SIWELL
Social Investment Wellbeing Returns

Social Situation Monitor Research Seminar
Brussels,
29 January 2019
1. Welfare state studies ‘cul-de-sac’? (*state of the art*)
2. A *puzzle* to explain by re-engaging disciplines
3. Taking social investment (*on its own terms*) seriously
   - *Theoretically*
4. SIWELL research questions
5. Taking social investment (*on its own terms*) seriously
   - *Methodologically*
6. Summing up
1. State of the Art
Welfare state studies at a standstill?

A retreat from interdisciplinarity conducive to a ‘normal-science’ cul-de-sac
Disciplines parting ways

**Sociology:**
- 1990s reduction of complexity to *decommodification* as welfare state *pars pro toto* proxy (ignorant of social insurance and pre-distribution)
- 2000s sectoral policy comparisons
- *Retreat*: population science (extricating ‘middle range’)

**Political science:**
- 1990s from expansion to retrenchment as *distributive* struggle
- 2000s default *downward drift* (upward gradual *welfare recalibration* [Nordic] as the *exception* to rule)
- *Retreat*: partisan (input-only) *welfare politics*; declining interest processes and outcomes, state turned into to a *black-box*
2. Puzzling observations and research implications

As knowledge economy and aging societies transform the policy environment
Glass half full

Employment trends in 11 selected OECD countries (% of working-age population; Source: OECD)
Glass half empty

Children at risk of poverty or social exclusion

Source: Eurostat
Beyond Okun’s Big Tradeoff

Employment (y) and equality (x) and size of welfare states

(Hemerijck & Ronchi 2019)
Biting the bullet: social risks in a ‘new light’

• **Theoretical challenge:**
  – Beyond social protection to preventive life course insurance (including services)
  – Sensitive to life-course risks and greater risk-group heterogeneity
  – Shift from static to dynamic analysis (to gauge cumulative returns)
  – Dynamic understanding of government responsibility – party responsiveness interface

• **Methodological requirements:**
  – New operational metrics and tools
  – To link macro-observations to micro-foundations (*over time*)
  – To examine wellbeing (*intrusiveness* of *hand-up* versus *handout*)
  – To re-link processes, institutions, politics and policies to mid-range mechanisms (*bringing-the-[welfare]state-*[including local] *back-in*)
3. Taking social investment seriously – *theoretically*
The ‘carrying capacity’ of the welfare state

<table>
<thead>
<tr>
<th>Number supported by welfare provision</th>
<th>Average consumption per welfare client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of workers (hours worked)</td>
<td>Average productivity per worker</td>
</tr>
</tbody>
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Long-term strength of the economy and welfare provision increasingly contingent on social policy contribution to the (dynamic) productive ‘denominator’ side of the welfare equation, requiring a wider and more multidimensional ambit of policy interventions across the entire life course, beginning with children

(Esping-Andersen et al., 2002)
Three complementary functions:

• *Raising* the quality of human capital *stock* and capabilities over the life course from the young to the old

• Easing and improving the *flow* of contemporary labour market transitions in line with (*gendered*) life course dynamics to *retain* human capital

• Upkeeping minimum-income universal safety nets and social insurance as social (income) protection and macro-economic stabilization *buffers* over risky transitions to *protect* human capital

(Hemerijck 2015, 2017)
The social investment ‘life-course multiplier’

- ECEC stimulates children cognitive and social development and parental employment
- Extra-resources for poverty protection and prevention
- Active ageing, lifelong learning and LTC induce higher exit age
- ALMP and WLB policies for higher (female) employment, lower gender gaps and higher fertility
- High educational attainment reinforces success in further education
- Better school and skills associated with higher employment and productivity

(Hemerijck 2017)
Policy complementarity

- It is the **policy mix** that matters: different policies performing ‘stock-flow-buffer’ functions *interacting* to support citizens’ life-course transitions
  - *Here and now*: ‘stock-flow-buffer’ policies work in conjunction to enhance current opportunities
  - *Over-time cumulative returns*: policy synergies addressing one phase of the life course enhance capabilities in the next phase (e.g. early investments in children -> future human capital gains in lower inequality)
4. SIWELL – research questions
Guiding research questions

1. What stock-flow-buffer (SFB) policy mixes help welfare states deliver on macro economic prosperity and social inclusion (carrying capacity)?

2. What SFB policy mixes help foster employment and mitigate poverty at the micro-level of life-course transitions for relevant risk groups?

3. What SFB policy mixes (services) foster people’s capabilities to fulfill their subjective work, income, family well-being aspirations?

4. What particular sequence(s) of SFB national reform yield SI success (or failure)? Political-institutional constraints, drivers, resources?

5. What institutional (in-)complementarities make SI robust (or weak) in subnational policy delivery?
5. Taking social investment seriously – methodologically
Easier said than done!

1. **Temporal complexity**: short-term and (very) long-term impacts → focus on short-to-medium term returns in different phases of the ‘life course multiplier’

2. **Which returns?** Multiple implications of well-being for different ‘old’ and ‘new’ risks → well-being returns for different life phases and different risk-groups

3. **Multi-faceted ‘social investment’**: different dimensions of ‘stock’, ‘flow’ and ‘buffer’ policies in different contexts → Measurement/indicators issues (on service quality)

4. **Complementarities and conflicts**: interactions among different features of welfare policy mixes → complex and dynamic *interactions* between ‘stock’, ‘flow’ and ‘buffer’ policies
What returns?
Dependent variables

<table>
<thead>
<tr>
<th>Social investment well-being returns</th>
<th>‘Quantity’ returns</th>
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<th>Capability gaps</th>
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<tbody>
<tr>
<td></td>
<td>Objective material conditions</td>
<td>Subjective wellbeing</td>
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<tr>
<td>Economic</td>
<td>Employment, Productivity, Gender equity, Economic security</td>
<td>Work, Job satisfaction</td>
<td>Skill gap, Working-time gap, WLB gap, Fertility gap</td>
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- Economic: Employment, Productivity, Gender equity, Economic security
- Social: Work, Job satisfaction, WLB satisfaction
- Capability gaps: Skill gap, Working-time gap, WLB gap, Fertility gap
Multi-layered methodology to leverage *cumulative causal adequacy*

1. Making the SI turn transparent (*quantitative-macro*)
2. Easing transitions (*quantitative-micro – obj. wellbeing*)
3. Closing capability gaps (*quant.-micro – subj. wellbeing*)
4. Sequencing social investment: from national reform pathways to policy-mix coherence (*qualitative-macro institutional*)
5. Teasing out policy complementarities in the flesh of subnational delivery (*qualitative-meso institutional*)
Layer 1
Making the SI turn transparent

• Looking for macro-level empirical evidence for the SI multiplier: which policy mixes boost employment, productivity, gender equity, and decrease poverty across different institutional contexts

• Country-level (Data: e.g. OECD, Eurostat)

• Quantitative analysis: Inspecting SFB trends and their association with outcomes; TSCS regressions
Layer 1
Making the SI turn transparent

Poverty rate among less-skilled, older working-age males (EU-SILC), 2003-12

ALMP spending (train.+empl.incent.+lab.serv.)/unemployed, (Eurostat) 2003-12

(ASIS Report 2016)
Layer 2
Easing transitions

• Detect policy interactions which increase individuals’ likelihood of being in employment and out of poverty;

• Detect how SI impact differs across risk groups and crucial life-course phases, and whether given SFB-policy mixes mitigate or reinforce possible ‘Matthew effects’

• Micro-level (Data: e.g. EU-SILC, EU-LFS)

• Quantitative analysis: Multilevel modelling
# Layer 2

## Easing life-course transitions

<table>
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<tr>
<th>Life-course transitions</th>
<th>Risk groups (examples)</th>
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<td>School-to-work</td>
<td>NEETs; non-native</td>
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<td>Family formation</td>
<td>Women; single (parents) mothers; non-standard workers</td>
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<tr>
<td>Job loss/unemployment in early/mid career</td>
<td>Women; low-skilled; non-native; work-poor households; non-standard jobs</td>
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<tr>
<td>Job loss/unemployment in late career</td>
<td>Older low-skilled; persons with frail relatives</td>
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Layer 2
Easing life-course transitions

Policy complementarity in the flesh: ALMP x ECEC (‘stock’ X ‘flow’)

Marginal Effect of ALMP on Employment chance

Early-childhood education spending (weighted by 0-4 population share)

Thick dashed lines give 95% confidence interval.
Thin dashed line is a kernel density estimate of Early-child ed.

(ASIS Report 2016)
Layer 2
Easing life-course transitions

Policy complementarity in the flesh: Buffers x SI (‘buffers’ X ‘stock & flow’)

The employment-disincentive of cash transfers decreases when SI policy effort is higher

(Ronchi 2018)
Layer 2
Easing life-course transitions

SI as *ex-ante* employment shock absorber (time-dynamic perspective: ‘stock & flow’ × time)

High-SI countries

Low-SI countries

(Ronchi 2018)
Layer 3
Closing capabilities gaps

- Bringing *(subjective)* quality of life and capabilities in, as a litmus test of (Pareto-optimal) objective SI returns
- Important because SI is an *intrusive* policy strategy
- Micro-level (Data: Eurofound’s EQLS and EWCS, Generations & Gender Study for ‘child gap’)
- Quantitative analysis: Multilevel analysis
Layer 3
Closing capabilities gaps

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- **Economic**
  - Employment
  - Productivity
  - Gender equity
  - Economic security

- **Social**
  - Work
  - Family

- **Work**
  - Job satisfaction

- **Family**
  - WLB satisfaction
Layer 4
Sequencing SI: pathways to success

• Retrace the sequences of policy change (*stock-flow-buffer*) to social investment (dis)equilibria, synergy and political trade-offs (2000 – 2018)

• We start from original (regime) template, but go beyond by highlighting different *trajectories of change*; special attention to financial crisis management and social policy responses.

• Macro-level (Data: e.g. OECD, Eurostat, MISSOC, emerging patterns from Layers 1-2-3, qualitative evidence)

• Qualitative analysis: Process-tracing of SFB-reforms over time in 10 selected countries, focus on *reform sequence* (update Hemerijck 2013)
Layer 4
Sequencing SI: pathways to success

Tentative case-selection strategy

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<th>Expected performance on SI returns from layers 1, 2 and 3</th>
<th>Social investment welfare state trajectories</th>
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<td>‘Vanguards’</td>
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<tr>
<td></td>
<td>DK</td>
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<tr>
<td>Employment</td>
<td>+</td>
</tr>
<tr>
<td>(Child) Poverty</td>
<td>+</td>
</tr>
<tr>
<td>Capabilities</td>
<td>+</td>
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Note: + indicates high performance, - indicates low performance, (?) indicates uncertain performance.
Layer 5
Delivering SI in the flesh

- Uncovering delivery mechanisms behind complex policy complementarities of ‘stock’, ‘flow’ and ‘buffers’ in subnational administrative settings
- -> capacitating SI services are provided locally
- Meso-level (Data: original SIWell data on quality of care and activation services [with Eurofound], interviews, qualitative sources)
- Qualitative analysis: Process tracing and cross-case comparison against national (non-)social investment backdrops
## Layer 5
Delivering SI in the flesh

<table>
<thead>
<tr>
<th>National institutional backing and Horizontal policy complementarity between the <em>Stock-flow-buffer</em> functions in three selected regions</th>
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<td><strong>Catalonia</strong></td>
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<tr>
<td>Weak policy coordination between central and autonomous governments in welfare provision (<em>institutional fragmentation</em>)</td>
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<tr>
<td>Little interaction between training agencies, employment services, social services and income guarantee schemes; No harmonization of programs, schemes and functions.</td>
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→ Catalonia does not have a *common database* for social and employment services and cannot provide a fully integrated inclusion pathways for relevant risk groups
6. Summing up
Interdisciplinary innovation imperatives

• Taking **institutional complementarities** seriously: welfare states as multidimensional systems of interconnected SFB policies

• Taking risk-group **life-course transition capabilities** seriously beyond Pareto-optimal returns, also subjectively – **wellbeing**

• Through a novel **multi-layered pluralist quantitative-qualitative mixed methodology** (to deliver ‘cumulative causal adequacy’)

• **Novel data-base** on ‘capacitating social services’ (with Eurofound)

• Bringing welfare state studies out from the **cul-de-sac**: by analysing the social investment turn **on its own terms**
Thank You!

anton.hemerijck@eui.eu
stefano.ronchi@eui.eu