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the uses of
SOCIAL INVESTMENT

edited by
ANTON HEMERIJCK

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The Uses of Social Investment

The Uses of Social Investment provides the first study of the welfare state, under the new post-crisis austerity context and associated crisis management politics, to take stock of the limits and potential of social investment. It surveys the emergence, diffusion, limits, merits, and politics of social investment as the welfare policy paradigm for the twenty-first century, seen through the lens of the life-course contingencies of the competitive knowledge economy and modern family-hood.

Featuring contributions from leading scholars in the field, the volume revisits the intellectual roots and normative foundations of social investment, surveys the criticisms that have been levelled against the social investment perspective in theory and policy practice, and presents empirical evidence of social investment progress together with novel research methodologies for assessing socioeconomic 'rates of return' on social investment. Given the progressive, admittedly uneven, diffusion of the social investment policy priorities across the globe, the volume seeks to address the pressing political question of whether the social investment turn is able to withstand the fiscal austerity backlash that has re-emerged in the aftermath of the global financial crisis.

Preface and Acknowledgements

This volume took shape as a consequence of a number of truly fortunate, professionally satisfying and intellectually rich, tidings. In the year 2013, when OUP published my *Changing Welfare States* monograph, a series of critical articles were published bringing to the fore shortcomings to the social investment perspective that I defended in the conclusion of the book. One of them, with the most provocative title, *What Use is Social Investment?* came from Brian Nolan (2013). As my writings (with colleagues) were implicated in these articles, essays, and book chapters, I felt the urge and obligation to write a review on the so-called critics of social investment. This, then, should include a rejoinder on how to bring more theoretical nuance, methodological clarity, and political credibility to the social investment approach in welfare state research, while taking on board some of the justified criticisms levelled against social investment research and policy advocacy. As I was recently appointed Centennial Professor of Social Policy at the London School of Economics and Political Science (LSE), a part-time fixed-term appointment, established on the occasion of the 100th anniversary of the LSE with few strings attached except for research, I decided that 'social investment and its critics' would become my main academic preoccupation for my time at LSE.

After stepping down as Dean of the Social Science Faculty of the Vrije Universiteit Amsterdam in January 2014, I was granted a half-year sabbatical at the Collegio Carlo Alberto, now part of the University of Torino, in Moncalieri. During my stay at the Collegio, I presented my first assessment of the criticisms levelled against social investment and profited greatly from the constructive comments of Margarita Esteves-Abe, Manuela Naldini, Stefano Sacchi, Chiara Saraceno, and the students in the MSc programme 'Social Change and Public Policy' that participated in my course. I took the 'state-of-the-art' review I was working on to Switzerland for the international conference 'Assessing the Social Investment Strategy' that I co-organized with Giuliano Bonoli and Bruno Palier for IDHEAP (Swiss Graduate School of Public Administration), NCCR LIVES (Swiss National Centre of Competence in Research—Overcoming Vulnerability: Life Course Perspectives), and the Institute of Social Sciences of the University of Lausanne, 10–11 April 2014.

The idea of a volume on the 'uses of social investment' further crystalized when, back in Montcalieri, I was approached by Miro Beblavy from CEPES Brussels with the good news that I had some money left to spend for the NEUJOBS FP7 research project, funded by the European Commission (grant number 266833), that I participated in with my research group of the Vrije Universiteit. The catch was that I should come up with a proposal on how to productively use the leftover funding in sync with the purpose of the NEUJOBS programme on future European labour markets. It took me less than a second to tell Miro that I wanted to organize a workshop, entitled 'Social Investment and Its Critics'. I immediately sent letters of invitations to some of the more vocal critics and sceptics of social investment, because without their participation, the workshop would be a non-starter. All replied practically overnight that they would be more than happy to travel to Amsterdam for the gathering. A volume was now in the making thanks to the timely intervention of Miro and the extended funding from the European Commission, for which I am extremely thankful.

The autumn of 2014, spent at LSE, was entirely devoted to making the Amsterdam workshop happen. I wrote the background document for the workshop and a prospectus for OUP. LSE proved to be the perfect breathing ground for my second take on social investment and its critics to mature. I am ever so grateful for the luxurious hospitality granted to me by the Department of Social Policy, and especially by David Lewis, as head of the department, his successor Stephen Jenkins, and Timo Fleckenstein, my closest intellectual ally in the Department of Social Policy, together with Jane Lewis and David Soskice for supporting my appointment as Centennial Professor of Social Policy. I cannot wait to have the present volume launched at LSE as a token of my gratitude to the Department and the School for my Centennial stay.

The Amsterdam workshop took place on 15 and 16 January 2015 in the beautiful building of the Vakbondsmuseum (trade union museum), called De Burcht (The Stronghold), originally designed and constructed by the famous Dutch architect Hendrik Petrus Berlage in 1903 for the Trade Union of the Diamond Workers, the first professionally run union organization in the Netherlands. Although the decorative surroundings of De Burcht contributed positively to the atmosphere of the encounter between social investment proponents, sceptics, empiricists, and critics, organizing a two-day workshop with the intent of true intellectual engagement was no sinecure. I was lucky to have the assistance of an extremely talented and logistically astute assistant in the form of master student Milanne Mulder. I am grateful for her unwavering help before, during, and after the workshop when many accounts (financial ones) still needed to be settled. Next to Milanne, Gijs van der Starre and Jonathan Zeitlin are also to be credited for making the workshop a huge success, as it was organized under the auspices of ACCESS EUROPE, a

collaborative research institute of contemporary European studies, jointly hosted by Vrije Universiteit Amsterdam and the University of Amsterdam (UvA), that Jonathan and I founded in 2013, with Gijs as managing director.

After the workshop I spent most of my working hours chasing chapters, giving comments on various drafts with suggestions, mostly for cuts, while making individual contracts ready for the publisher. This took much longer than the initial half-year that I anticipated, but ultimately with fifty (co-)authors altogether contributing to this volume, in hindsight, this is no real surprise.

The introductory 'state-of-the-art' chapter on 'Social Investment and Its Critics' and the concluding essay on 'The Uses of Affordable Social Investment' bear the stamp of extraordinary intelligent friends and collaborators with whom I have worked on welfare state research throughout the years. As the book project evolved, I should cite in particular Giuliano Bonoli, Brian Burgoon, Bea Cantillon, Colin Crouch, Verena Draebing, Maurizio Ferrera, Timo Fleckenstein, Franca van Hooren, Jane Jenson, Lane Kenworthy, Kees van Kersbergen, Ab Klink, Marc van der Meer, Moira Nelson, Bruno Palier, Charles Sabel, Stefano Sacchi, Menno Soentken, Matthias Stepan, Frank Vandenbroucke, Babara Vis, and Jonathan Zeitlin. Although they do not bear responsibility for the arguments developed in the two bookend chapters of the volume, I can safely say that, without their perceptive and invaluable counsel over the years, on empirical conjectures, theoretical panache, and methodological nuts and bolts on social investment, the overall thesis on the progressive, admittedly uneven, social investment turn across the globe, would have been less persuasive. For this they deserve deep gratitude. Lest I forget, I am further indebted to the two anonymous referees of Oxford University Press, and of course my OUP editor Dominic Byatt who immediately took a liking to the project when I first consulted him in the summer of 2014.

Back in Amsterdam, the newly merged Department of Political Science and Public Administration at the Vrije Universiteit provided the perfect setting for editing the manuscript, for which I thank Head of Department and fine colleague Willem Trommel. Over the past half year, the book was assembled with the help of a truly superb research assistant, Simon Vydra, a former MSc student of mine. Simon helped me devise final revisions, while making sure tables and figures were not overlooked in the process. I am enormously thankful for his extraordinarily generous support in both practical and substantive matters over the tail end of the project. And ever so glad that Simon now has a Phd position at Leiden University to work on social investment and Big Data.

My wife Emke and our daughters Lieke and Meike, often suggested alternative pastimes and better things to do over the weekends than for me to write,

Preface and Acknowledgements

edit, and respond to the emails of contributors. In the end, the three of them did not push too hard. But soon, now that I reside in Fiesole, overlooking Florence, they want to see 'returns' for what they think of as their social investments in this volume.

And right they are!

Rotterdam/Fiesole

December 2016

List of Abbreviations

ALMPs	active labour-market policies
BMI	body mass index
CATI	computer-assisted telephone interviewing
CCT	conditional cash transfers
CDU	Christlich Demokratische Union
CEO	chief executive officer
CSR	country-specific recommendation
CWS	comparative welfare states
DGB	Deutsche Gewerkschaftsbund
DG EMPL	Directorate General for Employment
ECB	European Central Bank
ECE	early childhood education
ECEC	early childhood education and care
EITC	Earned Income Tax Credit
EMU	Economic and Monetary Union
ESF	European Social Fund
ESPN	European Social Policy Network
ESPROSS	social protection expenditure, current, by function, gross and net
ESS	European Social Survey
ETBs	education and training boards
EU	European Union
EU-IMF	European Union–International Monetary Fund
EU-SILC	European Union Statistics on Income and Living Conditions
EYC	Early Years Curriculum
FTE	full-time equivalent
GDP	gross domestic product
HDI	Human Development Index
ICT	information and communications technology

List of Abbreviations

IDB	Inter-American Development Bank
IEG	Independent Evaluation Group
ILO	International Labour Organization
IMF	International Monetary Fund
INVEDUC	Investing in Education in Europe: Attitudes, Politics and Policies
IPC-IG	International Policy Centre on Inclusive Growth
IR	inequality ratio
ISSP	International Social Survey Programme
JAF	Joint-Assessment Framework
LIS	Luxembourg Income Study
MBM	market basket measure
MIFAPRO	Mi Familia Progresá
MIP	Macroeconomic Imbalances Procedure
MoU	memorandum of understanding
NEETs	not in education, employment, or training
NESC	National Economic and Social Council
NGO	non-governmental organization
NSR	new social risks
OECD	Organisation for Economic Co-operation and Development
OMC	open method of coordination
OMT	outright monetary transactions
PIAAC	Programme for the International Assessment of Adult Competencies
PISA	Programme for International Student Assessment
QE	quantitative easing
RDD	random digit dialling
SGP	Stability and Growth Pact
SI	social investment
SIA	social investment approach
SII	social impact investment
SIP	Social Investment Package
SIWS	social investment welfare state
SMEs	small and medium-sized enterprises
SOCX	Social Expenditure Database
SPC	Social Protection Committee
SPD	Sozialdemokratische Partei Deutschland

SPPM	Social Protection Performance Monitor
SWDs	Staff Working Documents
TFEU	Treaty on the Functioning of the European Union
TTIP	Transatlantic Trade and Investment Partnership
UI	unemployment insurance
UK	United Kingdom
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
US/USA	United States of America

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