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The Rise of Welfare Service States – Conceptual challenges of an ambiguous welfare settlement and the need for new policy research

Jean-Michel Bonvin, University of Geneva

Hans-Uwe Otto, Bielefeld University

Arne Wohlfarth, Bielefeld University

Holger Ziegler, Bielefeld University

1 A Productivist Conception of Welfare

Welfare state regimes differ considerably in the extent to which they offer resources and services to their citizenry and also in the ways such benefits are provided. Yet the contributions in this volume suggest that advanced welfare states experience paradigmatic changes in their architecture. These changes are multi-dimensional and complex. They depend on fiscal spaces of maneuver, previous policy decisions, prior pathways and institutions and the structure of the populations in need and eligible for benefits. However, *ceteris paribus*, there seems to be a more or less significant shift from a focus on social security to a focus on social investment and activation (with empirical evidence that fiscal consolidation negatively effects on the development of social investment policies (European Social Policy Network 2015)). This ‘social investment perspective’ marks one of the currently most widespread justifications for social policy to guide the development of the economy and society. It is a justification that is emphatic not only and not primarily on distributive and social protection policies but also and foremost on the productive side of social policy. In the formulation of European Commission (2017, p.55): The aim of social investment “is to allocate public funds to social programmes that have the highest ‘return on investment’ (; ...) the emphasis is on prevention of social risks, particularly through the provision of enabling services”.

A focus on the productive side is not completely new. From a functionalist Marxist perspective Claus Offe (2006, p. 67) made clear that also with respect to the traditional Keynesian welfare state, welfare was never seen merely as a “burden imposed upon the economy, but as a built-in economic and political stabilizer which could help to regenerate the forces of economic growth and prevent the economy from spiraling downward into deep recession”.

Nevertheless, the welfare-as-a-burden perspective became a central narrative of neo-liberal perspectives assuming an inevitable conflict between economic growth and egalitarian reforms. The idea of a third way – basically a productivist welfare approach that is focused on equipping and preparing individuals for their participation in the market economy while avoiding social welfare effects of ‘moral hazard’ – might be seen not so much as a result of analyzing the contradictory functions of welfare capitalism but rather as a reaction to a neo-liberal crusade against allegedly wasteful welfare spending and consumptive costs stifling economic growth. In terms of such productivist welfare approach social services are becoming the priority in social policy discussions as services are assumed to have a relatively higher productivity and investment attribute compared with the cash transfer (Ahn/Kim 2015). Form this point of view the social investment perspective marks a kind of ‘post

neo-liberal consensus' suggesting to reconnecting markets to social goals. Hence, current thinking about social investment most typically occurs within the shadow of austerity economics even if some of its most pronounced advocates may use the rhetoric to demonstrate that retrenchment is not the only game in town.

It is therefore not surprising that the interpretations of 'social investment' differ (Nolan 2013). This is not only an academic perspective but also visible in public social spending patterns within different welfare states. This ratio of cash benefits to social services is clearly more oriented towards services within Nordic countries and the Netherlands on the one side and within so called liberal welfare regimes Canada, New Zealand, the USA and the United Kingdom on the other side (Bekker 2017; Morel et al. 2012, Kuitto 2016).

What all interpretations of social investment have in common is that they emphasize the potential relevance of welfare to economic productivity. Yet some interpretations straightforwardly accept right wing critiques of 'passive' welfare while others insist that despite the alleged need to shift towards a welfare state based on capacitating services, a strong social protective welfare state is of paramount importance even in the most productivist welfare states. But again what seems to be common in investment perspectives is a) that they take on economists on their own ground and allowing them to frame the debate and b) that they – for different reasons – favor service based, people changing approaches – aiming at creating, mobilizing, or preserving skills and personal capacities – over redistributive cash transfers while promising to 'crowd in', rather than 'crowd out' productivity, employment and growth. Having said this, there is no un-fractured tendency of Western Welfare States in the direction of a specific version of a 'social investment state'.

The crisis associated with rising unemployment and material poverty seem to have squeezed the fiscal space available for discretionary welfare recalibration and limited the leeway in financing social services particularly as they are rather assumed to generate benefits more in the long-term. Against this background, there are numerous welfare states that pursued a 'default' neoliberal paradigm in terms of retrenchment rather than investment. Others are expanding social investment yet to the detriment of social protection. Finally, there is a cluster of – especially Nordic – welfare states that tend to combine socially protective universal safety nets with 'social investment' strategies. Accordingly, there are significant differences of emphasis in social investment perspectives.

These differences do particularly concern the account of the protective functions of welfare independent from the fact that most scholars within the field of welfare research stress that social investments should complement rather than replace social protection. Generally in European welfare states the South and the East exhibit considerable lower levels of service provision than their counterparts in the West and the North. Yet despite a considerable degree of difference between countries and even if there are numerous contradictory economic and political inferences – often connected to austerity – there is a growing importance of social investment policies that have come to play a major part in debates about the role of social spending and are broadly advocated as a blueprint for recasting European welfare states as for instance materialized within the EU Lisbon Strategy.

2 Towards a Welfare Service State?

Vandenbroucke and Vleminckx (2011) have argued, that social investment combines a focus on developing human capital with the notion of new social risks that welfare states must be

able to effectively address. Subsequently a core of these policies is strengthening “the service dimension welfare states must ... become more service-oriented and less transfer-oriented” (cf. also De Deken 2014). With the *Social Investment Package* launched in 2013 the European Commission (2013) called on Member States to priorities social investment and to improve active inclusion strategies, i.e. to focus on policies designed to strengthen people’s skills and capacities, including education and child care as well as active labor market policies, which are widely seen as at the core of anti-poverty policies. Jon Kvist (2016, p. 24) has provided a trenchant juxtaposition of social protection and social investment paradigms. From a social protection perspective deprivation and exclusion is to be fought by “social insurance that compensate workers loss of income (... and) social assistance and other minimum income benefits, notably housing and child family benefits, that provide a minimum income”. A social investment perspective in contrast aims to “equip people with more skills and cognitive capacities to avoid or get out of poverty, (to) build a context for individuals to enhance their capacities for autonomy (... and to) develop tools to identify individual capacities to get out of poverty”. Empirically those so-called inclusion strategies associated with this social investment perspective are – by and large – activation policies, based on social services. Within these contexts, social services are conceived as a prerequisite for integrating groups with complex social problems into the labor market, as their ‘people changing nature’ is seen as the magic bullet for *capacitating* – and thus becoming a vital component of the investment perspective. We may suggest that spending profiles – at least inter alias – indicate budgetary emphasis of governments as well as their general welfare orientation. Empirically these profiles co-vary with the institutional structure of welfare provision.

There is little doubt about the progress made by social investment in welfare budgets since 2000 even if this came to an intermediate halt with the Euro crisis. For European Union of older member states statistical analysis suggests that the share of benefits in kind in all social spending has risen clearly risen, as spending on benefits in kind has significantly gone up while expenditure on cash benefits has lost ground. Over the last 25 years, in particular expenditure on child care, has increased significantly while spending on cash transfers (at least other than pensions) has declined in terms of the proportion of GDP. If we only consider services going to non-elderly individuals these are in nearly all European countries quantitatively more important than cash transfers (pensions than being excluded). With respect to their spending, as documented in OECD Social Expenditure Database, welfare states actually *are* Welfare Service States.

Even though a distinction between social ‘investment’ and other social spending is not particularly robust – conceptually and empirically – statistical evidence suggests that the ‘service emphasis’ i.e. the relative proportion of welfare service investments within the total social benefit expenditures, has grown in most welfare arrangements in OECD countries and comparative analyses on welfare systems indicate that welfare services account for the greatest differences between national welfare arrangements. The focus on social services thus constitutes a key characteristic of the welfare state and a major reason for variation. We may suggest that ‘service emphasis’ is by and large a proxy for social investment spending that reflects governments’ emphasis on activating and capacitating strategies in particular by offering public care facilities, supporting active employment strategies and education. Not only empirically but also conceptual ‘service emphasis’ and social investment spendings are so closely related that commentators from the discipline of Social Work suggested a *social-paedagogisation* of the welfare state in the late 1990s. Thus, public spending on childcare has increased in most European countries – even after 2008 – and programs for labour market

activation that contain a significant component of social service work have been extended. This is also the case after the economic recession – despite cuts for other welfare programs.

Given this complex picture together with informal, voluntary, and/or work-based provisions of social services as well as state-driven and/or partly subsidized for-profit sectors of service delivery, the official social spending patterns – while indicating a robust extension of service supply in mere quantitative terms over the last decades – do not really show the full picture. However, even in the mid-2000, there is no empirical doubt that non-cash social benefits count for a large proportion of welfare spending.

An alternative approach regarding changes in welfare services is to assess employment patterns in the welfare sector. If we take a view on the volume of public sector employment it becomes highly visible that employment in the social service sector is mushrooming almost everywhere, and this has on particular been the case between the early 1990s and the end of the 2000s.

Daniel Oesch (2013) has demonstrated this in numerous countries in statistical workforce studies. What he calls socio-cultural experts are the parts of the workforce that has most dynamically expanded. Put differently ‘welfare service state jobs’ – whether in public administration, health, education or social work – have been growing much stronger than any other occupation. The social services sector has experienced growth at a far above-average pace in the past, and employment has even accelerated since the middle of the past decade.

Such workforce studies do also show why mere spending patterns may even underestimate the growth of the service emphasis. There is a gap between wage levels in welfare services in the social services sector and the average wage level with wage levels in welfare services significantly below the national average and a relatively large number of unskilled workers employed in the social services. So growth with respect to labor hours in social services seems to be greater than growth in spending towards social services. The same is true for caseloads (Brenke 2018).

Given the obvious relevance of services for understanding and analyzing welfare states it is puzzling that there was a tendency in classical welfare research to merely focus on the transfer component of welfare states while losing sight of the welfare service component. Only recently this has changed, and leading scholars such as Anton Hemerijck (2013) not only suggest discriminating “service-oriented capacitating” and “benefit-transfer compensating” social spending but even suggest a new edifice of service based welfare states. Yet is not enough to acknowledge the architectonic relevance of services in order to understand what current welfare actually *is*.

As a matter of fact social services have been the area of most pronounced reforms. While not necessarily being the same phenomena, organizational rearrangements of public services in terms of new public management reforms have been related to and often been a significant field of attempts to reshaping welfare governance.

This has partially been acknowledged within public administration research but rarely attracted systematic attention of welfare state researchers. Beneath the surface level of aggregated fiscal expenditures in different welfare sectors, a cost-efficient ex-ante preventive capacitating ‘service approach’ to welfare policy – as opposed to a status securing ‘transfer approach’ promising income-replacing compensation citizens ex post for market failures –

has programmatically gained significance and affects attempts to set out revised institutional structuring for welfare production.

Such welfare conceptions highlight the significance of welfare services that allow individualized interventions and ‘investments’ in the capacities and agency of people and thus to address the diffusion of a number of new social risks (Bonoli 2006, Leoni 2015) that are suggested to be not effectively met by traditional welfare programs as they are assumed to be significantly less predictable and more difficult to insure. These new social risks are typically related to phenomena such as precarious employment, difficulties of reconciling work and family life single-parenthood, labor market dualisation, youth unemployment and so on, all of which generate altered public demands. The dominant narrative against this background suggests that traditional industrial welfare states have been foremost designed to protect incomes and status via cash transfer programs. These programs, however, are now being said to be insufficiently able to deal with the challenges of a post-industrial era.

At first glance, a shift towards active service-oriented welfare states may look like a pragmatic adaptation of priorities to changed social needs. In sum however, these shifts imply a resettlement of the pillars of the very architecture of post-war welfare state and thus distinctively new phase of welfare state development in (Western-)Europe. This is all the more the case as not only the forms and aims of welfare benefits have been altered but also the modes of their production. The reforms have been founded upon a critic on traditional bureau-professional organisational arrangements through which services have been delivered. Driven by rules rather than by performance indicators these services are seen as not only inefficient and unaccountable but also as too little responsive to users.

The promise of a renewed welfare service state is to be more dovetailed to what the political philosopher Pierre Rosanvallon (2013) calls “a society of singularities”. Correspondingly ‘personalization’ has become buzzword in numerous areas of social policy (Needham 2011) in order to deliver welfare in more effective and cost-effective ways, inter alia denoting “active involvement of end-users in various stages of the (welfare) production process” (Voorberg et al. 2015). The promise is to create a more flexible welfare arrangement able to respond to individual needs of clients in a tailored way rather than offering standardized benefits. Social services are considered to be more responsive to diverse needs and more feasible to provide enabling and capacitating features to cope with the changing social risks and demands than the ‘loss compensating’ social insurance principle that guided a ‘transfer approach’ to social policy. Services may thus simultaneously empower individuals and thereby contribute to economic growth and social cohesion. This implies significant recalibrations in the cognitive but also and foremost the normative orientations about what welfare policy should achieve respectively the currency of justice to normatively legitimize welfare interventions: The focus is no longer on the distribution of resources or ‘primary goods’ (Rawls) but rather on empowering the responsibility-sensitive ability of individuals *to convert available resources into capacities* allowing to achieve self-reliance and succeeding life conducts. This dovetails with altered understandings of welfare beneficiaries as “commissioners of their own services, selecting and buying what they decide will best meet their particular needs” (O’Leary et al. 2018).

While these promises might be compelling it is worrying that a number of researches provides evidence for the concern that these modernized welfare policies are at the expense of policies that are more promising in terms of mitigating poverty and inequality (cf. Barbier

2012; Cantillon 2011): Welfare service states seem to be less pro-poor. Also van Vliet and Wang (2015, p. 611) figure out, that for European countries other than the Nordic ones, there is “evidence for a linkage between stagnating or increasing poverty trends and shifts in expenditures to new welfare state programmes”. These results are noteworthy given the fact that there is not much evidence for a general dismantling of welfare activities and that welfare expenses are rising. Until now there is research evidence that indicates a ‘service emphasis’ and that the results of these new policies with respect to core aspects of welfare are not always encouraging.

However, there is little research about why these policies have only partially been able to keep their promises. We suggest that a mayor reason for this knowledge gap is deficiencies of traditional ways of welfare research. For starters, attempts to systematically include the complex and often autopoietic rationalities of welfare services in (comparative) welfare regimes analysis are still rare. While it is accepted that services are a vital instrument of social-investment strategies, issues concerning the nature and quality of services are often neglected.

3 Rationalities of Social Service Welfare Production

For social work researchers one thing is stunning: Some years ago the mainstream welfare researches, who were often inspired by the howsoever great ideas of new public management, tended to draw a quite gloomy picture of the social service provision. In particular judgment and decision-making of service providing street-level bureaucrats had been portrayed to be characterized inter alia by lacks of rationality, professional knowledge and participation and large disparities of results. Puzzling enough it is currently the same mainstream, and often the same experts, who now see capacitating professional social services as the magic bullet of a productive social investment state. Even weightier is the fact that a number of obviously cardinal – also practically highly significant – questions and ambiguities do not only remain analytically and conceptually unsolved but have hardly been even addressed.

3.1 The problem of assessment

A problem to start with is an evaluative metric to analyses the effects of the benefits. Proponents may argue that the fact that welfare service investments are less compensating than are cash transfers does not necessarily militate against such policies as enhancing the capacities of beneficiaries rather than proving income-replacing compensation is their mayor aim in terms of social justice. Yet how are these potentials grasped?

We suggest that on a conceptual level the ‘capabilities approach’ (associated with the economist Amartya Sen and the philosopher Martha Nussbaum) may provide a thick informational fundament for an evaluative space which allows to grasp and scrutinize the supposed enabling and empowering effects of a service approach to welfare policies. This perspective draws attention to the ‘functionings’ of welfare beneficiaries that comprise achieved states and practices which are deliberately chosen, given the prevalent set of means and resources and surrounding social, economic, cultural and institutional conditions. The metric of ‘capabilities’ in turn describes their real freedoms and opportunities in terms of the set of all the potential feasible (and valuable) functionings from which he or she may genuinely choose.

The capability-friendliness of public service provision is therefore suggested as an evaluative metric for theorizing and comparing the promised enabling and empowering dimensions of

the welfare service architecture in Western countries. A part of this capability-friendliness is the issue of potential beneficiaries' 'real' freedom and opportunities to take-up or not to take-up services and to appropriate welfare services for their own life perspectives. Yet such metrics have until now rarely been used for comparative welfare research (Otto et al. 2014). To provide the institutional and structural conditions of these freedoms and opportunities is a major challenge in the context of the outlined shifts in the architecture of the welfare state. However, until now theoretical approaches and empirical research have been remarkably salient even about obviously fundamental challenges.

3.2 The problem of non-take-up

One issue is about the fact of a disproportionate *non-take-up* of and withdrawal from services as compared to material benefits. The (non-)take-up problem points to a situation where persons who are formally entitled to benefits, do not claim, receive or under-utilize what they are entitled to and thus fail to realize their rights. It is thus no surprise that social investment policies are empirically supported the most by individuals with higher levels of education while income protection and traditional forms of social compensation rather comprise individuals with lower incomes and education levels (Garritzmann et al. 2018). Empirically also services, which in principle are provided free or in subsidized fashion to everyone, may actually be readily available only in certain areas or to specific groups, or even if available may be taken up to a varying degree by those with higher versus lower levels of income or education.

There is little theoretical and empirical work on the uses and production of service benefits. The knowledge and theoretical models about monetary benefits may not be directly transferred to the issue of access to and utilization of welfare services. This is because the operative schemata and the allocative nature of monetary benefits largely differ from the operational and allocative schemata of services. In the case of monetary, and in particular of social insurance based benefits features of anonymity and impartiality of social rights operatively framed by bureaucratic formulas play a significant role whereas a personalized and discretionary dispensation of benefits is one of the most central features of service based welfare production.

The phenomenon of socially selective take-up of and withdrawal from services is a problem not only for the affected individuals but for service-oriented politics as a whole. The effectiveness of such a welfare architecture largely depends on the capacities and willingness of (entitled) persons to make (or make not) effective use of them, i.e. whether they have the capability to convert services and benefits into states and practices which are favorable for social quality (social level) and which the individuals have reason to value (individual level). To consider cash benefits as 'passive transfer' might be meaningful in some respect while the idea of 'passive services' is pointless. Therefore the category of capability-friendliness is expedient, as it draws attention to the fact that it is insufficient to merely focus on the quality of services and goods as potentially capacitating means for the individual achievement of certain life quality, while not looking closely at heterogeneous desires or abilities of different actors to convert means into functionings and practices that accord to their needs or interests.

A capability perspective may elucidate the need to include institutional, cultural and individual factors that affect the readiness and abilities to convert services into states and practices into welfare (service) research. This might be all the more necessary given evidence, that selective take-up of and withdrawal from services do not only and not primarily derive

from the demand side (such as individual preferences and motivations of service users) but also from the supply side of service provision i.e. the policy design and the actual institutional and professional production of services and service users.

The suggested capability perspective sheds light on the factors that are susceptible to foster or to impede the transformation of formal access rights into effective entitlements to appropriate services. This is an essential aspect for assessing and theorizing the issue of potentially empowering features of services and allows to reflect two critical empirical insights: that the quality, effectiveness, and efficacy of service based welfare policies are seriously compromised if the supplies are difficult to effectively access while at the same time there is empirical reason to suggest that coercive strategies and enforced participation in service production may be as counterproductive as not engaging in public services at all.

The fact of socially and culturally selective utilization services – as well as the equally selective withdrawal from services – is one highly visible issue of a welfare service state, which is undertheorized until now. Against the background of a welfare service state, the selectivity of adequate access to and utilization services is tantamount to non-access to social rights, to not process social risks and to not satisfying demands. Thus the sheer phenomenon of non-take-up (and exit from) services runs the risk of an erosion of universal dimensions of social protection systems and related conceptions of social inclusion and social citizenship (Warin 2012).

3.3 The problem of discretion

Services are characterized by the direct interactive social relationship between service providers and beneficiaries. They are ‘co-productive’ processes. Social practitioners, to co-produce services, draw on discretion in their interaction with citizens. They not only implement policies designed elsewhere but acting as ‘street-level-bureaucrats’, ‘ultimate policymakers’ and gatekeepers, translate institutional policy into situated ground level practices with discretionary space of manoeuvre regarding interpretations of needs, eligibility and appropriate aims of the measures.

Proponents of the social investment paradigm, such as Anton Hemerijck are quite aware of this fact. “What therefore stands out in institutional terms” Hemerijck (2018) writes “is the high level of professional discretion attributed to decentralized levels of public administration for tailoring person-centred service provision”(821f). Hemerijck, therefore, concludes that the institutional preconditions for social investment policies “are thus far more demanding than both centralized social security state of the post-war era and the market-oriented minimalist welfare state of neoliberal descent” (822). Yet, his conclusion that “effective social investment governance [thus] requires national administrations to render ample backing and discretionary policy space to regional and local authorities and civil society user-led organizations” (822) is very vague and does clearly not solve the discretion problem.

What is definitely no convincing answer to this problem inherent to professional service delivery are so called evidence-based guidelines demanding program integrity and other cookbook approaches to service provision. In a nutshell, all of these failed and produced results that are not encouraging. More interesting is an idea put forward by Pierre Rosanvallon (2013, pp. 268-269): “Within the classical social rights framework, benefits are automatic and can be managed administratively in such a way as to guarantee equality for all. A more individualized approach, involving a form of judicialization of the social, is acceptable only if

there is a possibility of appeal in order to reduce the likelihood of arbitrary treatment by social workers”.

This is highly complex – given the notorious tension between a bureaucratic equal treatment ethos and the professional, personalized services ethos. Given the discretionary features of service production, the role of local actors is an important feature of theorizing the incipient rise of a welfare service state. Street level bureaucrats can make needs visible and give voice to those in needs. Services may be more responsive to specific ideographic features of individuals and their practical lifeworld contexts. On the other hand, the discretion inherent in processes of service based welfare production can also stand in a conflictive relation to classical conceptions of modern social citizenship. This is all the more so as services are oriented towards issues of practical life conduct rather than issues of structural life conditions

However, until now there has been insufficient reference between professional theories concerned with the micro-practices of street-level bureaucracy and macro-level theories of welfare systems. Congenially significant is to take into account how welfare professional actions are organizationally framed for instance in terms of new public management and evidence-based practice approaches enhancing an ‘instrumental’ notion of the effectiveness which might be uneasily related to traditional professional notions of case related appropriateness.

3.4 The problem of Managerialism

The issue of *representation of service beneficiaries* is thus not only relevant vis-a-vis the likelihood of arbitrary treatment given the discretionary space of front line welfare workers but also vis-à-vis standardized and often narrowly defined aims and objectives, translated into targets and performance indicators that are often an excessive focus of managerial attention which may lead to over-standardised responses to the varied needs of beneficiaries rather than to tailor-made policies. There is striking evidence that efforts to limit welfare professional discretion by imposing more detailed rules are self-defeating. To act in a responsive way discretionary space and room for maneuver is necessary for welfare professionals. Strict regulations may limit their very abilities to provide personalized services. The general effect of standardization efforts is typically to add more, and more detailed regulations making welfare-organization as a whole more rigid (including a tendency to foster strongly rule-oriented ways of enforcing sanctions with respect to incompliant beneficiary behaviors), and less able to respond to even large changes in its environment. Even problematic discretion is not limited as inevitable conflicts among rules allowing exercising a much more problematic mode of discretion, i.e. to choose which irresponsible program is to enforce.

It is also well known that performance measurement systems with a strong emphasis on targets and incentives may result in dysfunctional behavior when goals and objectives are complex and ambiguous, when adaptation to changing circumstances is important, and when the organization cannot fall back on routines to achieve its goals (Verbeeten/Speklé 2015). Public social service sector organizations typically operate in exactly these conditions.

While the *social investment framework* promises to strengthen and to reinforce citizenship, the applications of a *social investment perspective* within social services has often been tantamount to a rigorous so called evidence-based service delivery which is often more aligned with government priorities rather than be defined by needs identified by welfare professionals and/or service users.

This is amplified by managerial reforms of services highlighting outcomes focused performance measures, where terms and practices such as ‘quality control’, ‘performance indicators’, ‘contracting’ and ‘social return of investment’ are becoming increasingly familiar. Some of these terms may sound modern and nice, but they may easily be tied and actually are often tied to modes of paternalism and individualism which are often patronising and stigmatising. As Michael O’Brian (2016) writes in the case of a programme in New Zealand which is about investing in outcomes for vulnerable children: “Response to client need’ is a central theme in definitions of the role and purpose of social services. Investing in outcomes for vulnerable children reverses that approach; it is not a response to client defined need in that it is neither the families and communities nor the social service agencies and the social workers which identify the need. Rather, it is the government targets which will determine need” (18).

A combination of social investment rhetoric and managerialism may stimulate a shift away from the social welfare state as guarantor of basic solidarities and rights and access and treatment for all to the state as service provider characterized by a utilitarian functionalist approach to public action, borrowing its instruments from those in use in private companies.

This is amplified by welfare policy developments are characterized by market expansion particularly within the sphere of social service provision. As the contributions in this book demonstrate, such developments may be clearly identified: Within the sphere of social services, user fees have become more significant, private firms have come to administer services on a more general basis, and public providers have been re-organized so as to compete internally and externally through ‘quasi-markets’. There is little doubt that – by and large – private funding, as compared to public provision based on social citizenship places greater costs on the individual and ties the attainment of services to the recipient’s income profile, thus possibly restricting access to services for low-income or high-risk groups.

Most worrying, however, is the – admittedly empirically hard to grasp yet to be feared – cultural normative shift within the professional, or let’s say *public ethos* of welfare service production. There is reason to suggest that the provision by for-profit actors but also state run managerial quasi-market formats nurture a public belief that social services are ‘normal’ commodities that can be legitimately distributed according to market logic while the social investment logic and in particular the utilitarian return of investment logic induces to conceptualize the role of the citizen as an economic rather than a social actor and as a competitive individual rather than as a cooperative social being.

We should take into account that income redistribution is not the primary aim of activating social services. Yet there is a distributional aspect inherent to within the logics of service provision. However, the critical distributional question of services is not so much concerned about whether people have the same amount of a good than others but rather that whether what people receive matches their needs. Taking this distributive aspect into account, the problem is not mitigated but rather *aggravated* for instance in terms of the phenomenon of withdrawals from the co-productive processes of personal welfare production.

3.5 The problem of paternalism

James Midgley and others dealing with the critique that social investment is a disguised form of neoliberalism which fails to address the deeply rooted structural inequalities but instead continues to assume that individuals are ultimately responsible for themselves counters this

critic by insisting on urgent needs for new thinking in the social welfare field. Their example for a forward-looking approach to social spending comes from what they call the *Global South* but “resulted in innovations only recently noticed and adopted in the Global North”. The example is as such: “The *Bolsa Familia* program in Brazil and the *Prospera* program in Mexico make conditional cash transfers to families who engage in behaviours that enable positive health and educational outcomes. New York City introduced its own poverty reduction scheme, in 2007, based on the Mexican programme”.

Of course, it is possible to follow Midgley and to interpret this as an empowering and capacity enhancing preventive effort to promote people’s well-being. But nevertheless: This is also a paternalist politics of behavior modification which is only possible within a person-oriented service design. There is little doubt that in-kind transfer does not represent command over resources in the same way that cash income does. And again it is quite often paternalistic and patronizing arguments that underpin the provision of services over cash transfers.

Egalitarian liberal philosophers like Jonathan Quongs (2011) decisively criticize this:

„If the state favors a scheme where current economic injustices are rectified by state subsidies for valuable activities, rather than by a straightforward redistribution of wealth, that must be because the state does not believe the citizens to whom the redistribution is owed would spend their resources appropriately. In other words, the rationale for redistributing resources to the economically disadvantaged in services rather than in cash would be a paternalistic one.” (93)

Contrasting the economic point of view of regarding/considering cash benefits as personal autonomy, it has to be pointed out that a liberal perfectionism can include dignity respecting and autonomy promoting soft paternalism. But in no small degree literature on the social investing preventive social service state does not take paternalism serious at all. And less than this: It is garnishing quite intensive and hardly legitimized paternalism, where recipients of support have little choice but to concur with this paternalism with rhetoric of ‘empowerment’.

Disciplinary and surveillance effects of services are occasionally analyzed in social work literature but they *remain the elephant in the room* within the literature on social investment, particularly if we have in mind standardized state-run programs of social services (while private for profit programs or services within quasi-markets measured against pre-given outcomes, do certainly not make things better).

The service problem is not only a problem of paternalistically forcing people into given service supplies. It fundamentally points to the question whether and in how far people are entitled to assessable supplies which they have reason to value. It is thus necessary to distinguish between the agency and freedom of persons not to utilize services that they reason to value and the problematic situations in which persons are hindered to access support they would have reason to value. Without such a differentiation, alleged ‘solutions’ to the problem of the distribution of welfare services according to the needs of potential beneficiaries may turn out into a coercive bureaucratic nightmare which is tantamount to an additional deprivation of rights and freedoms of citizens (in socially vulnerable situations).

4 The rise of the welfare service state: A challenge for welfare research

One may suggest that the utilization of welfare service supplies is structured by a combination of social and cultural factors, the general landscape of welfare policies, organisational features, settings, and core areas, professional practices of welfare agents as well as personal traits of the beneficiaries including self-perceptions as being eligible and perceiving a need in a way that somehow fits to the perceived supply side.

Theoretically authoritative analytical conceptions like the expected utility of accessing support relatively to the expected costs of making claims to support (e.g. in terms of stigma, excessive institutional demands, finances and time) are partially helpful, nevertheless insufficient to grasp the complex relations of non-knowledge, non-claiming and non-reception of individually adequate service benefits. The complex and multi-dimensional influences on expectations and aspirations as well as on subjective modellings of utility are not yet conceptualized and explained in a theoretically satisfying manner. More significant these issues have never been an issue of comparative welfare research.

The neglect of the renewed welfare state architecture by current theories is noticeable at different levels. In order to conceptualize, theorize and investigate the fulcrum of renewed institutional, managerial, cognitive and normative aspects a more responsive framework of analysis is mandatory. Attention needs to be drawn to:

- the degree of ‘blame’ and ‘task responsibility’ which is attributed to one’s self or public services and institutions;
- the anticipated extent of recognition and respect
- the expected opportunities of participation and to effectively articulate one’s wishes and concerns
- the degree of trust in services and professionals
- the individual history of eligibility, former experiences with social service institutions
- the socially structured ‘sense of constraint’ or powerlessness (vs a ‘sense of entitlement’) when confronting public institutions
- the servicephilosophies’ regarding programmatic aims, problem constructions, key performance indicators, and modes of service delivery (including rigidity, authoritarianism and punitive orientation)
- the attention which the organizations and professionals pay to the cultural, social, and personal diversity of the beneficiaries and their points of view and agency
- the bargaining power of potential beneficiaries vis-à-vis service providing institutions.

All of this comes to fore when we suggest that welfare states are developing into *welfare service states*. As traditional welfare research is often reluctant to deal with these issues, there is a high probability that it misses the point. Also, proponents of a *social investment state* may occasionally acknowledge the relevance of these aspects but rarely take them systematically

into account. It is thus hard to say whether service based welfare is really empowering and capacitating or a patronizing disciplinary nightmare.

In the version of more progressive versions of social investment, the welfare service approach is about enhancing citizens, capabilities to flourish over the life course. It might be helpful to take this serious. And this brings up the already mentioned capability approach again. Some argue that the capability approach is about capacitating rather than about the redistribution of resources. However, this merely is not true. On the contrary: The capability approach decisively highlights instrumental reasons for concern about the inequality of economic resources. It rather insists that income is only one dimension of inequality, and that differences in this dimension should be interpreted in the light of differing circumstances and of the underlying opportunities. However, the capabilities approach leaves little doubt that achieved economic resources are a major source of injustice (Atkinson 2015). The capability approach does exactly not argue to dragoon persons into functionings favorable to economic growth or other things like that. It is an approach that is morally (not methodologically) individualistic. It is about dignity and autonomy of life practice foster the capabilities – i.e. the real and genuine freedom – of persons to choose and live a life he or she has reason to value. In philosophical term, the capability approach is decisively not only non- but anti-utilitarian. Participation and democracy but not returns of investment is the stuff this approach is made.

Hence, this approach includes the issue of resources, but combines it with individual and conversion factors, all three being necessary for the development of capabilities or real freedoms to lead a life one has reason to value. However, this is not enough to guarantee that welfare service states are not paternalistic devices imposing on beneficiaries a proper way of behaving, mainly related to paid work. This is the reason why the capability approach insists on completing this empowerment side of the welfare service state by recognizing the beneficiaries' freedom to choose, i.e. their capacity to have their own aspirations about the valuable life, but also their ability to voice these aspirations and make them count when concrete decisions are made about the services that ought to be delivered to them. Indeed, the capability approach requires that welfare service states combine a) an extensive intervention in terms of empowerment – including the indispensable redistribution of resources, together with an action to improve individual qualifications, skills or abilities and, most importantly, an action on social conversion factors, i.e. not only empowering individual, but also making the context capability-friendly, and b) the recognition of the beneficiaries' freedom to choose about the way they will use the benefits and services provided by the welfare service state. Thus, the democratic design and implementation of benefits and services, where beneficiaries' voices are at the core of the decision-making process about their content, is crucial in the capability perspective. A genuinely enabling welfare service state that would provide ample empowerment to the beneficiaries but would impose on them the way to use this new power to act, would fall into paternalistic pitfalls.

So to apply the capabilities perspective is to highlight democratic appropriateness rather than instrumental efficacy and a kind of republican welfarism based on 'democratic equality'. The quest is thus to find out how to implement not patronizing but really capability-friendly autonomy enhancing and dignity respecting services as well as a protective and redistributive welfare state that are functional to the aims of social and political justice, i.e. to the aim that all people should have genuine and broadly equal access to the material and social means necessary to living flourishing lives, and that they at the same time should be equally

empowered to contribute to the collective control of the conditions and decisions which affect their common fate.

If social investment means a move in this direction, then there is reason to applaud it. If proponents of the social investive welfare service state are interested in boosting economy in addition to that, they should avoid to be more economic than the economists. The authors of the Global Competitiveness Report have recently criticized that instead of focusing on welfare, “the measurement of economic progress and consequently economic analysis and policy are dominated by headline GDP numbers, encouraging the confusion of means and ends. Yet economic growth should not be an end in itself. It should contribute to human welfare [and] be rooted in political legitimacy” (Schwab 2018). In this post-autistic perspective, it might well be possible to reconcile economic and welfare ends.

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Author's Addresses:

Jean-Michel Bonvin, Prof. Dr.
University of Geneva, Switzerland
Faculté des Sciences de la Société, Institut de Démographie et Socioéconomie
Jean-Michel.Bonvin@unige.ch

Hans-Uwe Otto, Prof. Dr.
Bielefeld University, Germany
Faculty of Educational Science; Bielefeld Center for Education and Capability Research
Hansuwe.otto@uni-bielefeld.de

Arne Wohlfarth, M.Ed., MA
Bielefeld University, Germany
Faculty of Educational Science; Bielefeld Center for Education and Capability Research
arne.wohlfarth@uni-bielefeld.de

Holger Ziegler, Prof. Dr.
Bielefeld University, Germany
Faculty for Educational Sciences; Working Group 8 – Social Work
hziegler@uni-bielefeld.de