Solidarity revisited - who for whom?

o.Univ.-Prof. Dr. Franz Marhold
Introduction

- **Status Quo**
  - What are the **underlying Ideologies** of existing Social Security concepts
  - Is there a **need for rethinking**?

- **Future prospects**
  - Changing **scope of application** of social security regulations
  - **New risks**
  - Challenges for **Social Security Institutions**
  - New challenges as well with regards to **society 4.0** → are established systems reaching their limits?
What is Solidarity?

- **Beveridge and Bismarckian models**
  - Main connecting point = being part of a **certain group**
    - a) functionally: employees, self-employed, farmers
    - or
    - b) geographically: city, region, province, state
  - members of both these groups pay contributions/taxes to be protected from **common social risks**

- **Solidarity only exists among the members of a given group.**
- **Is that really solidarity?**
Solidarity with respect to non-contributors

- **Non-economically-active persons:**
  - It is a balancing act between the adherence to a community and the right to social protection
  - not only affecting refugees and migrants, but also younger people unable to find work

- **Ways to (re-)act:**
  - Implementing time limits (*Brey, Dano, Alimanovic*)
  - Limiting financial capabilities of the state of residence
  - **Equal treatment**
    - common risk sharing leads to equal treatment
    - Is it appropriate to extend the principle to those who did not belong to a group initially?
    - Differentiation between recognized refugees and non-active EU citizens

- Definition of a **genuine link** is necessary
Solidarity between economically non-active and active persons

- **Unconditional basic income**
  - Not new: 1955, Erich Fromm
  - no loss of income required to receive this benefit
  - Aim: disconnection of social security from the labour market

- **In addition** to or as a replacement for social security benefits
  - significance is tremendous:
    - i.e. 800 EUR of unconditional income in Austria would lead to a *rise of public expenditures* on the economic performance *by 20%*
  - **Bureaucracy may be reduced** but so might as well be the *standard of social protection*

- **Other (unclear) consequences** with regards to the *effect* of a basic income on...
  - ...more *dependent groups*. Since they tend to profit more from social security benefits. That effect will be reversed and the pay gap will grow
  - ...*consume* and the market in general
  - ...*activation* of unemployed and *reintegration* in the labour market
  - ...*women* especially in terms of staying at home instead of entering the labour market (again)

- **Tested** in Finland, but Philip Kovce: Comparison to human rights, the rule of law or democracy

- **Traditional work patterns will not vanish any time soon**
Solidarity between beneficiary and community

- **Tendency to enhance conditionality** with respect to the recipients of social benefits such as
  - increase of pension age and less recognition of early retirement schemes,
  - unemployment benefits,
  - invalidity pensions

- **Responsibility** of the beneficiary to reduce the burden for the community
  - or

- **Solidarity** of the beneficiary due to phenomena taking place in the whole community

- Beneficiary is supposed to **try to remain** in the labour market + the community shall provide adequate means to make the beneficiary **stay** in the labour market → **no early market exit on the expense of the community**

- Social Security benefits as **tool to reduce pressure** on the labour market
  - provisions i.e. **on part time retirement, rehabilitation programs, subsidies** for professional training in order to prevent unemployment
  - **Link** between Social Security and Labour market policy **increases**, but different aims prevail
Thank you for your attention!