

Towards a social investment welfare state?

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Outline

- I. What is “social investment”? Ideas and Policies
- II. Have these policies been implemented? How well did the social investment strategy perform? What are the social and economic outcomes of the policies implemented?
- III. Can the social investment strategy address the forthcoming social, economic but also environmental challenges which Europe is facing? Will the social investment perspective suffer from such new context?

Where does it come from?

- Since the late 1990s, new ideas and strategies concerning the role and shape of the Welfare State
- OECD (1997), Giddens (1998), Esping-Andersen (2002), Rodrigues (2003).
- The Lisbon Agenda.
- A new emerging paradigm for the Welfare State.

A shared Diagnosis

- Today's social problems: Unmet social needs on the one hand, rising inequalities, in-work poverty and persisting Unemployment on the other

=> a lack of adequate social services on the one hand

=> a lack of skills to fill today's jobs and to create the jobs of tomorrow on the other hand.

A new social policy strategy can address these issues altogether

What is Social investment? The aims

- Social investment: a new orientation for social policies
- To accompany the knowledge-based, service economy

In this new economy, knowledge is considered as the driver of productivity and economic growth. The knowledge-based economy thus rests on a skilled and flexible labour-force, which can easily adapt to the constantly changing needs of the economy but also be the motor of those changes

- To address the New social risks not met by the old welfare state

Modernising the post-war welfare state so as to better address the new social risks and needs structure of contemporary societies, such as population ageing (demographic preoccupation), single parenthood, the need to reconcile work and family life, lack of continuous careers, more precarious forms of contracts and possessing low or obsolete skills

What is Social investment: An emerging paradigm?

- Social investment: an emerging social policy paradigm
- Emerging after 1. the era of Keynesian expansionist development of the industrialist Welfare State, and 2. the Supply-side oriented retrenchment/privatization of the welfare state
- Reverse the relations between the economy and the social, between the labour market and social policy:

PREPARE RATHER THAN REPAIR

Social policies should be seen as a productive factor, essential to economic development and to employment growth. This represents a fundamental break from the neoliberal view of social policy as a cost and a hinder to economic and employment growth.

What Policies?

The social investment approach rests on policies that both invest in human capital development (early childhood education and care, education and life-long training) and that help to make efficient use of human capital (through policies supporting women' and lone parents' employment, through active labour market policies, but also through specific forms of labour market regulation and social protection institutions that promote flexible security), while fostering greater social inclusion (notably by facilitating access to the labour market for groups that have traditionally been excluded)

What Policies?

- Early childhood education and care;
- Higher education
- Life-long training;
- Reconciliation policies; policies to support women's employment (childcare, parental leaves, etc.)
- Active ageing;
- upskilling active labour market policies;
- Flex-security.

The many criticisms

1. The feminists: Social investment has instrumentalized gender equality policies (reconciliation policies)
2. The focus on the future means that today's poor are left aside.
3. The focus on activation disregards the issue of the quality of work ("any job")
4. Economicization of the argument. Social policy is only perceived from its economic contribution. The focus on the social dimension / social citizenship is lost.

Have these policies been implemented?

- Amongst social expenditures, it is those devoted to old-age that have increased over the last 25 years, while spending on education has decreased
- If one distinguishes between compensatory social spending (old age, early exit and unemployment compensation) and investment (expenditures for families, active labour market policies, education), one sees that only few countries have in reality fully implemented a social investment perspective.
- Neither Southern European countries (Italy, Spain, Greece and Portugal) nor Eastern European countries have really entered the social investment era.
- The continental European countries remain typically “traditional compensatory welfare systems”, with few attempts to activate the social investment turn.
- The countries that seem to have gone the furthest are the Nordic countries, the Netherlands and some English-speaking countries (with, for some dimensions such as family policies, France and Belgium).

About activation

- Not all the activation turn can be said to be inspired by the social investment approach
- In terms of the employment policies implemented in Europe since the late 1990s, we see much more 'recommodification' than social investment: quality of the jobs proposed is forgotten, few training programmes, poor job placement services...
- the main orientation of employment policy today is a mix of negative and positive incentives for jobless people to enter mostly low skill employment in the service sector

If any, how have social investment policies been implemented?

- Between the various routes to social investment, one can identify two main ways, a - Nordic – one which combines traditional social protection with social investment, and another - Anglo-saxon - one which tend to substitute traditional compensatory spending with new investments in human capital.
- The third way social investment: “from safety net to sprinboard”
- The Social democratic social investment: “Social protection and social promotion”
- Different views on what protects human capital (sick pay, high benefits), positive vs negative incentives (lowering benefits), equality, quality, rights/duties.

Some successes

- Increasing employment rates without too much increasing in-work poverty
- The Nordic countries have not only combined strong protection and strong social investment but also emphasised social equality as well as gender equality. In the latter context, social investment should be seen as a way to avoid compensation in the future. ECEC can not only promotes gender equality but also quality of childcare for all children.
- Sweden and the other Nordic countries, as well as France, have been successful in dealing with demographic difficulties caused by falling birth rates by investing in childcare and other family policy instruments
- Short term unemployment replacement rates, active labour market policy, day care spending, sickpay, education spending, and educational attainment are very strongly related to employment levels, to employment levels in knowledge intensive services.
- A positive relationship between social investment policies, human capital, and quality employment

III. Bright or Gloomy future for social investment?

- Can the SI strategy address current and future challenges linked to ageing populations; to the impact of migration, integration and identity on social citizenship and cohesion; and to environmental concerns?
- Are there competing perspectives? (protectionism, neo-liberalism, green décroissance...)
- The present global financial crisis: will it act as a trigger to achieve a paradigmatic shift towards a social investment strategy?
- Or on the contrary will it sound the death knell for the social investment perspective?

What are the obstacles to social investment?

- Neoliberalism is not finished yet; no new economic theory
- Too costly: no room for extra and new investment
- The constituencies of the past are more able to defend their programmes than the beneficiaries of the future... No new political alliance or coalitions
- The distance in terms of skills between today's unemployed and the employers requirement in the high skill sectors is simply too big to be bridged by continuing education or training courses
- There is an alternative economic strategy: competitiveness through lowering cost (Germany and France)

There are good reasons though

- Best way to address the challenges of ageing societies
- A way to address rising inequalities in the long run
- Possibility to combine social and ecological goals if sustainable growth become the new approach
- But Quality and Equality should be brought back on the agenda