, A. (2004). *Dezvoltarea ca libertate*, Editura Economică, București, p. 146,
- Profiroiu, A., Racoviceanu, S., & Țarălungă, N. (1998). *Dezvoltarea economică locală*, Editura Economică, București,
- Porojan, D., & Iftimoaie, C. (2008). *Dezvoltarea locală durabilă în contextul globalizării*, Ed. Irecson, București.
- The Council for Urban Economic Development, Local Economic Development, p. 24, 1998