The development of new ideas for social policies and of new policies: 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?
- III. How well did the social investment strategy perform?

Social investment: Where does it come from?

• Since the late 1990s, new ideas and strategies concerning the role and shape of the Welfare State, highly influenced by the Nordic model
• In Europe: the Lisbon Agenda (2000-2010).
• A new emerging paradigm for all 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
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 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.

II. Looking at the implementation throughout Europe

- The ideas are there, but less so implementation
- A remark about Activation
- Two ways of implementing social investment
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.
The nexus between the public expenditures for investment-related and compensatory social policies as a percentage of GDP in 1990

The nexus between the public expenditures for investment-related and compensatory social policies as a percentage of GDP in 2000
The nexus between the public expenditures for investment-related and compensatory social policies as a percentage of GDP in 2007

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<th>Compensatory expenditure</th>
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<td>+</td>
<td>+ Traditional compensatory welfare systems</td>
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<td>Southern Europe</td>
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Two main ways of implementing social investment policies

- 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 springboard”
- 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.

The performances

- 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.
The performances

• All throughout Europe, there has been an increase in employment rates without too much increase in in-work poverty (except in Germany)

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What we know for sure

• 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.

• There is a positive relationship between social investment policies, human capital, and quality employment