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## **The social investment strategy: social policies in a life-course perspective**

# European welfare states are under pressure

- Population ageing
- Managing a multicultural society
- Labour market transformation (upskilling, polarisation)
- Family change
- Globalisation

# The response: a social investment welfare state?

- Perspective located between traditional social democracy and (neo-)liberalism
- Focuses on investment in human capital, promotion of labour market participation
- Life-course perspective on social policies
- Different types of social investment?
  - Third Way/activation version
  - Traditional Swedish high quality provision version
- Supported by academics, taken up by the EU

# A definition of social investment

*"Social investment is about investing in people. It means policies designed to strengthen people's skills and capacities and support them to participate fully in employment and social life. Key policy areas include education, quality childcare, healthcare, training, job-search assistance and rehabilitation".*

Source:

<http://ec.europa.eu/social/main.jsp?catId=1044&langId=en>

# Social policy in a life-course perspective

- Invest in young children
  - Childcare services
  - Preschool programmes
- Lifelong learning, continuing education
- Re-employment services
  - Training
  - Job search assistance
  - Hiring subsidies
  - Job creation schemes
- But what about cumulative disadvantage?

# Does social investment reach the least disadvantaged?

- Bea Cantillon: looks at the impact of social investment policies in the 2000-2008 period
- Employment did expand
- The expansion did not concern workless households, but those with already someone employed
- In contrast, non-working households are more likely to be poor
- A very pessimistic view of social investment

Cantillon, B. (2011) The paradox of the social investment state: Growth, employment and poverty in the Lisbon era. *Journal of European Social Policy*, 21(5), **432-449**.

# The Matthew effect

- *"For to everyone who has more will be given, and he will have an abundance. But from the one who has not, even what he has will be taken away" (Matthew 25:29).*
- Sometimes social policies benefit the middle classes more the poor
- Health care education

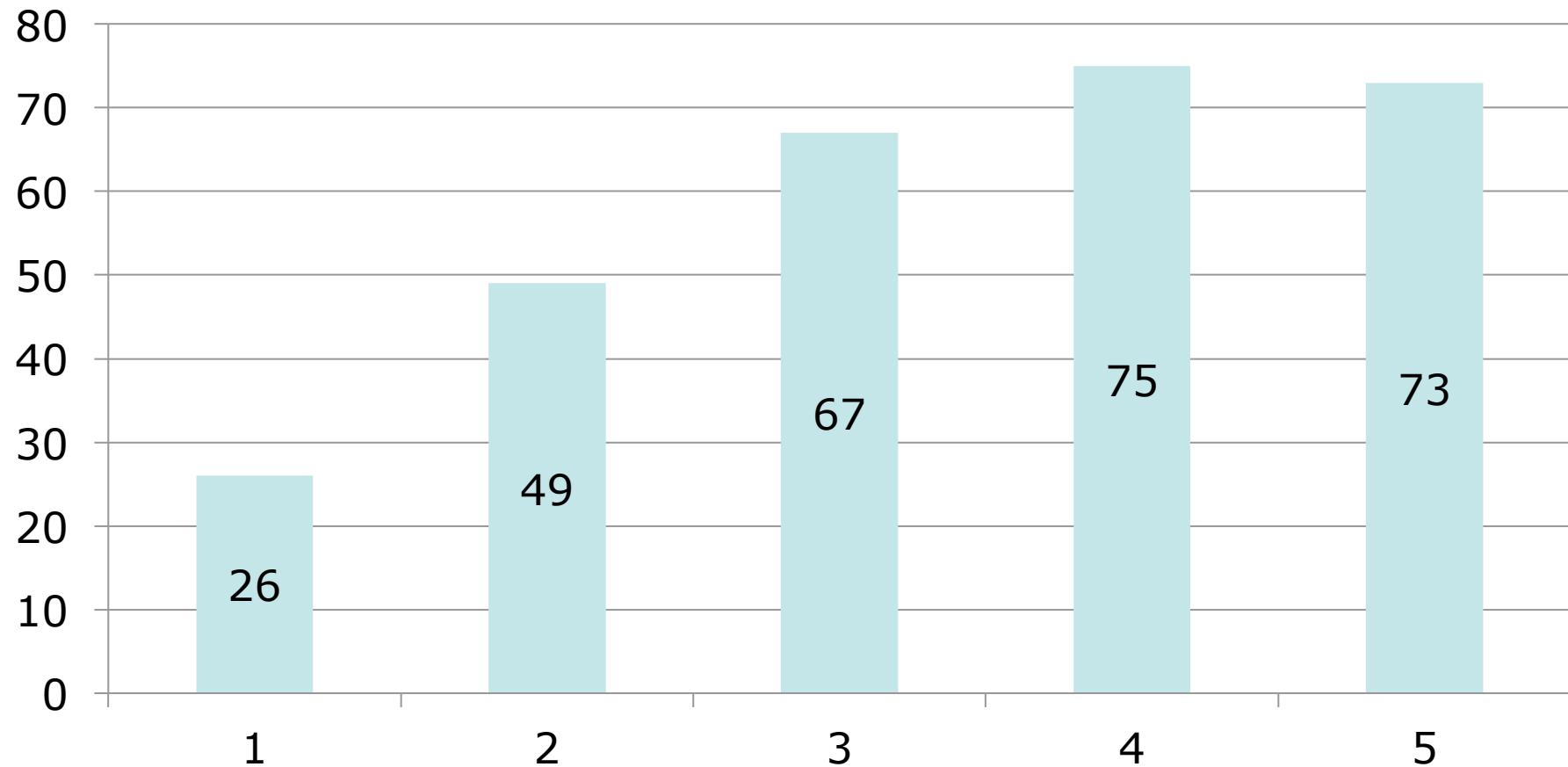
Le Grand, J. (1982) *The strategy of equality: redistribution and the social services*, London, Allen & Unwin.

# And in the social investment policies?

- Individuals need resources to profit from investments
- Who benefits from social investment policies?
  - Childcare
  - Re-employment services

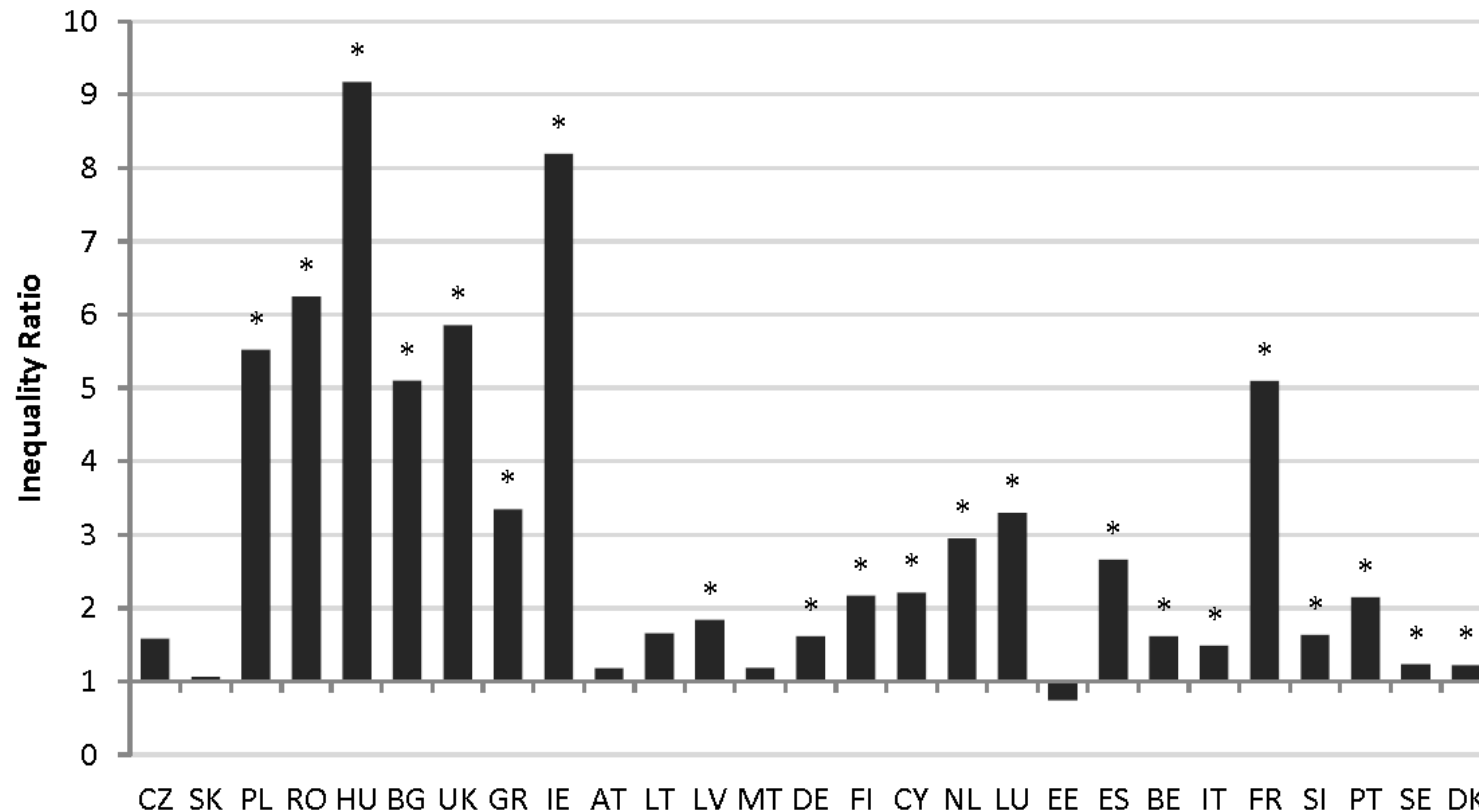


## Proportion of children aged <3 in formal childcare, by income quintile, Flanders, 2005



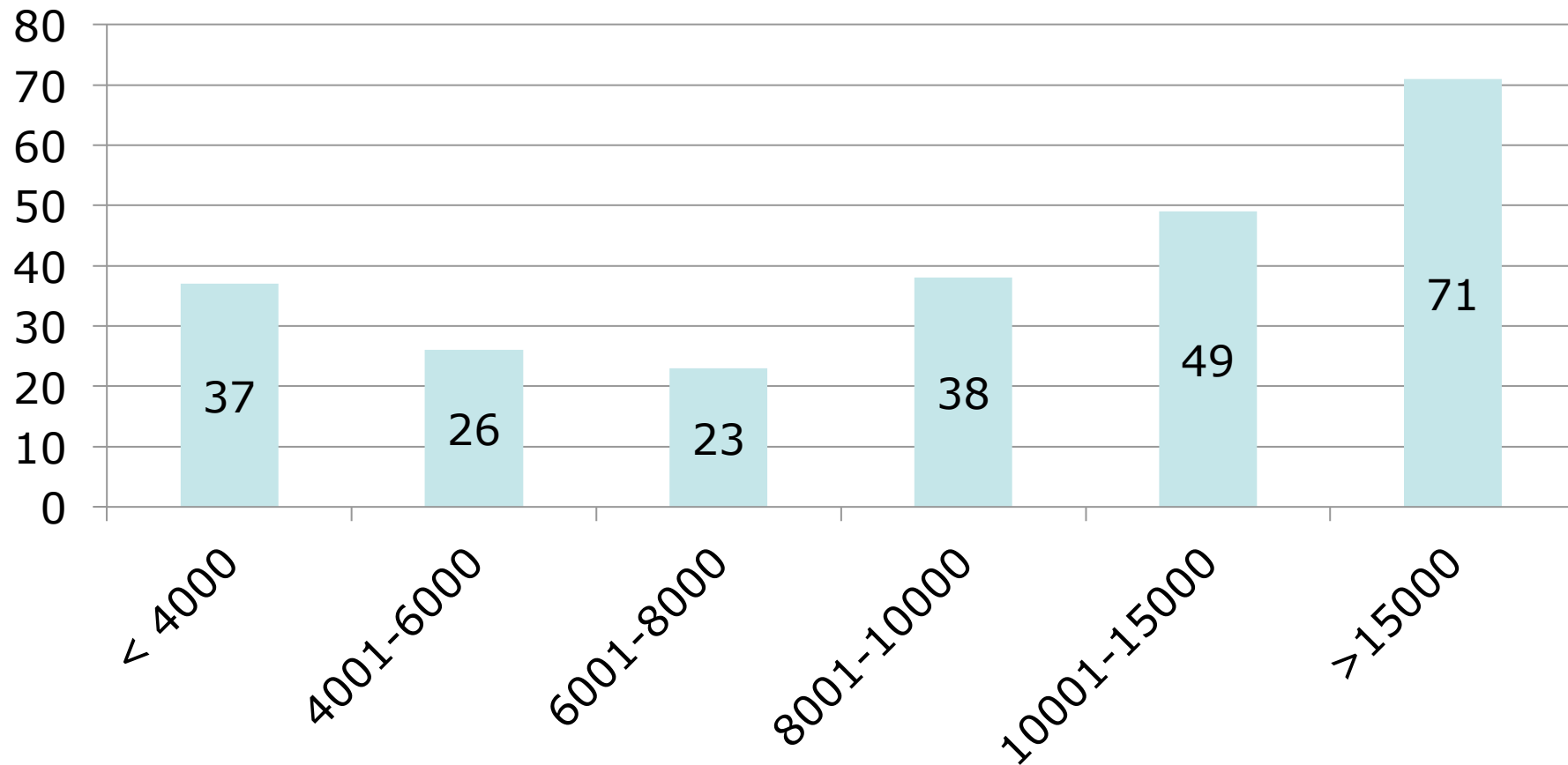
Source: Van Lancker, W. & Ghysels, J. (2012) Who benefits? The social distribution of subsidized childcare in Sweden and Flanders. *Acta Sociologica*, 55, **125-142**.

# Inequality in FTE formal care use, children below the age of three, EU27



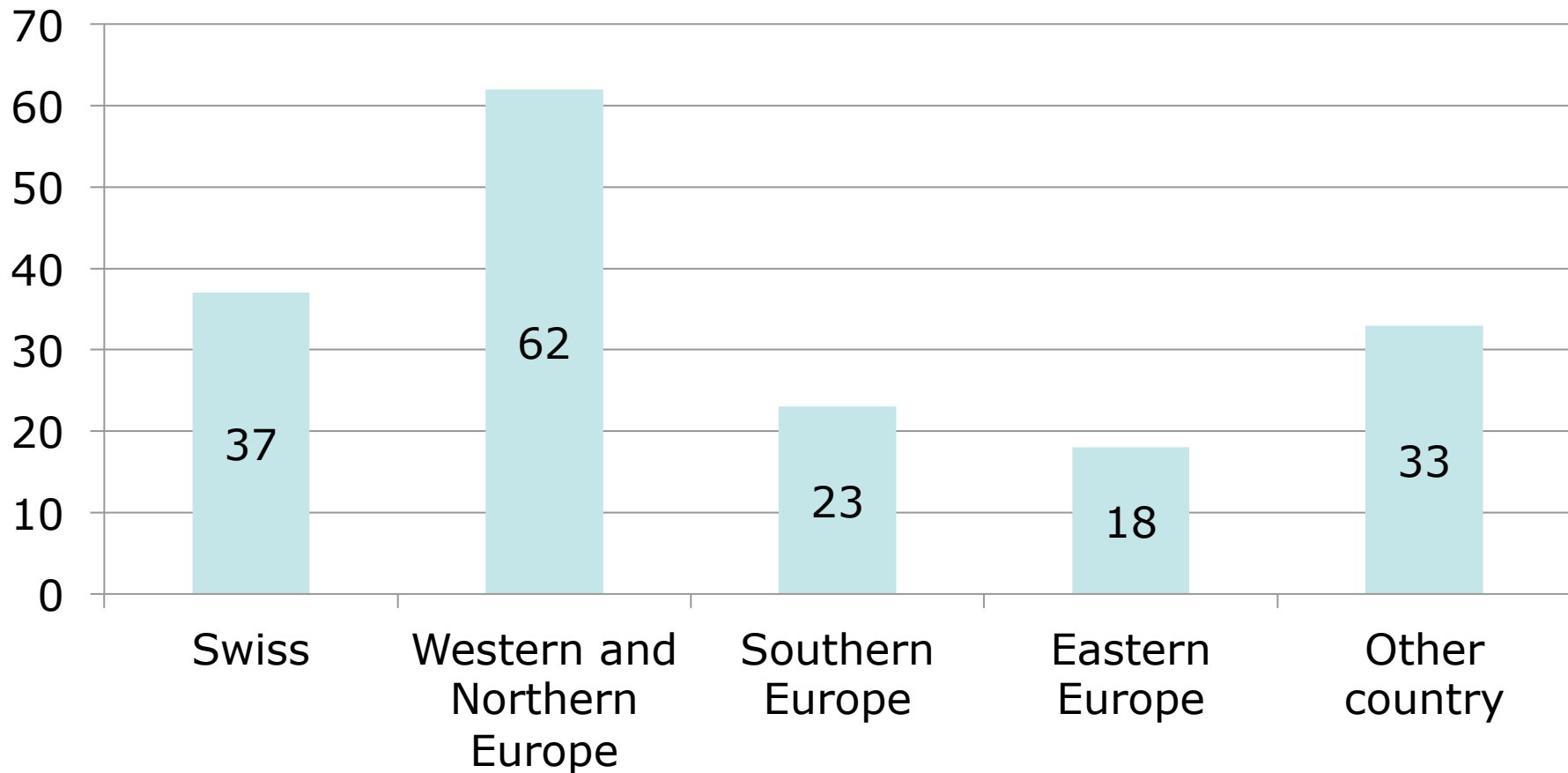
Source: Van Lancker, W. (2013) Putting the Child-Centred Investment Strategy to the Test: Evidence for the EU27. *European Journal of Social Security (EJSS)*, 15, 4-28.

## Percent of children aged <5 in formal childcare, by income group (CHF per month), Swiss canton of Vaud, 2012



Bonoli, G., and Vuille, S. 2013. *L'accueil de jour des enfants dans le Canton de Vaud*. Lausanne: Fondation pour l'accueil de jour de enfants (FAJE-VD).

# Percent of children aged <5 in formal childcare, by nationality, Swiss canton of Vaud, 2012



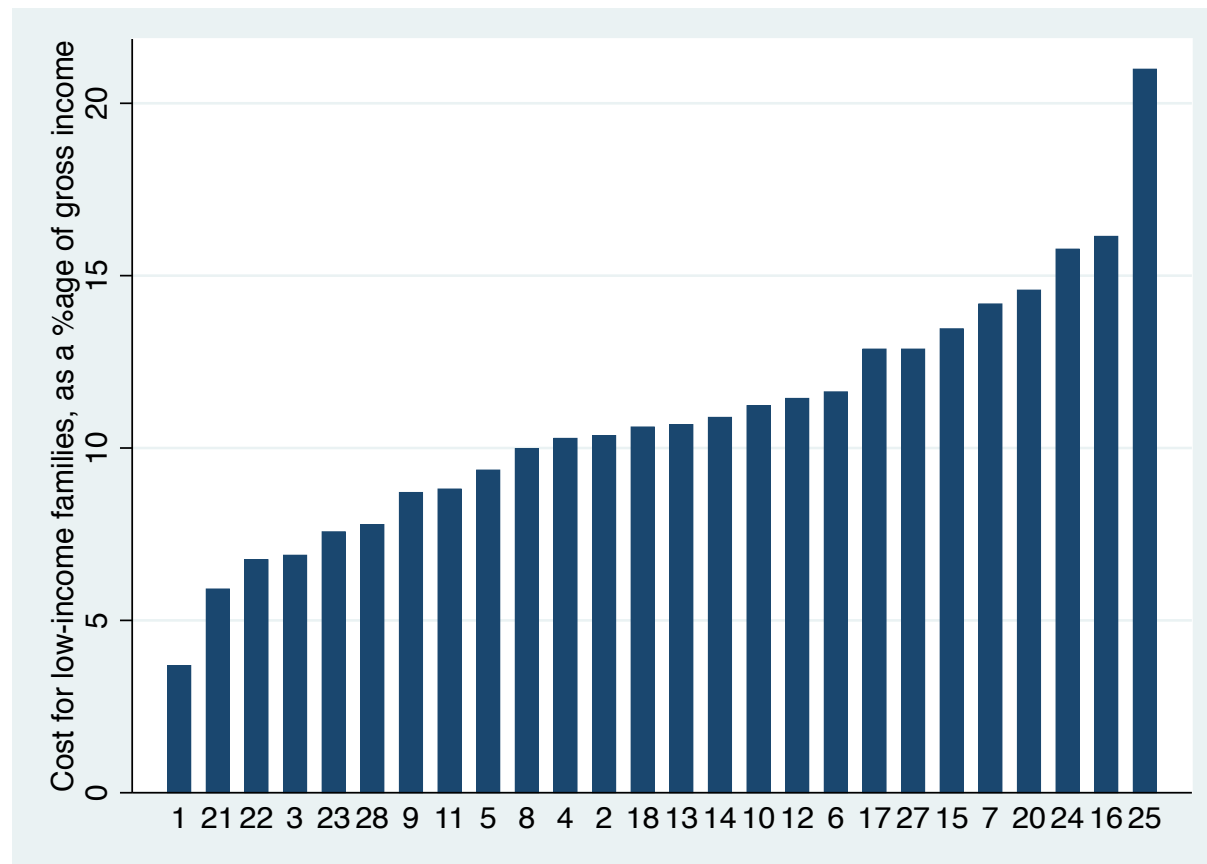
# Why a Matthew effect in childcare?

- Work intensity of household
- Cost
- Shortage of places and ability to obtain them
- Cultural factors

# The impact of cost

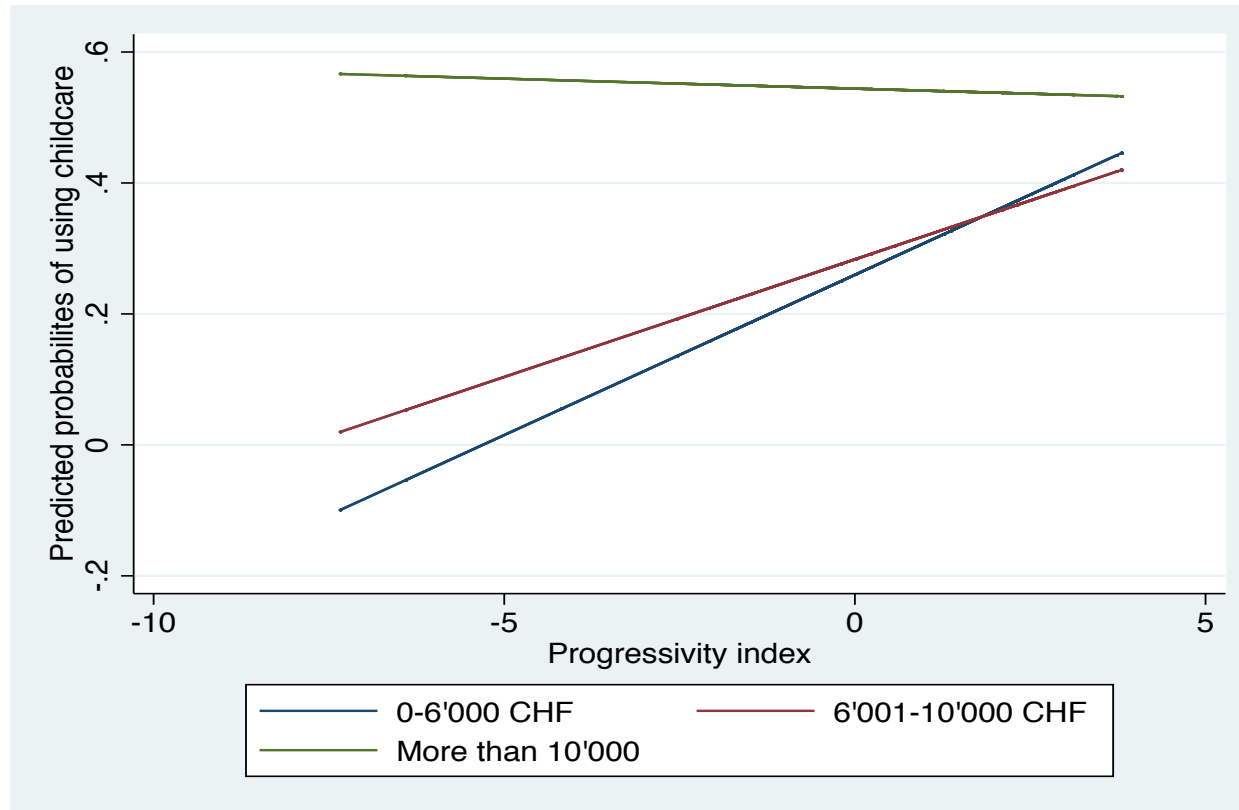
- Generally costs are income related
- But is the progressivity sufficient?
- Swiss canton of Vaud: 26 different childcare systems, with different fee levels
- Simulation with model-families

## Cost of childcare for a low-income model family as a proportion of gross earnings in the 26 different networks.



Source: Abrassart, A. & Bonoli, G. (2014) *Obstacles to Childcare Services for Low Income Families*, Paper prepared for presentation at the XVIII ISA World Congress of Sociology, Yokohama, Japan, 13-19 July.

## Predicted probabilities of using childcare depending on the progressivity of the fee schedule, for three income levels



Controls: employment status of mother, nationality, age of child, household type.

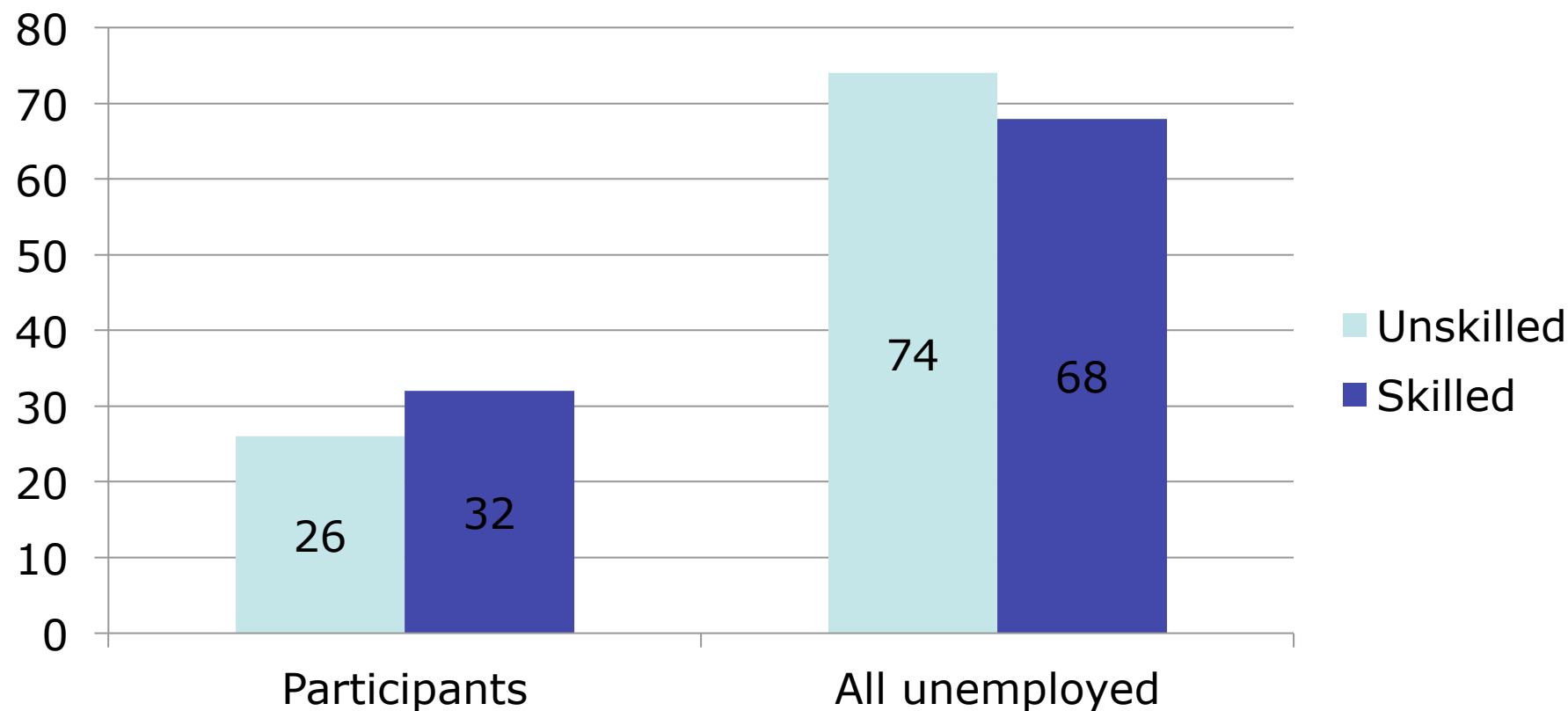
Source: Abrassart, A. & Bonoli, G. (2014) *Obstacles to Childcare Services for Low Income Families*, Paper prepared for presentation at the XVIII ISA World Congress of Sociology, Yokohama, Japan, 13-19 July.



# Active labour market policies

- Training, job search assistance, hiring subsidies
- Who benefits?
- Access bias
- Heterogeneous effects

# Matthew effect in ALMPs. Participation in ALMPs in Switzerland by skill level

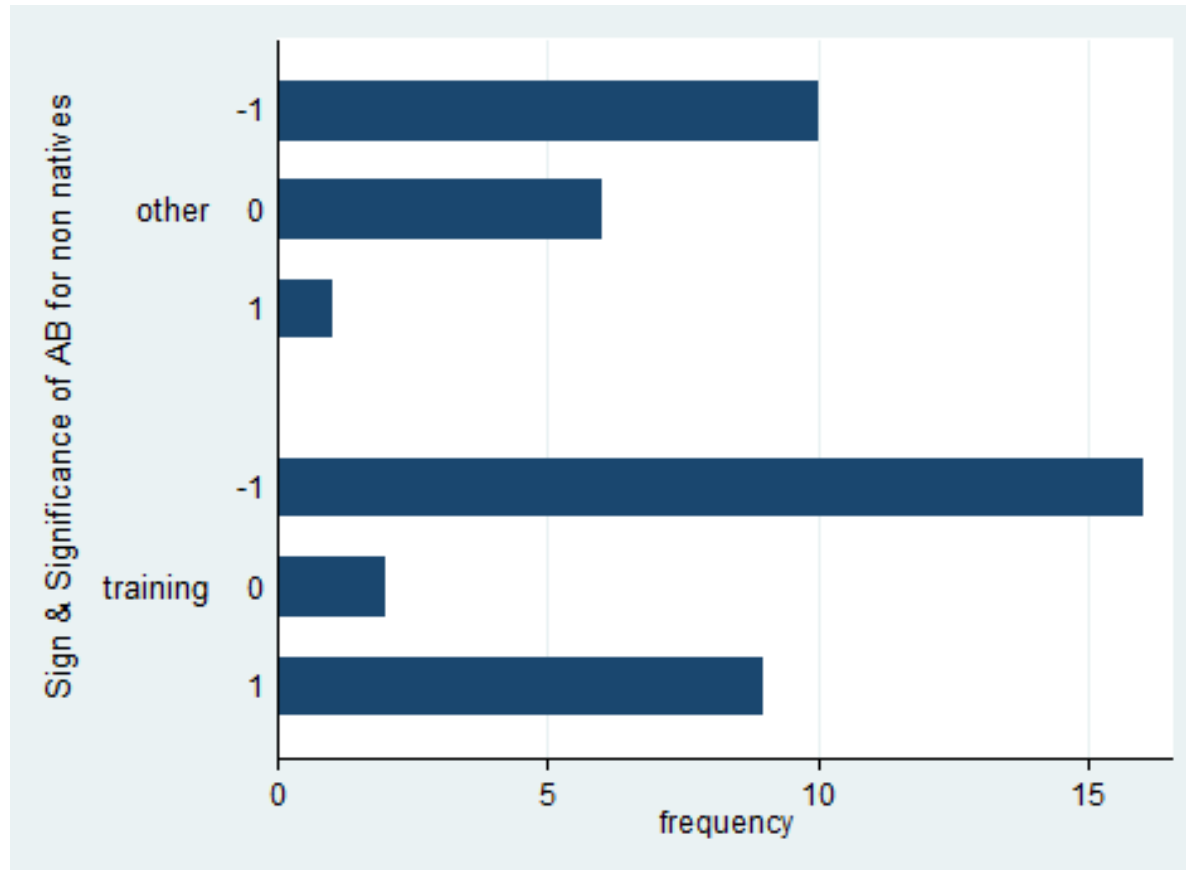


Source: SECO, Switzerland

# A meta-analysis of 78 programme evaluation studies

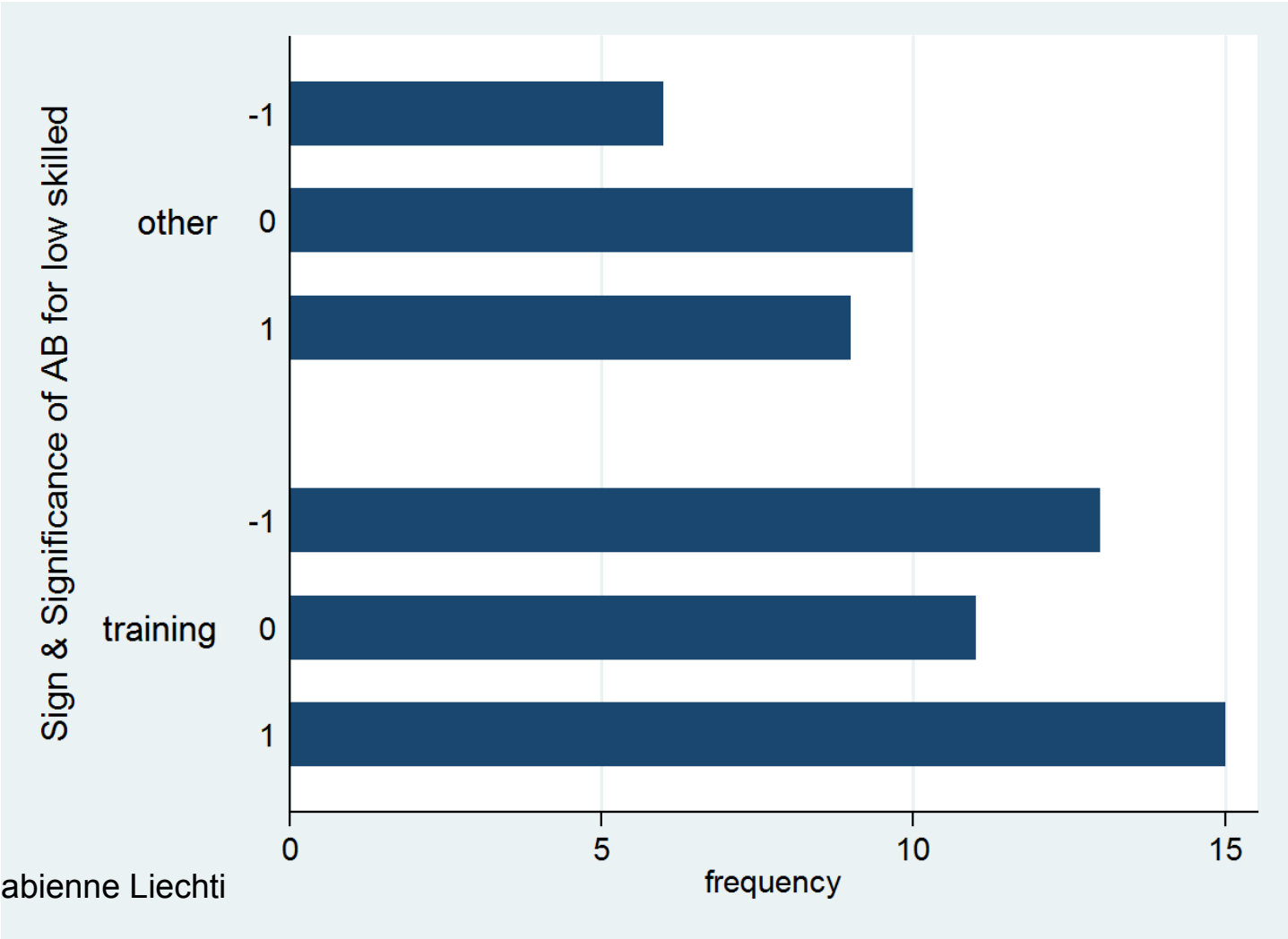
- Observations are evaluation studies
- Studies carried out in several OECD countries
- Coded as follows:
  - Significant access bias against the group: -1
  - No significant access bias: 0
  - Significant bias in favour of the group: +1

# Immigrants versus natives



Source: Fabienne Liechti

# Low skilled versus mid-skilled



Source: Fabienne Liechti

# Social investment and the Matthew effects

- Social investment policies tend to generate Matthew effects
- Effects may be more complex than a simple exclusion of disadvantaged people
- We need research that allows us to understand how to limit or eliminate social bias

# Conclusion

- The problems and contradictions of social investment must be recognised
- Better policy design can help fix some of them
- The social investment strategy must be seen in the context of the alternatives that are today available to European welfare states