The EU needs a social investment pact

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The social investment imperative

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• Investment agenda

  – Child-centred social investment strategy
  – Human capital investment push
  – Reconciling work and family life
  – Later and flexible retirement
  – Migration and integration through education and participation
  – Minimum income support and capacitating service provision
What can be learned from past social investment experience?

- Substantive policy issues
- Governance issues
Increase in employment rate since 2004 (ppt)

Source: Eurostat
Recent trends in poverty rates and material deprivation (%)
A crucial failure: jobless households in EU 15 (%)
Lessons from past experience: substantive issues

• Can we create virtuous circles of social protection and (egalitarian) social investment? Yes, without denying difficulties and tensions.

• Consistent social investment needed: social investment is a packaged long-term strategy
  – Policies must be sufficiently ambitious and mutually consistent
  – Social investment strategies will require additional resources
  – Quality of services & equality of background conditions

⇒ Investment strategy and protection strategy as complementary pillars


Lessons from past experience: substantive issues

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• Embedded social investment needed

Social investment must be embedded in macroeconomic and budgetary governance and financial regulation that support durable and balanced growth in the real economy.
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• Embedded social investment needed

  Social investment must be embedded in macroeconomic and budgetary governance and financial regulation that support durable and balanced growth in the real economy.

  Social investment must be embedded in an attractive conception of social progress and a narrative of “caring Europe”.
Lessons from past experience: governance issues

• Soft = weak

• Yet, for steering the overall orientation of social policy at EU level, there is no alternative to “governance by objectives”

• How can “governance by objectives” be made to deliver?
Taking Europe 2020 seriously

• While certainly not perfect, the Europe 2020 objectives translate a social investment ambition which merits full support

• Example: poverty, severe material deprivation, very low work intensity
The EU needs a Social Investment Pact

• The long-term social investment imperative must not fall victim to short-term policy orientations, i.e. ill-guided austerity (short-term ⇄ long-term)

• Fiscal discipline must be allowed to deliver, i.e. collective action & support needed, e.g. Eurobonds (supranational solutions ⇄ welfare chauvinism)

• Coming weeks will be crucial
The EU needs a Social Investment Pact

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- The objectives of Europe 2020 can provide a framework for reconciling those short-term and long-term considerations, if the social investment strategy is embedded in budgetary & macroeconomic policy, i.e. if short-term budgetary & macroeconomic governance serves long-term social investment.

- The political deal the EU needs is one wherein all governments pursue budgetary discipline and social investment, and are supported therein in a tangible way by the EU.

- Such a reform-oriented, forward-looking deal may contribute to creating a real sense of “reciprocity” in the EU.
Thank you

- Vandenbroucke, Hemerijck, Palier, *The EU needs a social investment pact*,
  http://www.ose.be/EN/
- OR
  (OSE Paper Series)