

**Comment: „Growth in Transition“ – 28.Jänner 2010**

When debating the long term perspectives of the welfare state regimes the term „sustainability“ is mainly used in the context of an ageing society. I welcome the broader view of social sustainability by the hosts of this meeting. Sustainability of social protection schemes means more than adapting to the demographic changes.

The speakers of this panel underlined the importance of social justice as a central benchmark of social sustainability. I fully agree with this view. More social justice is not only a goal by itself. A society with less uneven distribution of income and wealth and with more chances of participation for all is also a precondition to meet the future economic and ecological challenges. More social cohesion makes it easier to obtain acceptance for far reaching political measures, which might be necessary to handle the prospective economic and ecological problems.

The existing uneven distribution of income, wealth and chances is one of the main causes, why most political programs are centred on achieving maximum economic growth. Thereby the whole society could benefit without struggling against each other. This development model was quite successful in the western countries

since the second world war. Despite growing inequalities the living standard of the whole population increased substantially, not least because of the big role of the redistribution measures by the welfare state.

It is doubtful that such a development will continue. On the one hand we are more and more faced with direct economic limitations and with increasing ecological implications of such an orientation.

On the other hand we have experienced, that more social cohesion in a rich society can not only be achieved by raising living standards for all. Equally important is the aspect of the distribution of chances and income. The feeling of being excluded from society mainly stems from the view how chances are distributed.

In order to cope with the future challenges the issue of social justice will become more important. I want to mention three future challenges: First coping with lower economic growth, secondly adjustments towards more ecological production and consumption patterns and thirdly adaptations to an ageing society.

One immediate consequence of lower economic growth will be increasing unemployment risks. We will have to develop models to redistribute working time. Today almost 20 per cent of the volume of working time accounts for overtime and all inclusive arrangements. Although it might be sensible to compensate income losses for low income groups, redistribution of work will lead to less income for some groups. Such a redistribution will

have winners and losers. Nevertheless we must have such a debate. Otherwise unemployment could increase above 10 per cent.

An adjustment towards more ecological production and consumption patterns will not only require good arguments, at least for low income groups there should also be offered concrete incentives. Low income groups do not mainly have ideological reservations when they will be asked to change their behaviour. Quite often they lack resources to do so.

Although the financial costs of an ageing society are strongly overestimated by the advocates of a privatisation of social risks in order to stimulate private business in these spheres, it would on the other hand also be irresponsible to neglect the future challenges of this demographic development. Ageing of society of course will increase the costs for pensions, health and long term care. But we will be able to finance these additional costs. During the last two decades substantial consolidation measures were taken within the social protection schemes so that the annual increase of social expenditure could be lowered considerably. At the same time large investments in social services were done. When we continue this path and when economic output will increase by at least 1.5 per cent annually, the Sozialquote (the share of social spending) will only increase moderately from 28 per cent to 31 per cent from 2008 to 2030.

All these 3 challenges of social sustainability require readiness for more redistribution between the individuals and for providing more

money to the redistribution channels of the social protection schemes and other state agencies. Social justice is not only a goal by itself, as I mentioned before it is also the precondition in order to achieve more economic and ecological sustainability.