

Bertelsmann Stiftung (Hrsg.)

Soziale Marktwirtschaft weiter denken

Bausteine für eine zukunftsfähige Wirtschafts-
und Gesellschaftsordnung

| Verlag BertelsmannStiftung

Abstract

Thinking Down the Road: The Future of the Social Market Economy

For nearly 70 years, the concept of a Social Market Economy has formed the underpinning of Germany's economic and social order. This specific model ensures that economic growth and social inclusion go hand in hand. Though it has yielded considerable success, this socioeconomic model currently faces major challenges as globalization, digitalization, demographic and social imbalances, violent conflict and populism are changing the world we live in. How can political, societal and private-sector stakeholders navigate and address these volatile developments? What can we do to ensure the sustainability of the social market economy?

Addressing these questions in various projects, the Bertelsmann Stiftung has summarized their findings in the publication "Soziale Marktwirtschaft weiter denken." The book begins with a stock-taking of the current state of Germany's Social Market Economy as a socioeconomic model. In the opening contribution Thieß Petersen and Armando García Schmidt outline the challenges and action areas to be addressed in ensuring the future viability of the German model of Social Market Economy. Andreas Peichl and Manuela Barišić then provide a history of the model, discussing the extent to which it has successfully combined economic growth with across-the-board increases in prosperity over the last 70 years.

The three contributions following discuss the cornerstones of a sustainable socioeconomic order. Here Armando García Schmidt, Manuela Barišić and Henrik Brinkmann identify five action areas for policymaking that facilitate inclusive growth through a smart interlinkage of economic and social policies. The future of work and the adaptive changes this will require of social welfare systems are the focus of Daniel Schraad-Tischler's first contribution. The author explores how the megatrends of globalization, digitalization and demographic change will influence the world of work and labor markets in the 21st century.

Schraad-Tischler then takes up the strengths and weaknesses of Germany's socio-economic model in a cross-national comparison. Whereas Germany now features a strong economy and is widely admired for its robust social system, things looked very different at the start of the century when the country was referred to as the "sick man of Europe." Drawing on Sustainable Governance Indicators (SGI) findings, Schraad-Tischler identifies the policy measures and factors that have contributed to this positive trend while pointing to further reforms needed to ensure long-term improvement.

Germany seems to have secured its position as one of the world's leading export nations. While this strong integration into the global economy clearly helps drive growth and employment, the German economy is also particularly vulnerable to external shocks and other developments in the global economy. Relations with China as an emerging economic power present opportunities but also require proactive policymaking. In their contribution Thieß Petersen and Cora Jungbluth delineate how Germany can maintain its international competitiveness and what a viable division of labor among Germany's trading partners in Europe and elsewhere might look like.

What about inclusive socioeconomic models in developing countries? How well are they faring? Can the model of a market economy anchored in principles of social justice serve as a useful target for countries characterized by poverty and exclusion? Hauke Hartmann explores this question, outlining the relevance of a social market economy as a model for developing and transformation countries that are grappling with social upheaval. Drawing on the findings of the Transformation Index of the Bertelsmann Stiftung (BTI), he highlights developments in economic transformation processes during the so-called crisis decade (2008–2018) and discusses the tensions found globally in balancing the pursuit of both social and market economic objectives.

Finally, how might economic and social progress be brought into alignment in industrial, post-industrial and developing countries alike? Introduced in 2015, the 17 United Nations Sustainable Development Goals (SDG) provide a framework for shared global action targeting economic growth that is tied to social well-being as well as environmental sustainability. Christian Kroll, Robert Schwarz and Matthias Kaspers assess the gains made and underscore the shared challenges facing the 193 United Nations member states and the differences among them. Finally, the authors discuss those areas in which Germany's social market economy will need to adapt if it is to meet the United Nations' Agenda 2030 goals.