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**Well-being of children and labour markets in Europe
Different kinds of risks resulting from various structures and changes in the labour
markets**

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Children in the “Social Investment State”

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Under the „old welfare architecture“ children played no central role in the priorities and social programmes of the welfare state. Welfare programmes and measures focused on the male-breadwinners who were protected against the typical risks of wage labour and who shall be enabled to secure the material living of their family members. This is also mirrored in the allocation of social expenditures: While the greatest portion of the social budget was dedicated to pension benefits, the healthcare system, and unemployment insurance, social expenditures for children and families played a relatively minor role.

In recent years we have witnessed a fundamental change in the “welfare architecture,” which has caused a shift in the position of children and families within the "responsibility mix." By adapting modern welfare states to a changing economic and social environment, not to mention overcoming the functional deficits of the old welfare regime, new ideas and concepts will need to be propagated. The new priorities and measures for the restructuring of welfare regimes derive either from the visions and concepts of an “activating social policy” or the social investment state (Giddens 1998). The idea underlying this concept is that the state should not – as up till now – merely protect the social positions of particular “at risk” groups in a reactive manner (such as by granting social security benefits), but should rather built “human capital” or “social capital” by investing in individuals. In this way target groups of social policy should be enabled to deal with their personal matters themselves, and thus overcome risks or inferior social status by means of their own power.

While the two concepts – that of an activating social policy and the vision of the social investment state – are by no means identical, they do share many of the same beliefs and

principles. One basic commonality is the sustained reevaluation of the productivistic view of justice: The distribution of material resources – such as money, goods etc. – is not to be given priority, but rather a re-distribution of (life) chances in the sense of enabling people to care for themselves. Whereas under the old welfare regime the central cleavage was identified as the conflict between “rich” and “poor”, under the new welfare regime the conflict is between „insiders“ and „outsiders“. Accordingly, the aim is not to secure an equality of living conditions, but rather the participation of people in the social systems of society.

Activating social policies are aimed at securing inclusion by activation. Under the old welfare regime more and more "population groups" were taken out of the labour market in order to protect them from the harsh conditions, and to improve the market position of other groups within the population – namely the middle-aged male workers. As a result, younger people had to stay in school longer, older people got their pension earlier, and women were kept out of the labour market. Taking the opposite approach, activating political strategies are aimed at integrating the entire population into the labour market, and thus attempt to increase the rate of the “productive” as compared to “unproductive” parts of the population.

In order to secure their social status, passive political strategies provide their target groups with income. In contrast, activating social policies make income compensation dependent on “active behaviour,” i.e. by rewarding or punishing specific forms of behaviour. The concrete mix of active and passive measures varies from nation to nation, and depends on both the existence and degree of social measures as well as the benefits and welfare regime of a given country. However, the introduction of activating political measures is normally flanked by a partial reduction in benefit entitlements. Furthermore, it has become a widely accepted practice to combine income protection with the participation in activating social programmes and measures like training programmes, etc.

The Canadian sociologist Jane Jenson (cf. 2003) has pointed out that the idea of the social investment state is a counter model to the neo-liberal critique of the traditional welfare state. Public spending on social programmes and services was seen as social expenditures which were at most of consumptive value. During the seventies this kind of social spending was criticised because neo-liberalists worried about negative affects like inflexible labour markets and welfare dependency. The counter model values that social spending can be productive. From this perspective social spending can be legitimated when the state acts as an entrepreneur, oriented toward the pay-off of his investments. Accordingly, investing in human capital is the best way of preparing for a future in a globalized world and knowledge-based economy. In either a social investment state or in an activating social policy the creation of “employability“ is the central goal of all measures and programmes.

However, the emphasis does not lie so much in the combination of investive measures with coercion and obligations to activate target groups and to “make work pay,” but to focus on the productive character of state intervention, and its consequent adjustment to the investment calculus.

Regardless of the differences between the two concepts, the strategy of restructuring welfare states and constructing a new welfare architecture seems to be guided by the following principles:

- from the passive compensation of certain social risks by financial transfers (e.g. unemployment) to activating measures,
- from granting privileges to certain groups in the labour market (e.g. the traditional male employee) to the re-distribution of employment opportunities,
- from redistribution of material resources aimed at securing equality to the enabling of social integration by improving “employability” and facilitating access to markets – especially labour markets, and lastly,
- from compensation to prevention of social risks.

According to both concepts, the state is not to be regarded as a large bureaucratic re-distribution apparatus, but rather as an entrepreneur, who has adopted management-concepts and strategies from the business sector, and who shapes his measures in an economically rational manner.

If it is to be the case that all public expenditures should have a pay-off, a return on investment, then this has definite consequences for the selection of target groups. This is because the pay-off of public measures in some sectors is higher than in others. Actually, this is the reason why women and children are so important in the process of restructuring modern welfare states. Women and children represent the maximum potential of productivity, and seem to make public intervention notably more productive and profitable.

Gøsta Esping-Andersen (1999) maintains that the heavy burden of private care – provided in particular by women – produces several problems simultaneously: It prevents an increase of service provisions within both the public and private sector, and therefore in the creation of employment opportunities for women. In this way, it increases the costs associated with having children, which is demonstrated by the low birth rates in many countries and increased risk of family and child poverty. He argues in favour of liberating the family – that is to say: women – from care provision as well as the individualization of childhood and age. By the de-familialization of women, an increased number of employed women as well as a higher birth rate and prevention of poverty in households with children will be achieved. This proposal has been adopted by the OECD, and has since been written into policy (cf. OECD 2001, 2002). At the heart of such strategies lies the improved reconciliation of work and family for women, an increased employment ratio of women in the work force as well as public child-care and care for the elderly. This strategy of de-familialization, targeted at women and children, has proven to be the “strategy of choice” in the European context.

What does this mean for children and the generational distribution of resources?

The new architecture of welfare has already led – mediated by the discourse on child poverty and the demographical developments – to a stronger integration of child-oriented questions into social policy and welfare state research as well as the corresponding policy in terms of a “new welfare architecture”. The most prominent example is Gøsta Esping-Andersen’s (et al.) (2002) book „Why We Need a New Welfare State“. Beginning with the heading „Investing in Children, Families and Women“ this book proposes a differentiated and broad strategy of investment by the welfare state in a “good” childhood (not in family as such!) as an effective instrument against poverty, social exclusion, and the inheritance of marginalized life chances by the next generation. The starting point of these political recommendations is the insight that life chances in contemporary societies are dependent on the cultural, social, and cognitive capital of the citizens (with the accumulation of this capital being done foremost in early childhood). But the transition of cultural, social, and cognitive capital to the next generation has, up till now, been dependent on resources and skills which just happened to be available in the families. This phenomenon has not changed fundamentally – not even by the expansion of the educational system, although the results varied in different countries.

In the face of the polarization of families according to their capacity in this regard, this model has increasingly come under fire, as Esping-Andersen et al. (2002) have argued. If the accumulation of as much cultural capital as possible is crucial for children’s future life chances as well as serving as the foundation for a sustaining, efficient, and competitive knowledge based system of production, then this process of accumulation can not be left solely to the responsibility and willingness of the family household. From a child-oriented perspective this is problematic, since children have no influence with regard to the family into which they happen to be born. Therefore, the authors of this study call for an “integration of child, family and ‘women-friendly’ policy” (Esping-Andersen et al., 2002) in establishing an infrastructure as a precondition for an effective knowledge-based production as well as an improvement of life chances for the next generation.

From a child-oriented perspective this concept might appear very attractive. It seems to be an offensive legitimating strategy for the re-construction of the welfare state, which is in opposition to the dominant discourse of neo-liberalism, and stands for the re-construction -- not dismantling -- of the welfare state. But a closer look at this concept makes its ambivalences visible. The central legitimation for a new role of women and children is of an economic nature. The central goal is not the strengthening of the power position of women vis a vis men, but women are important because of their economic potentiality, which can be activated by an intensified participation in the labour market. And with regard to children it is not the creation of a „good childhood“ in the here and now, but rather mobilizing children as productive workers of the future. It is not the citizenship rights of women and children which are at the centre but the role of women and children as investment goods in a , social investment regime.

The policy recommendations of Esping-Andersen and his associates are in line with the re-adjustment of welfare regimes and criteria for justice, I have just sketched out. This is necessary for concentrating on the scarce resources of groups active today and groups productive tomorrow. This means redistributing social benefits of the childless population and the retired elderly to both the workers and children. By the investment in women and children the productivity reserve should be activated, and by investing in the human capital of a population, the competitive position of a given society in a global market as well as the capacity of workers to adjust to constant change should be improved.

In a child-oriented perspective one has to ask about the effects these strategies of restructuring have upon the citizenship status of children. What do the strategies of activation and social investment mean with respect to the position of children in a given welfare architecture? According to this perspective, the consequences for the restructuring of children's welfare seems ambivalent.

The concept of the social investment state promotes – as demonstrated – the expansion of a public system of early child care and education, and thus a shift in the responsibility from the private sphere of the family household to the public sphere of social services and institutions. By realizing the ideas of an activating social policy and the social investment state, the "responsibility mix" concerning the welfare of children changes. As I have demonstrated, women will be discharged from their family obligations, and will be de-familialized in order to improve their chances for participation in the labour market. To enable this activation of mothers, children must also be de-familialized. But there is an additional reason for this: From the perspective of the social investment state, families raise suspicion if they do not invest properly in the human capital of their children. Therefore, the state has an interest in exercising control over the aims and standards of quality present in early child care and educational institutions. This has two important consequences. On the one hand, the "de-familialized family" is no longer able to care for the children to the extent previously possible. The increased participation in the labour market by both parents reduces the time they can spend with their children. Increasingly, the contribution of fathers and mothers to the welfare of their children focuses on the securing of the material living conditions made possible by gainful employment. The children, on the other hand, become more and more clients of childcare institutions provided by state and market. In this way the children are pushed nearer to the market. This is the case because their inclusion into the educational system is primarily aimed at preparing them for their future lives as "productive" workers, while at the same time, paving the way for the participation of their mothers in the labour market. By individualising women and children their social status is altered. If children become more and more clients of educational institutions, they will be liberated from their family, and therefore attain a public status. This is equally true for nations maintaining either a liberal or conservative welfare state regime -- even those characterized by strong reservations to recognize the public status of children in the past.

Accordingly, Ruth Lister argues: „For all its weaknesses, the national childcare strategy represents a breakthrough in British social policy. It represents the first time that government has accepted that childcare is a public as well as a private responsibility.” (2003, p. 432) In Germany as well, the rise of the social investment strategy has led to new state priorities. While in Germany there was traditionally only a deficient provision of public child care, now the welfare state is determined to increase the provision of early childcare and education to a level approximating the international standards.

With respect to the material welfare of children it seems that the rise of the activating social policy strengthens the dependency of children upon their parents. The “mantra” of the new activating policy is expressed in the motto “No rights without responsibilities“. For adult workers this has far reaching consequences: On the one hand, the activating state supports the adult workers to enhance their labour market position by investing in their human capital. But, on the other hand, it forces workers to accept every gainful employment, even if it leads to a deterioration of their standard of living. This activating policy is flanked by a dismantling of unconditioned rights to benefits. Social benefits are offered exclusively in exchange for returns such as willingness to cooperate and conform. The outcome of these policies in many European countries has resulted in a significant deterioration of the income position of family households, especially that of low-paid workers. This trend has not been compensated for by the increased labour market participation of women and/or mothers. Among other things, the UNICEF-Study “Child Poverty in Rich Nations” (2005) holds the decreasing incomes in low-paid worker-families responsible for the increase in child poverty within Germany starting with the 1990’s. The income situation in these households has deteriorated despite the increased labour-market participation of mothers. This situation is the result of the dramatic wage losses of the male workers within these households; a loss not compensated for by the incomes of the mothers.

But does increased public responsibility for childcare and education in the social investment regime mean more citizenship for children?

At first glance the strategy of investing in children seems to improve their citizenship-status. By providing an extended provision of childcare institutions the welfare state takes on more responsibility for the welfare of children. Nevertheless, this strategy has a different kind of citizenship in mind than that connected to the child-oriented perspective. The policy of investing in children leads to a specific understanding of child citizenship. The status of children moves away from “the private property” of the parents to a concept of the child as a citizen-worker of the future. This means that the quality of childhood in the here and now risks being overshadowed by a pre-occupation with the development of children as future citizen-workers. The investment in children is not aimed at improving the quality of childhood in the present, but at gaining economic returns in the future. The right to receive benefits is linked to benefits in return given by the children in the future.

Within the social investment regime the citizenship rights of children are limited in two respects: First, the child is not “being a citizen“, but rather a “citizen-in-becoming”. And

second, the citizen-status is reduced to the economic dimension of the productive citizen-worker-of-the-future, and weakens the political and social dimensions of full citizenship.

As the example of Germany demonstrates this reduction of the citizenship-status on the future productive role of children can produce problematic consequences that are even capable of damaging the aims of the social investment regime. The social political reforms that have taken place in Germany over the past years have been stamped by the intention to realise the ideas and concepts of an activating social policy and social investment state. Accordingly, the most important social reform of the last term – the integration of the social assistance of long-term unemployed and the social assistance for the poor – is a typical mix of activating measures and retrenchment of social expenditures. In fact, it is true that this reform entails activating measures which aim at a better integration of long-term unemployed and recipients of social assistance into the labour market. But at the same time, this reform is undoubtedly the biggest reduction in social expenditures since 1949 -- one expected to save a total of 2.5 Billion Euro yearly. This operation of reduction is flanked by a legislation in which the provision of day care and education of children under the age 3 shall be expanded conspicuously. The idea was to use the expected savings generated by the reform of social assistance to finance the childcare improvements. The problem is that the consequences of this budgetary cutback can not be restricted to adult workers, but also affects the living conditions of the children of these workers – above all the low-paid workers. With the implementation of this welfare reform at the beginning of the year 2005 the number of poor children increased from about 1.1 Mio. to about 1.6 Mio. At the same time, there was a political reduction of the level of the social assistance benefit (Sozialhilfe). This means that recipients of social assistance and their children have to expect a deterioration of their living conditions. The result of this reform in Germany cuts both ways: the enhancement of public childcare provision and education has been accompanied by a deterioration of the living conditions of many children. Keeping in mind that poverty not only affects the quality of life in the here and now, but also undermines the preconditions of the accumulation of human capital for the future, the success of one of the reforms – that is the reduction of public expenditures – damages the success of the other – that is the expansion of the provisions for early childcare and education.

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