Introduction

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The notion of social investment has attracted widespread interest among Western and especially European social policy scholars in recent years. Generally, they regard social investment as a new approach to social welfare in which governments prioritize policies and programmes that promote employment, prepare people for productive work through education and job training, and support employment through family leave and similar policies. They often contrast the social investment approach with the traditional ‘welfare state’ approach that emerged in Western countries in the years following the Second World War; this approach prioritizes resources transfers through comprehensive social and income maintenance services to people in need, and in this way seeks to reduce poverty, redistribute resources, foster social solidarity and promote altruism. However, many social policy scholars believe that the traditional welfare state approach is no longer viable. Faced with new economic and social pressures such as population ageing, deindustrialization, increased economic competition arising from globalization and intense budgetary constraints, a new and dynamic alternative such as social investment is needed to address current economic, social and political realities. By shifting the focus from welfare transfers to social investments, they claim that governments will be better able to deal with current challenges and ensure the well-being of their citizens.

The academic literature on social investment has proliferated and addressed both the analytical and normative dimensions of the subject. Several social policy writers (Bonoli, 2013; Esping-Andersen, 2002; Giddens, 1998; Hemerijck, 2012, 2013; Morel et al., 2012; Midgley, 1999, 2015; Sherraden, 1991) have sought to analyse and define social investment and describe its features. This has been accompanied by attempts to conceptualize social investment with reference to other established theoretical frameworks in social policy. Generally, social investment is viewed as paradigmatic in that it amounts to a distinctive

ordering of interventions and budgetary allocations to comprise a unique approach that differs not only from the traditional welfare state approach but also from the neoliberal approach which prioritizes individual responsibility and the utilization of the market for welfare purposes. Social investment is also distinctive because of its productive function. Unlike the welfare state approach which fosters consumption transfers that market liberal economists believe impede economic development, Midgley and Tang (2001) contend that social investment promotes economic participation and generates positive rates of return to the economy.

Some scholars have documented and conceptualized social investment's historical evolution. This scholarship is often cast in stadial terms, viewing social investment as the most recent of a series of sequential stages in the evolution of government welfare. According to this historical schema, the first was the welfare state stage, based on Keynesian and Beveridgean ideas, which emerged after the Second World War to provide comprehensive social services and income transfers which would eradicate need and foster greater equality. The second neoliberal stage emerged in the 1980s as radical right-wing governments opposed to welfare statism were elected in the United States, Britain and other Western countries. This stage was marked by retrenchment, the privatization of statutory programmes, outsourcing and greater use of means testing when determining eligibility for benefits. Social investment is the latest stage, which is replacing the neoliberal stage. Unlike the neoliberal stage, it accords a key role for the state as the initiator of social investments and active welfare policies. Since social investment challenges neoliberalism, it is said to comprise a new, post-neoliberal stage in the history of social policy (Jenson, 2009).

At the normative level, many social policy scholars commend social investment's electoral promise, policy applicability and relevance to current economic and political realities. Although various positive assessments of its policy usefulness have been articulated, the normative advocacy of social investment has also been influenced by debates in progressive political circles about the limitations of the traditional welfare state approach. An important influence was the British Labour Party's Commission on Social Justice, which reviewed the Party's economic and social policies in the wake of its unexpected electoral defeat in 1992 (Commission on Social Justice, 1994). Questioning the assumptions on which the Party's social policies had long been based, the Commission proposed a radical reformulation of its approach in order to enhance its relevance to a post-industrial society in which traditional proletarian occupations and class loyalties had given way to middle-class

individualism, consumerism and scepticism about welfarism. A new emphasis on social investment would, it was argued, have greater electoral appeal. It was in this context that the term ‘social investment state’ was coined by Anthony Giddens (1998), the respected sociologist and an adviser to Prime Minister Tony Blair, to contrast the Party’s new approach with its traditional welfare state approach and to promote its wider ‘Third Way’ agenda. In Europe, several Social Democratic parties followed by embracing policy changes that would increase labour flexibility and impose work requirements on the recipients of unemployment benefits, yet pursuing an agenda characterized by ‘active protection’ and ‘enabling to work’ (Bonoli, 2013; Huo, 2009). In the United States, social policy debates among the New Democrats inspired presidential candidate Bill Clinton to adopt an electoral platform that downplayed the Democratic Party’s traditional welfarism. Michael Sherraden’s (1991) writing on promoting financial asset accumulation among low-income families was particularly influential in popularizing social investment ideas among American social policy-makers and academics.

Another relevant and important development was the European Union’s Lisbon Treaty of 2000, which was primarily concerned with modifying the Union’s constitutional provisions, but also directed member states to refocus policy in a number of fields including justice, security and welfare in order to achieve greater standardization and coordination and to promote approaches better suited to changing needs and realities. The Treaty’s Social Agenda raised a number of issues concerning the limitations of the traditional welfare system which needed to be addressed if the social challenges facing the Union and its member states were to be met (Vandenbroucke and Vleminckx, 2011). Mindful of the high rates of unemployment and particularly youth unemployment in many European countries, the Social Agenda urged that greater emphasis be placed on job creation, new forms of work organization, education and skills development, new employment opportunities for youth, and policies to promote social inclusion and eradicate poverty; all of which were linked to the notion of social investment as an organizing social policy framework. As in Britain and the United States, these developments inspired several European social policy scholars to commend the positive features of the social investment approach and to advocate for its adoption.

As may be expected, the normative advocacy of social investment has provoked vigorous debates. Perhaps the most forceful criticisms have come from scholars committed to the traditional welfare state approach who believe that social investment’s emphasis on employment and

knowledge and skills development affronts social policy's historic commitment to meet social needs through services and income transfers (Cantillon, 2011; Cantillon and Van Lancker, 2013; Nolan, 2013). Welfare, they contend, should not be concerned with promoting work but with delivering services to people in need and fulfilling their social rights. They are also critical of what they perceive as social investment's instrumentalism, which uses investments to promote economic growth rather than meeting basic human needs. Instead of treating people as ends in themselves, social investment uses them as a means of achieving economic development. A related problem is that the emphasis on economic development has negative social consequences. Instead of promoting well-being, the drive for growth has damaging consequences both for the environment and for social life, where rampant consumerism fosters acquisitive values and undermines the social fabric. Additionally, concerns have been expressed about the behavioural compliance required by conditional cash transfers and the social control this exerts on populations dependent on government assistance.

Critics also point out that social investment's emphasis on work cannot address the complex financial and social challenges facing many families and especially those with low incomes. Similarly, it is not clear how the needs of elders and people with disabilities, who are not able to work, will be met by social investment policies that are more concerned with economic participation than with providing benefits. They also contend that advocates of social investment seldom refer to social rights, redistribution or the promotion of social solidarity, which are the key, historic features of state welfare. In this regard, they reject the idea that social investment is a new and distinctive social policy paradigm and claim that it amounts to little more than a revisionist form of neoliberalism. Social investment may ameliorate the excesses of neoliberalism but that does not alter its fundamental commitment to individualism and self-responsibility.

A major limitation of current scholarship into social investment, which this book explicitly addresses, is its Eurocentric focus. The current literature is predominantly concerned with Europe and the way European governments are implementing social investment policies and programmes. Apart from occasional references to conditional cash transfer programmes such as *Bolsa Família* in Brazil and developments in welfare policies in Australia, the social investment literature is decidedly Eurocentric. The long and extensive experience of implementing social investment policies in the nations of the Global South has been largely ignored. Even the work of scholars in the United States who have made

a major contribution by formulating an asset-based approach to social investment is given little attention.

There are other limitations of social policy scholarship into social investment that will be raised in the following chapters of this book. In particular, the diverse types of social investment policies that have been introduced in different countries will be examined in a series of case study chapters which contend that it is more useful to focus on these policies than to utilize paradigmatic policy frameworks or stadial interpretations when studying social investment. Accordingly, these chapters focus on particular policies and programmes that have an investment function rather than on national-level policy frameworks. Although these are discussed within national contexts, they suggest that scholarly inquiry into social investment will benefit from documenting and interpreting the way these policies and programmes have evolved and function in different countries. As will be seen, these programmes include early childhood policies in Australia, employment-focused social policies in Norway, community development in the United States, preschool and employment policies in India, pension policy in China and housing policy in Singapore. In analysing these policies and programmes, the authors transcend description by examining the issues attending the implementation of social investment policies and discussing their limitations. Some of the book chapters are primarily concerned with a critical analysis of social investment policy programmes. The collection is augmented by chapters that range more broadly over related issues such as the contribution of international organizations to social investment, the gender dimensions of cash transfers in South Africa and the potential of social investment programmes to respond to immigration in Europe.

The editors and contributors to this book believe that scholarship into social investment will be enhanced by an appreciation of social investment policies and their history and functioning in different countries. While the European experience has insights to offer, these can be appreciated alongside a broader range of international examples that expand understanding of the potential and complexities of social investment. The book's editors contend that openness to learning from the experiences of other nations not only has intrinsic value since it enriches the field, but also fosters constructive policy learning and policy exchanges. By documenting and analysing the way social investment policies function in different parts of the world, academics and policy-makers will be able to examine local initiatives in the light of comparative experiences. They will also be able to assess their usefulness and judiciously adapt policy innovations originating elsewhere, contributing to the emergence of what Midgley (2017) calls a One World

perspective that can address the pressing problems facing the global community today.

THE PLAN OF THIS BOOK

As noted earlier, this book seeks to contribute to the expanding literature on social investment by showing how social investment ideas have found application in a variety of programmes introduced by governments in different countries over the years. The book does not, as is common, focus on national-level interventions and comparative typologies but examines different, discrete social policies and programmes that have an investment function. These are described within the context of national welfare policy, and their strengths and limitations are examined. By showing how social investment policies and programmes have been adopted in different parts of the world, the book hopes to provide a comparative perspective that will enhance the largely Eurocentric analyses that characterize much of the literature on the subject. In addition to these case studies of social investment interventions, the book contains chapters that discuss the role of the international agencies in promoting social investment, the way social investment policies may promote the integration of migrants and refugees in Europe, and the role of gender in social protection in South Africa.

Chapter 1 by James Midgley provides a broad introduction to the concept of social investment and the way it is used in different academic and professional fields. Noting that the term ‘social investment’ is poorly defined, he offers a definition and examines the meaning of terms such as ‘investment’, ‘consumption’, ‘income’, ‘assets’ and ‘capital’ which are widely used in economics. The chapter then reviews the different ways in which the term ‘social investment’ has been used in four academic and professional fields, namely social policy, nonprofit management, community studies and development studies, where investment ideas have been influential since the 1950s. The chapter contends that scholars will benefit from understanding the way the concept of social investment has been employed in these different academic and professional fields. It concludes by suggesting that it may be possible to synthesize these different approaches to promote a comprehensive and globally relevant interpretation that will enhance the academic and policy relevance of social investment ideas.

Chapter 2 by Amy Conley Wright discusses social investment in early childhood in Australia. She presents arguments for social investment in young children and potential benefits for families, children and the

broader society. The chapter then examines the Australian national early childhood development strategy, called *Investing in the Early Years* (Council of Australian Governments, 2009), to analyse strengths, gaps and challenges. This strategy is designed to promote the best possible outcomes for children, and by extension the nation. Policies in the areas of early childhood care and education, social transfers and parental leave are described and contextualized through a comparison with the averages provided by the Organisation for Economic Co-operation and Development (OECD), to identify strengths, gaps and challenges.

In Chapter 3, James Lee discusses the role of housing in social investment with reference to Singapore and other East Asian countries where housing serves not only to meet shelter needs but also as a powerful investment tool that has major long-term welfare effects. Traditional social policy theories have been vague on the social investment impact of social policy, especially with regard to housing policy. Its dual nature, as both consumption and investment, has made it difficult to align with other social policies such as health care and education. This chapter examines its role as social investment in two contrasting high-growth urban economies in East Asia: Singapore and Hong Kong. First, it tackles a gap in contemporary social policy debates and explains why the social investment aspect has been neglected. Second, through the case studies of Hong Kong and Singapore, it explains the important relationship between housing policy and social security. The purpose is to look beyond the residential dimension of housing and to establish a connection between housing policy and asset building. Given its enormous potentials on investment and returns, and its impact on life quality, wealth and social justice, a thorough understanding of the role of housing policy is vital to realizing the social investment potentials of contemporary social policy.

Next, in Chapter 4, Sony Pellissery discusses social investment policies in India, focusing on employment and early childhood programmes and the way they seek to meet the needs of poor families in India and provide them with resources that have an investment function. The Integrated Child Development Scheme (ICDS), since its beginning in the 1970s, has focused on providing nutrition to pregnant women and children up to the age of formal schooling. In contexts where poverty is pervasive, the chances of welfare loss through neglect as well as affordability are very high. The long-term impact of such neglect on human capital is immense. Similarly, India passed the National Rural Employment Guarantee Act (NREGA) in 2005 (based on an initiative introduced in 1972 in one of the states of India, Maharashtra) with an aim to provide employment opportunities in lean agricultural seasons as well as to build community

assets through such labour. The chapter offers an overview and analysis of these two programmes and shows how a social investment approach was an essential component of development expenditure in the Global South.

Chapter 5 by Espen Dahl and Thomas Lorentzen examines labour market policy and related social policies in Norway, focusing on a selected set of recent reforms as well as their outcomes such as work participation and earnings, in particular for disadvantaged groups that are often targets of the reforms. A rather mixed picture emerges. Some reforms and parts of larger reforms carry the stamp of a true social investment approach, for example the reform in the Welfare and Labour Administration, and the Qualification programme targeted at social assistance recipients. Other reforms, such as changes in the Work Environment Act, cuts in benefits for disability beneficiaries with low pre-disability earnings, and stricter conditions for receiving social assistance benefit, fit poorly with a social investment strategy. Yet, it should be added that these reforms mostly tend to be carefully designed, are rather moderate in nature and restricted in scope. As these reforms are of recent date, their consequences are still unknown.

Next, in Chapter 6, Leila Patel discusses the gender dimensions of the Child Support Grant (CSG) in South Africa. This is one of the country's largest social protection programmes reaching almost 40 per cent of poor children. The grant is cited as a social investment in social care in the family and households, yielding positive outcomes through the empowerment of women, which in turn contributes to improved child well-being. The author draws on national and community-level data on gender and care in South Africa. The data however also point to the limitations of social investment policies in promoting gender justice, especially where such social policies fail to challenge the gendered nature of care in the family, community and social service sector.

In Chapter 7, James Midgley discusses social investment at the community level in the United States, where community development programmes have a long history and have prioritized inventions that transcend traditional welfare approaches. Noting that the literature on social investment has paid little if any attention to investments at the community level, the chapter examines the way the federal and state governments of the United States, supported by nonprofit organizations, have sought to invest in low-income communities by mobilizing assets, expanding employment, increasing access to education and affordable housing, and raising standards of living. It begins by tracing the origins of the community social investment approach in the late nineteenth century, when the settlement house movement introduced a number of

initiatives designed to deal with urban poverty and deprivation brought about by industrialization, urbanization and mass migration into the United States. These activities were subsequently augmented by programmes introduced during the War on Poverty in the 1960s. The chapter discusses the way these programmes have evolved and now comprise a variety of community and asset building initiatives throughout the country. It concludes by assessing the achievements as well as limitations of the community social investment approach in the United States.

Chapter 8 by Anthony Hall takes a critical look at cash transfers in Brazil and assesses their strengths and limitations as promoting social investments. Brazil's conditional cash transfer (CCT) scheme, known as *Bolsa Família* – the world's largest, which benefits more than a quarter of the country's total population of more than 200 million – appears to embrace certain elements of a social investment approach, at least in principle. The programme aims to strengthen human capital formation by boosting school attendance and encouraging mothers' participation in vaccination and other preventive health care campaigns. Although the government has announced plans to make the programme more production-oriented, there are few direct links with employment creation, which have remained largely hypothetical. Furthermore, in the quest to maximize electoral gains through a focus on widening cash benefits, there has been a noticeable failure to make any significant headway with broader and longer-term social investments in health, basic sanitation, education and housing, for example. Such broad-based infrastructure support would serve to underpin the process of economic growth in a more sustainable fashion. This underlying tension will continue to frustrate any pretensions that Brazil might harbour towards developing an authentic social investment model, at least for the foreseeable future.

Next, in Chapter 9, Joe C. B. Leung and Yuebin Xu discuss pension reform in China and question whether the government's pension policies effectively promote social investments that produce future benefits to elders. Facing the challenges of an ageing population, escalating pension payments and imminent declining workforce, China has to formulate a sustainable, adequate and affordable pension system. Using pension reforms as an example, this chapter illustrates that harmonizing pension reforms are regarded as the key instrument of social investment strategy to promote economic performance. Pension reforms are pivotal to restructure the labour market, to facilitate labour mobility and integration across regions, occupational sectors, and rural and urban areas, as well as to enhance the quality of human capital. In short, a modernized economy has to be accompanied by a universal and equitable social security system.

In Chapter 10, Knut Halvorsen, Amy Østertun Geirdal and Anne Grete Tøge critically examine child care policies and programmes in Norway. The experiences of Norwegian children in preschools, schools and families, and the impact on their happiness and mental health, are examined, in relation to other European and Western children. The assumption that social investments in children and parents are always in the best interests of the well-being of children is questioned. Drawing on the United Nations Convention on the Rights of the Child of 1989, the authors contend that human rights, capabilities and citizens' perspective should be considered as an alternative to the social investment perspective. It is argued that the child's present experience (being) should be balanced with future-oriented investments (becoming).

Chapter 11 by Steinar Stjernø discusses the role of social investment as a means of integrating immigrants in Europe. The total foreign-born population of the European Union now constitutes 21 million persons, and in recent years, more than 1 million persons have been seeking asylum every year. A large number of immigrants are young people of working age. The author discusses the idea of social investment in European Union immigration policy. First, the chapter describes the number and distribution of immigrants from non-European Union countries. Second, the development of the role of the idea of social investment in the Union's normative framework is analysed with a particular focus on immigrants and the integration of immigrants into the labour market. Finally, the chapter concludes with a discussion of the relationship between declarations and actions.

Next, in Chapter 12, Sarah Cook reviews the role of international organizations in promoting social investment. This chapter explores the ways in which the social investment approach and its terminology have been adopted and promoted by selected international development organizations, as well as some international non-governmental organizations. It focuses on the period since the 1990s, when it is argued that a 'social turn' in development policy emerged as a reaction to the devastating social consequences of Washington Consensus adjustment policies, foreshadowing the global commitment to poverty reduction through the Millennium Development Goals and the evolution of a range of new policy instruments to deliver on this social agenda, most notably through targeted and conditional cash transfers. International organizations have played a significant role in the spread of such ideas and practices which can be identified with the social investment approach, if not always labelled as such. The promotion of these new instruments in development contexts, however, tends to obscure significant differences in goals, values and approaches among organizations. While often justified in

social investment terms, a strong theoretical case for the use of such instruments as development policy is lacking. Instead, the case is largely grounded in evidence of ‘what works’ for short-term results linked to organizational priorities, notably poverty alleviation, impacts on specific groups (women, children) and behavioural change (such as use of health and education services).

The final, brief concluding chapter by the editors, Chapter 13, offers a short summary of the book and its chapters, drawing attention to the major lessons learned and discussing some of the future directions that scholarly research in the field should take. They point out that although the book offers a critique of the Western literature, it is not intended primarily to critique this literature, but rather to enhance its international relevance and contribute to the emergence of a globally relevant body of knowledge on social investment that will be helpful to policy-makers and practitioners seeking to promote social welfare around the world.

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