

RECONCILING WORK AND WELFARE IN EUROPE

Towards a social investment welfare state? Ideas, policies and challenges.

Research questions

- What is “social investment”?
- What are the policies associated with the social investment perspective?
- How well does the social investment strategy perform?
- Can the social investment strategy address the forthcoming social, economic but also environmental challenges which Europe is facing?

Project synopsis

Since the late 1990s, new ideas and strategies concerning the role and shape of the Welfare State have been formulated, with the focus being placed on developing policies that aim to “prepare” rather than “repair”. These ideas were developed and promoted most notably by the OECD (1997), Giddens (1998), Esping-Andersen et al. (2002), and Rodrigues (2003). The same ways of reasoning also underpinned the Lisbon Agenda, which the European Union adopted in 2000 in order to meet the future challenges of ageing populations and the shift towards a knowledge-based and service economy. While different terms and labels have been used (‘social development’, ‘the developmental welfare state’, ‘the social investment State’, ‘the enabling state’, ‘inclusive liberalism’...), all these analyses and policy developments point towards a similar policy logic based on ‘social investment’. This project rests on the hypothesis that this social investment perspective represents a new emerging paradigm for the Welfare State. The aim of this project has thus been to map out the contours of this new paradigm, both at the ideational level and in terms of the policies implemented throughout Europe. The project also aimed at assessing the achievements, as well as the shortcomings, of this strategy. In particular, it questions whether the recently promoted social investment strategy is able to regenerate the welfare state, promote social inclusion, create more and better jobs, and help address the challenges posed by the economic crisis, globalisation, ageing and climate change. In doing so it provides a critical analysis of the content and coherence of the ideas and policies put forward in this new perspective.

Main research findings

What is social investment (SI) and what are the policies associated to it?

- The social investment perspective was developed with the dual ambition to modernise the welfare state so as to better address the new social risks and needs structure of contemporary societies and ensure the financial and political sustainability of the welfare state, and to sustain a different economy – the knowledge-based (or learning) economy. Central to the social investment perspective is the attempt to reconcile social and economic goals.
- The focus is on public policies that ‘prepare’ individuals, families, and societies to adapt to various transformations, such as changing career patterns and working conditions, the development of new social risks, population ageing and climate change, instead of simply generating responses to ‘repair’ damages after markets fail or existing policies prove inadequate.
- The SI 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).

approach spends much on investment-related social policies as well as on old-age and passive labour market policies, the British case shows a re-orientation of public social expenditure away from compensatory social policies towards more social investment-oriented policy domains (education and family policy but not active labour market policy).

How well do social investment policies perform?

- The Nordic countries suggests that SI policies can successfully combine social and economic goals. They display high and broad-based education levels, which translate into high levels of social capital and social cohesion, greater learning and innovation capacity at work, more flexibility on the labour market, good economic growth including the creation of more and better jobs. They also display higher female employment rates, lower poverty rates, including lower transmission of intergenerational poverty and have been dealing successfully with demographic issues, both in terms of providing care for the elderly and in maintaining fertility levels. They are also the most successful when it comes to implementing climate mitigation policies.
- The key to this success seems to be the fact that the Nordic countries have not pursued a simple re-orientation strategy with their welfare systems towards more activation, but have instead combined strong protection with SI, with the aim to promote equality.
- Two elements seem to be generally missing and yet crucial for the success of a SI strategy:
- Equality appears to be a necessary precondition, which underlines the importance of traditional social protection and anti-poverty programs and suggests that reduction of income inequality should remain high on the SI agenda. Thus it is not just equality of opportunity but also equality of outcomes which is important.
- ‘Quality’ should be another crucial component of a true SI strategy. This relates both to the quality of jobs but also to the quality of services. Investing in quality means that substantial investment must be made to improve education, training and up-skilling schemes, as well as to improve working conditions. This in turn means that more, rather than less, social spending or, rather, investment is needed.

How far has social investment developed?

- Only a few countries have implemented a full SI approach.
- Neither Southern European countries nor Eastern European countries have really entered the SI era.
- The continental European countries remain traditional ‘compensatory welfare systems’ with few attempts to shift towards SI, even if some countries (France, Belgium, and increasingly Germany and the Netherlands) display some orientation towards SI in the field of family policy.
- The countries that display the strongest SI profile are the Nordic countries. We can also see changes towards a more ‘active’ welfare state in the Netherlands as well as in the UK. But while the Nordic version of the SI

Publication outputs

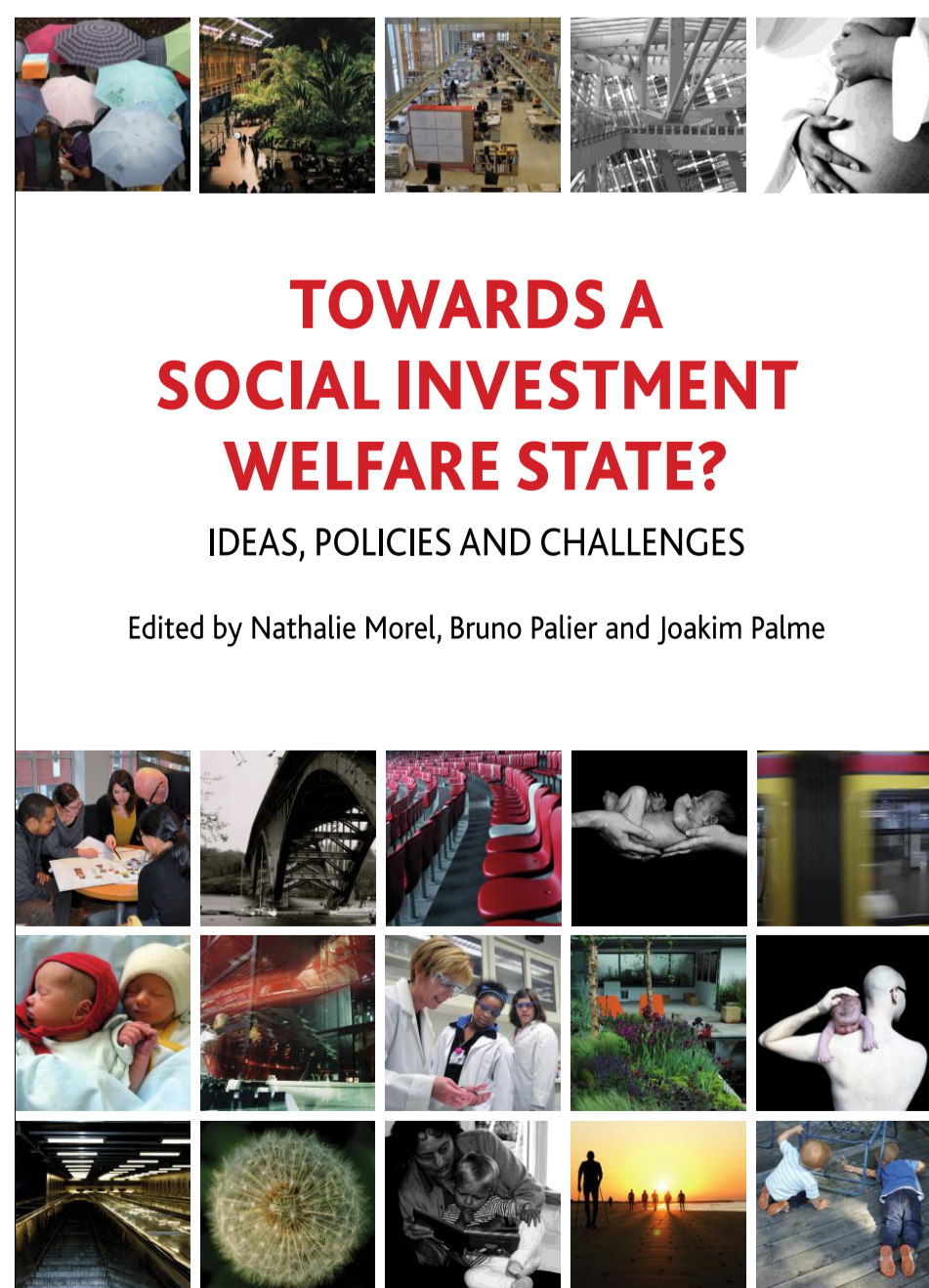
What Future for Social Investment? Edited by Nathalie Morel, Bruno Palier and Joakim Palme Institute for Futures Studies Research Report 2009/2, 101p.

This report is the outcome of a conference organised by the Institute for Futures Studies in May 2009 and which brought together scholars and policy experts. The report was presented at the conference ‘Sustainable Work – a Challenge in Times of Economic Crises’, held in connection with the Swedish EU presidency, 27–28 October 2009, and organised by the Swedish Council for Working Life and Social Research (FAS), the Swedish Governmental Agency for Innovation Systems (VINNOVA) and the Swedish ESF Council in collaboration with Work-in Net and European Foundation for the Improvement of Living and Working Conditions (Eurofound).



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1. **Beyond the welfare state as we knew it?** by Nathalie Morel, Bruno Palier and Joakim Palme
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3. **Redesigning citizenship regimes after neoliberalism. Moving towards social investment.** by Jane Jenson
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14. **Social investment: A paradigm in search of a new economic model and political mobilization.** by Nathalie Morel, Bruno Palier and Joakim Palme.

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