Tracing the European Union’s Social Policy:  
The Social Investment Perspective

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Abstract  

The European Union has no unilateral legislative capacity in the area of social policy. However, the European Commission does play the role of guide by providing a discursive framework and targets for its 28 Member States to meet. Since the late 1990’s, the EU’s ideas on social policy have moved away from the traditional social protection model towards promoting social inclusion, labour activation and investing in children. These new policies represent the social investment perspective, which advocates preparing the population for a knowledge-based economy to increase economic growth and job creation and to break the intergenerational transmission of poverty. The EU began the gradual incorporation of the social investment perspective to its social dimension with the adoption of ten-year strategies. Since 2000, it has continued to set goals and benchmarks as well as offer a forum for Member States to coordinate their social initiatives.

Drawing on a series of interviews conducted during a research experience in Brussels as well as official documents, this paper is a descriptive analysis of the recent modifications to the EU’s social dimension. It focuses on the changes created by the Europe 2020 Strategy and the Social Investment Package. By tracing the genesis and evolution of these initiatives, the author identifies four obstacles to social investment in the European Union’s social dimension.

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1 Introduction

The European Union’s social dimension is of a flexible nature and has been subject to numerous transformations within the more general evolution of the Union. A notable transition is the growing importance conferred to the social investment perspective, which is now an integral part of the EU’s social policy agenda, as exemplified by the adoption of the Social Investment Package (SIP). Despite this accomplishment, advocates of the social investment perspective remain only cautiously optimistic and critics of the perspective remain as fervent as ever.

This paper is a descriptive analysis of how policies are promoted by champions of the social investment perspective and absorbed into new policy instruments and the obstacles that have created a slow road to social investment in the EU. To better understand this, the following paper addresses two intertwining trends pertaining to the social dimension and the social investment perspective. The first is the adoption of ten-year strategies, which has created a discursive framework for Member States, as well as promoting social policy coordination by setting benchmarks and common indicators. The second transformation is the move away from directives and constraints towards soft social policy initiatives. In so doing, the paper finds four obstacles to the social investment perspective in the EU, which pertain to structural, political, content and ideational arguments respectively.

The first source of tension is structural. While the EU has always had a social component, Member States remain sovereign and its social dimension is only one part of a much larger, economically oriented organism. The second source of discord ties in with the first and is a perceived lack of political will in the social dialogue. Both obstacles have seemingly led to the use of soft initiatives for social policy. This can be observed between the Lisbon Strategy, which sought to govern the EU’s “social model” through a Social Open Method of Coordination (OMC), and the Europe 2020 Strategy. Exiting the crisis, the EU has moved towards more innovative approaches including the Social Investment Package. This initiative represents a pivotal shift for social policy, further incorporating dimensions of the social investment perspective, especially that of investing in children (Vandenbroucke et al. 2011; Kvist 2013; OSE Podcast 2013).

The third and fourth sources of conflict are specific to the social investment perspective and the SIP as a policy instrument. One set of critiques is linked to the content of the SIP. Advocates of the SIP remain critical of the lack of funding for social investment and underline the need for stronger frameworks and more policy coherence. A final, broader set of critiques disagrees with the SIP as a policy instrument. Precisely, certain experts remain unconvinced that the social investment perspective is an adequate policy framework for at-risk groups.

This paper begins with a description of the social investment perspective. It then briefly outlines the EU’s social dimension, and presents the EU’s governance through ten-year strategies. The paper culminates with a presentation of the Social Investment Package, followed by interviews that assess the package and provide critiques.
The paper concludes with a discussion on to the four obstacles holding back a more holistic approach to the social investment perspective in the EU.

2 Social Investment Perspective

Members of the European Union face important challenges linked to economic and societal change, including changing labour relations and demographics, inequality, poverty, immigration, and the need for reforms in education, pensions, and healthcare. Significant welfare state recalibration is therefore required and numerous specialists are of the opinion the social investment perspective is one direction of change (Jenson and Saint-Martin 2003; Palier 2010, 13-17; Hemerijck 2010, 304, 323).

Inspired by Nordic Europe and New Labour’s third way, the social investment perspective considers social policy initiatives to be a precondition for economic growth and job creation (Morel et al. 2012, 13; Cantillon 2011, 440; Palier 2014). While not yet a fixed paradigm, one of its main postulates is preparing the population for a changing economy (Morel et al. 2012, 12-13). This can be accomplished through activation policies for job training and by promoting employment and social inclusion. Furthermore, the perspective posits that to maximize employment, priority must be given to investment over the entire life cycle. In viewing policies toward human capital as long-term investments (a productive factor instead of a cost to economic growth), this perspective uses the welfare state and markets to move away both from passive and from male breadwinner policies.

The social investment perspective places particular emphasis on long-term investments in human capital, and especially policies investing in children (Jenson 2012, 68; Esping-Andersen 2002, 19-20). These investments are meant to promote family stability and gender equality as well as solidifying the generational contract and breaking the intergenerational transmission of poverty (Esping-Andersen 2002, 20-23; Jenson 2010a, 64). For example, policies that promote employment for lone mothers encourage social inclusion. Such protection repairs deficiencies in the system caused by the changing family unit and ineffective markets. Reducing such risks prepares the population—by providing children with stability and education—to contribute to society in the future (Daly 2012, 282). Consequently, the perspective introduces a dual role for the welfare state, that of preparing the population as well as repairing structural deficiencies. First, it prepares citizens to face the modern economy and creates civic responsibility through the prioritization of investment strategies. Second, it repairs the structural problems linked to the welfare state, which protects the population from reoccurring social injustices (Morel et al. 2012, 19; Palier 2010, 377, 383).

Experts have diverging opinions of the level of influence the social investment perspective has in the EU. Regardless of this fact, there is a general consensus that the perspective affects European social policy initiatives through the social dimension (Hemerijck 2012; Hemerijck et al. 2010b; Jenson 2010b; Kvist 2013).

3 The European Union’s Social Dimension

The EU’s social policy initiatives, commonly known as the EU’s social dimension, are intimately linked to its competences without qualifying as one itself. That being
said, the EU can indirectly legislate social policy through affiliated competences, such as social protection, inclusion and cohesion. What is more, article 9 of the Treaty on the Functioning of the European Union (TFEU) introduces a “horizontal clause” which acts as a guarantee to promote full employment, social protection, training and education, health and safety and to limit social exclusion (Marlier et al. 2010). Consequently, the EU has certain legislative abilities with regards to social policy. However, the coordination of social policy remains Member States’ sovereign right and the degree of the EU’s intervention is often limited by political will. Ideological and institutional debates make the adoption of a cohesive European social policy all the more problematic. The interaction of these factors results in vast differences between the Member States’ social policy agendas and the quality and extent of their respective initiatives. To better coordinate all of the Union’s interests, there has been a progressive inclusion of measures to set common agendas.

3.0.1 The Lisbon Strategy and Open Method of Coordination

The EU has adopted two consecutive ten-year strategies: the Lisbon Strategy in 2000 followed by the Europe 2020 Strategy in 2010. These strategies set an agenda and priorities for the decade to come. The Lisbon Strategy prioritized making the Union “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (Armstrong 2010, 54). It set the tone for the social dimension by placing economic, employment, and social policies on a common level and highlighting the need to go beyond negative integration (Barcevičius et al. 2014, 19). One of the notable innovations of the Lisbon Strategy was the Open Method of Coordination. Modeled on the European Employment Strategy (EES), the OMC is considered a soft law that promotes voluntary Member State coordination by mutual learning, defining common objectives, creating indicators, and benchmarking between participating Member States (Armstrong 2010; Barcevičius et al. 2014, 19-20; Europa 2014). Initially, the Social OMC was built as three separate strands—pensions, social inclusion and health and long-term care—for all of which Member States provided yearly reports to ensure mutual surveillance (Marlier et al. 2010, 115, 225; Barcevičius et al. 2014). When the Lisbon Strategy was restructured in 2006, these strands were streamlined and united into a single portfolio (Barcevičius et al. 2014, 26). The modifications made to the Lisbon Strategy have had many effects, two of which are relevant here. Regarding content, the strategy’s 24 Integrated Guidelines for Growth and Jobs downplays social elements (Barcevičius et al. 2014, 25). Pertaining to governance, the strategy loosens the reporting process for the streamlined Social OMC. While still part of an on going reporting system with the European Commission, formal recommendations are not provided, as opposed to other policy areas (Barcevičius et al. 2014, 29). Despite this, the Social OMC continues to be a soft framework for mutual surveillance and voluntary coordination between Member States, by promoting learning through peer reviews and thematic expert networks (Barcevičius et al. 2014, 30).

3.0.2 The Europe 2020 Strategy and European Semester

The EU’s second ten-year strategy, Europe 2020, states the goal of strengthening growth in the EU through three “mutually reinforcing priorities”, smart, sustainable and inclusive growth (European Union 2013a). The strategy is structured around three pillars: macroeconomic surveillance, fiscal surveillance and thematic coordina-
tion (European Union 2013a). Europe 2020 includes a number of social objectives. Thematic coordination is particularly important to social policy and includes subsets of initiatives such as the EU’s priorities, Europe 2020’s targets and its flagship initiatives (Marlier et al. 2010, 18). One can find various social objectives in Europe 2020’s five targets, which pertain to employment, research and development, climate change and energy sustainability, education, the fight against poverty and the promotion of social inclusion. Its seven flagship initiatives also include social initiatives such as Youth on the Move, an Agenda for New Skills and Jobs and a Platform Against Poverty (European Union, 2013a). To achieve its goals, the Europe 2020 Strategy revises the EU’s system of governance by implementing a new structure for the supervision and consolidation of Member States, the European Semester.

To understand the EU’s jargon, it is important to note that, for the most part, the social measures taken thus far are packages and not pacts. Whereas a pact is a solemn agreement or treaty and would indicate reciprocity between Member States, a package is a combination of propositions oriented around a general theme. The social packages adopted by the EU therefore do not have the same constraining force as pacts do. A similar phenomenon in EU terminology is the creation of platforms, a term that carries an experimental connotation and is used to indicate initiatives based on a central theme (Daly 2012, 276). The European Union’s apparent preference is to adopt soft packages and platforms for social initiatives as opposed to pacts, which are more commonly adopted for economic and financial measures. Despite these technical distinctions, the adoption of such initiatives still demonstrates the will to endorse policies oriented toward the social investment perspective and the influence of policy experts. The SIP can be understood as a general set of guidelines for the Union’s social policy. In as such, it merits an in-depth description.

4 The Social Investment Package

The Social Investment Package (SIP) marks a new era of policy coordination for the EU’s social dimension, which aims to formalize the place given to the social investment perspective in Europe. This being said, the SIP also confirms the underlying economic and political tensions that characterize all EU social investment initiatives. This policy is the result of many calls for a formal social dimension to the EU. In fact, experts have been trying to convince politicians of the importance of social investment for well over a decade (Interview Vandenbroucke 17/07/13). As a result a community of policy experts played an important role in the genesis of the SIP (Esping-Andersen et al. 2002; Vandenbroucke et al. 2011; European Union 2012b).

Frank Vandenbroucke, representative to the Belgian Presidency of the EU in 2001 and former Minister of Social Insurance and Health Care (Socialistische Partij Anders, Belgium), explains his role in the development of the SIP. During the Presidency, Vandenbroucke commissioned a study from Gøsta Esping-Andersen, Anton Hemerijck and others 1 elaborating a “new welfare architecture for 21st century Europe” (Hemerijck 2012, 47; Interview Vandenbroucke 17/07/13). This eventually led to the publication of the book Why We Need A New Welfare State in 2002. Hemerijck explains the central theme of the book: changes must be made to move away from the passive transfer-oriented “male breadwinner welfare provision [which] re-

\footnote{1: “A New Welfare Architecture For Europe” by Gøsta Esping-Andersen, Duncan Gallie, Anton Hemerijck and John Myles.}
sults in suboptimal life chances in labour market opportunities, income, educational attainment and intra- and intergenerational fairness” (Hemerijck 2012, 47).

The introductory chapter of the book, written by Esping-Andersen, presents the social investment perspective as generally understood today. By placing importance on inequality, the knowledge-based economy and human capital, the author explains the lessons learned from neoliberalism and the British third way and argues for an alternative (Esping-Andersen 2002, 3). Furthermore, despite the existence of three welfare regimes within the EU, the author explains that Member States can still coordinate around common objectives (such as family and children, gender equality, work life and retirement) through the Social OMC without needing to create a universal European model (Esping-Andersen 2002, 19). The ideas promoted in this book were furthered in 2011 when Vandenbroucke co-wrote an opinion paper that highlights the EU’s need for a social investment pact.

Bruno Palier, explains how he became a part of that opinion paper. The process began when he and Joakim Palme proposed a research project that would analyze whether social investment policies had concretely been used in the EU. The project then gained momentum when the EU’s Swedish Presidency financed it in 2010 (Interview Palier 29/08/13). The conclusions from that project led Palier to work with Vandenbroucke and Hemerijck to publish, “The EU Needs a Social Investment Pact” (Vandenbroucke et al. 2011).

On November 20th 2012, the European Parliament adopted a resolution highlighting the need for a social pact enabling employment activation, investing in youth and better governance (European Union 2012b). Though the quantitative impact of Vandenbroucke’s, Hemerijck’s and Palier’s work is not known, the parliamentary resolution follows many of the recommendations in their opinion paper. This lends weight to the notion their research, as well as that of other specialists and think tanks, plays a role in maintaining a European social dialogue and stimulating government action (Jenson 2010b, 18-19).

Three months after the parliamentary resolution, the European Commission—who had also been working on a social investment initiative—adopted the Social Investment Package (European Commission 2013d). The Package, accompanied by the recommendation “Investing in Children” and a series of working documents, is a reaction to the EU’s long-term structural problems (European Union 2013d, 3-8). Accordingly, it emphasizes the effects of demographic change and inequality in society and the need for inclusive growth in the job market (European Union 2013d, 8). The SIP therefore aims to enhance coordination and political efficiency with regards to: activation policies, workforce training, preschool services, education, housing, rehabilitation services, and healthcare (European Union 2013d, 9). All of these objectives can be linked to the social investment perspective (Kvist 2013, 92). With regards to governance, the Commission does not indicate precise targets but it does ask Member States to specify all progress made in their National Reform Programs (though this is not mandatory) and promises to create progress indicators to better guide them (European Union 2013d, 9-10). Finally, the package recommends that 25% of the Cohesion Fund be destined to social investment in human capital.
through the European Social Fund (ESF), and that 20% of the annual ESF funding from each Member State be used to promote social inclusion and reduce poverty (European Union 2013d, 16). It is to be noted that the final compromise reached for the 2014-2020 Multiannual Financial Framework allocates only 23.1% of Cohesion Funds to the ESF (The Greens 2013).

Approved by both the Commission and Parliament in May of 2013, the adopted package does not reflect all the demands made by the Parliament and policy analysts. To illustrate, while the SIP can be used to increase coordination of social policy, it does not respect the Parliament’s demand for a pact. This changes the legal nature of the measure. The SIP is neither integrated in the European Semester through the Annual Growth Survey (AGS) or the NRPs, nor does it stipulate precise targets or a timetable. This means the SIP does not have the legal force to impose sanctions to non-cooperative Member States (Kvist 2013, 92). Finally, the SIP does not have a detailed budget for the rest of the Europe 2020 period, from 2014-2020 (European Union 2013b). For these reasons, the Commission will need to create a long-term agenda for investment if it wants the SIP to be an effective framework for the social dimension (OSE Podcast 2013). This can be achieved by integrating the SIP to the Europe 2020 Strategy and its system of governance. These concerns notwithstanding, the SIP does in part reflect the European Commission’s goal of helping Member States addresses structural problems (OSE Podcast 2013).

Following the description of the Social Investment Package, it is possible to assess the social investment perspective and the degree to which the SIP finds its roots in the perspective. The next section is an analysis of the degree to which the SIP reflects the tenets of the social investment perspective.

5 The Structure and Content of the SIP

Upon first consideration, the Social Investment Package repeats many elements of the social investment perspective. Not only does it recognize the need for social investment founded upon the changing demographics and division of labour, as well as investing in human capital from childhood on. It is also rooted in the idea of conditional funding. Thus, the SIP is inspired by a concept linked to the social investment perspective: the dual responsibility of individuals and the state (Jenson 2012, 68). A second illustration is the focus given to investing in children. The recommendation “Investing in Children” links the reduction of poverty and social exclusion to childhood stability (the work-family balance), and access to education and healthcare just as the social investment perspective does (European Union 2013e, 5-10; Esping-Andersen 2002, 12). For these reasons, the SIP is obviously influenced by the perspective.

 Nonetheless, the SIP is also inconsistent with elements of the social investment perspective because it is not a holistic policy with precise targets. This can be explained by the way social investment is grafted or added in “layers” or “conversions” to the current welfare state instead of being implemented as a new cohesive model (Jenson 2012, 62; Palier 2010, 366-369). European states gradually adapt their social systems in phases over the years; this creates similar changes to common structural problems, while maintaining non-negligible differences between social protection and principles of the social investment perspective and between states as a whole. To better illustrate, Nordic countries use flexicurity to encourage activation,
whereas liberal regimes encourage activation using workfare-type measures (Palier 2014). Thus, faced with a common problem, states adopt policies based in the social investment perspective. However, these policies have differing effects on their welfare models and give way to different ideas for change. We therefore observe the consolidation of use of best practices and more social investment to reach objectives without providing a clear framework to attain said objectives.

The European Union’s social initiatives have precisely the same effect and flexibility is both a blessing and a curse for the SIP. The package gives overall common objectives to social problems that clearly align with the social investment perspective. It is beneficial because it allows for Member States to invest to different degrees and not be overly constrained by the Union. However, it is detrimental in the way the approach creates social investment rhetoric, without creating any equalization between the Member States (Kvist 2013, 98). This brings us to an uncomfortable truth with the social investment perspective: in the context of austerity, social reforms promoted in the European Semester can actually take the form of indiscriminate cuts in social budgets. These objections explain the reticence certain policy experts have towards soft social policy coordination in the EU. They also hint to the structural and political tensions already mentioned. Certain experts demand radical reforms to force a paradigm change or at least promote a more holistic approach (Lundvall et al. 2010, 348; Interview Barbier 29/08/13).

Many policy experts have weighed in on the issue of whether the policies adopted have successfully promoted employment and inclusion among the most at-risk sections of the population. Therefore, while many academics and policy experts believe social investment is essential to the well being of the European Union’s citizens, the policies that stem from this perspective do not always have the desired effect. The next section is an analysis of expert opinions on the SIP followed by more general critiques of the social investment perspective.

6 Expert Opinions on the SIP

Advocates of the social investment perspective remain cautiously optimistic towards the Social Investment Package. The following section presents a collection of expert opinions. The European Anti-Poverty Network (EAPN), and the European Trade Union Confederation (ETUC) both provide the most global analyses of the SIP. The EAPN’s and the ETUC’s positions overlap, but they also reflect two types of arguments that may distinguished between experts. The first set of arguments, which is supported by experts including the EAPN, is critical of social investment in itself and the SIP’s contents (or lack thereof). Arguments of this nature note that social investment policies neither sufficiently redistribute nor protect citizens against exclusion and poverty. The second set of arguments, supported by the ETUC among others, adheres to the concept of social investment, but critiques structural tensions apparent in the EU, and the lack of budgetary and symbolic commitment.

The EAPN criticizes the SIP for many reasons, the most apparent of which is the flagrant contradiction between policies of economic austerity and employment activation and investment (EAPN 2013, 6, 11). The welfare state is being tested during a time of austerity, which means states are asked to reduce their social budgets without being able to adopt new initiatives to replace them. This leads to irreconcilable differences between neoliberal policies for macroeconomic stability and the need for
social investment in a time of crisis (Hemerijck 2012, 54). The EAPN also criticizes the lack of social protection in the SIP, an essential complement to investment (EAPN 2013, 6). Without strict guidelines to protect the population, the types of modernization policies included in the SIP can actually reduce social spending while still being categorized as social investment. Moreover, the Social Investment Package is primarily made of working documents (which have a low legal standing), thus giving the impression that the SIP is not a European priority (EAPN 2013, 6). The EAPN explains the need for the SIP to be integrated into European Semester and to find new balance between social and economic policies (EAPN 2013).

The need for balance between policy branches is an opinion shared by the ETUC, the European Parliament and experts alike (ETUC 2013; Natali et al. 2013, 256; Vandenbroucke et al. 2011, 14,18; Zeitlin 2010, 262; OSE Podcast 2013). While the ETUC is in agreement with concept of social investment, it condemns the SIP’s lack of sufficient budgetary resources and demands “real” investment (2013). The ETUC furthermore requests that the European Commission go beyond recommendations and integrate more balance between social, macroeconomic and financial governance (2013). While maintaining Member States retain sovereignty over social policy, the ETUC underscores the need for quality employment, as well as impact assessments and integrated strategies when promoting social investment (2013).

Turning to individual expert reviews of the SIP, Lieve Fransen, Director for Social Policy for the European Commission’s Directorate General for Employment, Social Affairs and Inclusion (DG EMPL), states she is satisfied with the package because she believes balance can be struck if modifications are made. She defends her opinion by arguing the SIP addresses pressing needs, such as demographic change, unemployment and poverty (Interview Fransen 22/07/13, OSE Podcast 2013). As a key player in the implementation of this policy initiative, she was working on linking the SIP’s objectives to the Europe 2020 Strategy and the AGS with László Andor, Ex-Commissioner for Employment, Social Affairs and Inclusion from 2010 to 2014, at the time of the interview (Interview Fransen 22/07/13). In so doing, the SIP’s recommendations would be incorporated into the EU’s current governance mechanisms and easily integrated to the European Semester. Lieve Fransen’s strategy for improving the SIP can be likened to Jonathan Zeitlin’s idea of reinforcing the social dimension by tying European social objectives to the Europe 2020 Strategy and using indicators of reference to compare progress between Member States (2010, 269). Despite having a clear strategy, the task of rebalancing social investment is complex for many reasons. Among others, the role of political power games between Member States, sharp economic, social and regional divisions, the immense power given to Ministers of Finance and economic councils and the need for reliable indicators to defend ideas of social investment (Interview Fransen 22/07/13)³. As Fransen explains, the European Commission can act as a facilitator for the adoption of policies by Member States, but without partnerships and a means of influence over the Member States it is an uphill battle (OSE Podcast 2013). She believes that even if political consensus existed, achieving the SIP’s objectives is highly problematic without having reliable indicators (Interview Fransen 22/07/13).

Vandenbroucke is of the same mind and defends this perspective by his knowl-

³Adopting an organization composition as described by Hartlapp et al. 2014. This article views the European Commission as not being a unitary actor. Instead, each DG can adopt either a technocratic, competence-seeking or policy-seeking approach.
edge of European politics and institutional hurdles. He explains that multidimensional indicators capable of demonstrating the diverging welfare models and needs among Member States are essential to creating effective social investment (Interview Vandenbroucke 17/07/13). Similarly to the EAPN, Vandenbroucke believes social investment and protection must be used together to promote the EU’s social dimension. However, he opines that even if the SIP can only be considered a soft policy and does not represent the pact declared necessary in his opinion paper, it is a good first step because it launches a nuanced debate on the need for balance between economic and social policy within the EU (Interview Vandenbroucke 17/07/13).

A final expert opinion comes from Palier. Using an incremental approach, Palier supports the SIP. In his opinion, durable political change comes in the form of incremental steps rather than revolutionary change (Interview Palier 29/08/13). Following this logic, the SIP must be improved upon to reconcile certain economic and social aspects, such as the contradiction between economic austerity and social investment (OSE Podcast 2013). Palier cites the EU’s multiple investment programs in youth while at the same time encouraging the younger generation to accept low quality jobs as one major inconsistency in the current social investment scheme (OSE Podcast 2013). He also believes that there would be a better implementation of the SIP if the EU’s social and economic committees’ worked together and shared competences (OSE Podcast 2013). Finally, the lack of constraining force and precise budget allocations are severe problems for the SIP. As it is not a pact, this initiative reinforces the current imbalance between economic and social policy as well as making the EU’s social dimension more complex and possibly inefficient (OSE Podcast 2013). The SIP’s lack of budgetary planning also gives the impression that it is not a serious policy (OSE Podcast 2013). These critiques appropriately complement those made by the EAPN and Lieve Fransen.

In spite of the preceding critiques, not all aspects of the Social Investment Package are negative. The recommendation “Investing in Children” receives favourable reviews from both Fransen and Vandenbroucke as being particularly well written (Interview Vandenbroucke 17/07/13; Interview Fransen 22/07/13). This is especially pertinent to the social investment perspective as the recommendation founds itself in the ideas generated during the EU’s Portuguese Presidency in 2000 (Jenson 2010b, 25). Moreover, the theme of investing in and protecting children opens the door to further initiatives like minimum income, gender equity and pension reform (Jenson 2010b, 24-25; Esping-Andersen 2002, 6-10). Adding these provisions in the European dialogue by way of a recommendation confirms Palier’s idea that changing the EU’s social dimension is indeed an incremental process.

7 The Slow Road to Social Investment

This paper attests that the EU has incorporated of the social investment perspective to its social dimension, but the transition remains laborious. This can be explained by a variety of factors. The first is the inherent structural tension between social and economic policy in the European Union. A second influence is political ambivalence. The third issue is the cautious optimism and conflicting opinions of experts promoting the social investment perspective. A fourth obstacle takes the form of experts who disagree that social investment instruments are appropriate tools to address social risks.
As mentioned throughout this paper, the EU’s social policy is not a unilateral competence and social measures often confront tension with economic priorities. Limited by its supranational composition, the Union cannot unilaterally apply a strict welfare state model to the Member States, as that would infringe on the basic right of national sovereignty (de la Porte 2012, 125). Furthermore, imposing a single model would be highly unfeasible due to varying national welfare regime characteristics. The EU is continually confronted by the inherent tension between these legal, technical and political elements. Its social dimension therefore has a long history of trying to find balance in a changing economic and societal landscape. According Ross, the “lack of Community-level social policy prerogatives” and conflicting Member State positions on what role the EU should play on social policy are major structural obstacles (2011, 44). All the EU’s social policy initiatives will continue to be confronted by such issues until more clarity is achieved on the balance to be between the EU and Member States on the social dimension.

Whether or not experts are satisfied with the European Union’s social measures, they all cite political ambivalence as an obstacle to the European social model and the social investment perspective (Interview Vandenbroucke 17/07/13; Interview DG EMPL 27/07/13; Natali et al. 2013). This problem is exacerbated by the reoccurring theme of adopting packages instead of pacts. As previously explained, while economic policies often have constraining force, social policies are not implemented in the same manner. This is often interpreted as a reticence or non-endorsement of the policies. At the root of this problem lies political acrimony.

One interviewee cites former European Commission President José Manuel Barroso’s “hot and cold” behaviour toward the social dimension as a limit to social initiatives and the cause of confusion between civil servants (Interview DG EMPL 24/05/13). Another member of DG EMPL indicates the Commission’s—including Ex-President Barosso’s (2004 to 2014) belligerent stance toward the European Council and its former president Herman Van Rompuy (2009 to 2014)—as another grave problem (Interview DG EMPL 27/07/13). This isn’t the first time President Barosso has been perceived as holding Europe’s social dimension back. In fact, he was one of the leading figures in the reorientation of the Lisbon Strategy in 2005 toward job creation and economic growth and away from other social aspects (Lundvall et al. 2010, 337). The same civil servant explained that these conflicts reduce the flexibility for the various work committees, and render many results arbitrary to the Commission’s will (Interview DG EMPL 27/07/13). This last point is crucial, not only to any advance in social policy, but the functioning of measures already in place.

Admittedly, political opposition reduces committees’ ability to act in the domains they were precisely created to work on. To illustrate, the Social Protection Committee (SPC) is meant to “monitor social conditions” and “promote the discussion and coordination of policy approaches”; however it has no legal mandate to advise on pensions or social inclusion because it was not included in the Europe 2020 Strategy or the Annual Growth Survey (Interview DG EMPL 27/07/13; European Union 2013h). According to some, this mistake is intentional. Evidence of a policy seeking rational and power games exist not only between the economic and social dimensions, but also among the various employment and social committees (such as EMCO and SPC) (Interview DG EMPL 27/07/13; Vanhercke 2013; Hartlapp et al. 2014). Increasing coordination among these committees would therefore be a first important improvement to make to any social policy reform.
Another criticism linked to politics is the European Commission’s lack of transparency. According to many, few documents from the various committees are made public and there is sometimes a plain refusal to give access to documents (Interview DG EMPL 24/05/13; Interview DG EMPL 29/05/13; Interview EMCO 03/07/13; Interview Fransen 22/07/13; Interview DG EMPL 27/07/13). This frequently makes analysis of the European Union’s social dimension impossible. The European Commission’s attitude towards this issue gives the impression that it deliberately refuses to inform the public. This last element highlights the need for dialogue to legitimize the population’s social policy needs. Public debate and transparency are key to lending weight to expert opinions.

The previous section highlighted the diverging opinions social investment advocates have on the SIP and its contents. However, the social investment perspective is only one option for recalibration and certain policy experts disagree that social investment perspective is the right course of action. To that effect, they find many caveats in the perspective. These critiques relate to the perspective’s emphasis on linking welfare to the economy, which may conceal neoliberal policies and does not adequately protect at-risk segments of the population.

According to some, in the need to restructure European welfare states, the social investment perspective is used to mask neoliberal ideas (Interview Barbier 29/08/13). Barbier observes that European social policies require in-depth reforms, whereas no political will to institute such reforms exists (Interview Barbier 29/08/13). Unsatisfied by incremental reform, which she believes leads to fragmented policy initiatives with little or no impact, Barbier points out the Union’s structural problems. The EU’s founding policy architecture is economically oriented, meaning economic priorities are consistently placed above other considerations. As a consequence, the Union remains ill equipped to enforce social policies.

Other researchers criticize the EU’s policies of social investment for not helping the most at-risk segments of the population. Béa Cantillon, policy advisor to the OECD and the European Commission, demonstrates that there was no poverty reduction under the Lisbon Strategy and explains that asymmetries in the distribution of employment policies benefit classes disproportionally (2012, 445). During the Lisbon Strategy, the EU changed its passive transfer-oriented policies and services to focus on policies of activation and employment (Cantillon 2012, 445). Low-income families cannot take full advantage of activation policies, which tend to benefit households with two working adults, because their situation requires policies of redistribution and social protection (2012, 445; Cantillon and Van Lancker 2013, 560). The change from passive transfers to activation presents further problems for at-risk groups because not all citizens can be a productive factor. Social inclusion via employment therefore has limited results for all those unable to work (Cantillon and Van Lancker 2013, 556). Furthermore, certain iterations of the social investment perspective emphasize quantity over quality of jobs (Palier 2014, 32; Bonoli 2012).

What is more, social investment policies emphasize the long term and can neglect pressing issues. An example is the social investment perspective’s lack of focus on gender equality. Jenson explains that the social investment perspective emphasizes childcare and women’s productive role rather than addressing present gender inequality problems (2008, 147). The social investment perspective therefore does not
necessarily provide adequate protection for all at-risk groups. This highlights the importance of the duality in the social investment perspective—investment and protection. Unfortunately, as social investment policies are grafted to existing social models they are rarely thoroughgoing. As a case in point, the SIP does not address the issue of social protection.

These assessments echo many of the EAPN’s opinions of the SIP. Accordingly to specialists, the lack of coherence between policies is an inherent weakness of the social dimension (Liddle et al. 2010, 86-88). For experts who remain sceptical of the SIP, the absence of any real legislative power (such as those a pact would have given) and detailed budgets serves to confirm the fragility of this policy measure. It is important to note that these arguments are not new, European social initiatives are rarely binding and often reallocate funding instead of there being a general increase in social spending.

Undoubtedly, the current state of economic volatility must be taken into account in this debate. According to some authors, the Sovereign Debt Crisis represents a series of interrelated crises pertaining to unemployment, inequality, the North-South divide, and a political crisis of confidence (Diamond et al. 2012, 287-288; Natali et al. 2013, 105). Consequently, economic instability has not changed the EU’s long-term social problems so much as the order in which each dilemma is addressed (Diamond et al. 2012, 303). The European Union must therefore choose which social services are essential during a crisis and which ones may be forgone. Following this logic, the EU is reacting in a way that indicates formalizing the social dimension is important but not a priority at this time. Policy experts warn against this. Kvist, for example, cautions that these crises will have varying effects on the EU’s population (2013, 105). In the long-term, the absence of quality services will be a weight upon today’s youth and create important generational differences (Kvist 2013, 105). Experts agree that social investment must not be used to correct the perceived negative effects of policies (as is now happening) but rather to correct market failures and to avoid greater future calamity (Diamond et al. 2012, 289). These debates highlight the need for the EU to take comprehensive social policy seriously.

A classic disparity therefore presents itself between experts: defenders of left-wing policies cannot adhere to a half-hearted social dimension imbedded in neoliberal ideals, whereas, those who defend the social investment perspective in the EU expect change to come “more incrementally than through a social policy revolution” (Palier 2010, 386). For these reasons, one cannot stress enough the importance of continued debate enough within EU institutions and between experts.

8 Conclusion

Conclusion The social investment perspective is perhaps a well-constructed model for the many challenges the European Union and its Member States face. However, the policies adopted are plagued by the EU’s structural, political and as well as ideological obstacles, making it difficult to transfer coherent theoretical conceptions to such a highly politicized world. Economic crises also limit the EU’s ability to react to a wide array of initiatives, thus reducing the likelihood of implementing effective social investment policies in the short-term.

European integration was first meant to be economic before eventually adding the
political and social dimensions. Accordingly, the EU has been based on neoliberal economic concepts since its creation and often highlights negative integration. Confronted by this, the promotion of constraining social initiatives can easily be blocked and policies robbed of their beneficial effects during the negotiation process. The Union has continued this trend during the economic crises by adopting coercive macroeconomic and financial measures while maintaining soft social policies. The subsequent political games generate further complexities and create irregularities between policy initiatives. It may be said that the social policies adopted depend of the political will of the day, which leads to a great measure of instability and incoherence among strategies. For these reasons, despite the clear presence of the social investment perspective in the EU’s rhetoric, experience shows this perspective is having difficulty in becoming part of the European ideology.

All this being said, efforts by partisans of the social investment perspective are not entirely in vain. Many authors have demonstrated that, despite difficulties, the European Union is progressively adopting measures that follow this perspective (Kvist 2013, 92; Palier 2010, 386). From this viewpoint, the Social Investment Package represents the most recent—if timid—of a long line of policy initiatives, starting in the 1990’s and taking the form of investment in human capital and during the life cycle from 2005 onwards (Jenson 2008, 133-135). The Europe 2020 Strategy and the SIP are neither the beginning nor the end of social investment in the EU, but two examples of a much more general trend. The constellation of research centers and think tanks that operate in the European Union are a key tool to advancing the social dimension, and central to promoting the rights of disadvantages groups.
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## Annex A - List of Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>AGS</td>
<td>Annual Growth Survey</td>
</tr>
<tr>
<td>CSR</td>
<td>Country Specific Recommendation</td>
</tr>
<tr>
<td>DG ECFIN</td>
<td>Directorate General for Economic and Financial Affairs</td>
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<tr>
<td>DG EMPL</td>
<td>Directorate General for Employment, Social Affairs and Inclusion</td>
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<tr>
<td>EMCO</td>
<td>Employment Committee</td>
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<tr>
<td>EPC</td>
<td>Economic Policy Council</td>
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<tr>
<td>EPSCO</td>
<td>Employment, Social Policy, Health and Consumer Affairs Council</td>
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<tr>
<td>NRP</td>
<td>National Reform Programs</td>
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<tr>
<td>OMC</td>
<td>Open Method of Coordination</td>
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<tr>
<td>SPC</td>
<td>Social Protection Committee</td>
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