

Foreword to the 2006 Edition

The first question that any reader looking at the inside cover information on this report would ask is: Why would somebody reprint a book whose major work was done exactly 10 years ago? The answer is simple and two-fold: Firstly, quite simply because we have run out of books. There is still strong demand for this publication and we have been reproducing off-print versions of the original (later the slightly updated) manuscript for a number of years now. But secondly, and more importantly, because in the recent past a new wave of thinking about the future of work and how to organize the socio-economic system has found its way into the mainstream. Interestingly enough, our ideas back from 1996 are being discussed anew.

If the authors have one qualm about their work of ten years ago, it's our failure to stronger influence the political and economic debates in this area. Not that we could reproach ourselves or our public for the general lack of success or visibility of the work. The report has been translated into eight languages since its original appearance, was reprinted in some countries in several editions and became an economic best-seller in Germany. In addition, the authors were invited to discuss with the highest politicians in several countries, toured the whole of Europe and North America with their ideas, participated in expert conferences and parliamentary hearings, contributed to special national and international working groups, appeared in numerous talk-shows, TV events and radio interviews, and published scores of breakout papers based on this book.

And still, many of the shortcomings that we pointed out and analyzed a decade ago are still not resolved. Concepts like the 4th pillar (part-time work of the elderly), the importance of unremunerated work, the increasing flexibility and demands of the working environment, the need to renegotiate the contract between the workless and society, between the pension contributors and the benefactors etc. are still with us; perhaps even more pronounced than before.

Modern societies are trying to develop concepts that allow them to protect their citizens and at the same time stay competitive in the globalized markets. The approach of the new welfare state is no longer to arrange for full coverage of (ideally) all risks but to replace the existing extraordinarily expensive systems with more targeted and efficient approaches. They achieve this through requiring people to assume more risks individually and to organise their adequate protection themselves. This is the so-called "risk shift from public to private", a concept we have been developing for a number of years. Unfortunately, usually as a consequence of half-hearted or partial reforms, this has often led to an erosion of the protective systems rather than their real modernization. Genuine protection mechanisms, like insurance, provide cover for those risks that somebody cannot (or does not want to) bear. Today's social security systems do anything but that, often protecting people against risks that they need no (or different) protection for, while excluding others. We propose several possible solutions, among the most ambitious: (1) Organising a basic layer of remunerated work for those who cannot find employment otherwise, keeping them active and engaged; and (2) the encouragement and empowerment of the elderly to stay in employment for many years beyond age 60 or 65, but at terms (part-time work is the key component) that are more suitable to them.

Despite all this, it is very encouraging to see how the general discussions about how to reorganise the modern welfare state are beginning to shift into, what we would consider, the right direction. We reprint this slightly edited version of our original report also in the hope that the new availability of this book will continue to make a positive impact.

Orio Giarini & Patrick M. Liedtke, August 2006