Received: 27 September 2021 | Accepted: 11 January 2022

DOI: 10.1111/ijsw.12532

ORIGINAL ARTICLE

INTERNATIONAL JOURNAL OF SOCIAL WELFARE

Social investment agenda setting: A personal note

Anton Hemerijck

European University Institute (EUI), Fiesole, Italy

Correspondence
Anton Hemerijck, European University Institute (EUI), Via dei Roccettini San Domenico, 950014 Fiesole, Firenze, Italy.
Email: anton.hemerijck@eui.eu

Funding information
H2020 European Research Council, Grant/Award Number: 882276

Abstract

This article reconstructs how, under the umbrella of the Europea Union (EU), discreet opportunities for EU social policy agenda setting opened for academic expertise from the late 1990s to the 2020s. This began with the Dutch presidency of the EU in the first half of 1997, endorsing the notion of 'social policy as a productive factor', followed by the 2000 Lisbon strategy for Growth and Social Cohesion in the open economy. The social investment landmark publication was *Why We Need a New Welfare State*, written by Gøsta Esping-Andersen et al., for the Belgian presidency of 2001. Ultimately, cumulative academic insights and feedback from country-specific reform experiences found their synthesis in the Social Investment Package in 2013. EU political codification of social investment took effect with the adoption of the European Pillar of Social Rights in December 2017. The paper concludes on the future for social investment with some personal reflections as an engaged scholar.

KEYWORDS

economic growth, family policy, inclusion, access and disparity, international comparison, policy research to guide organisation decision making, social policy/social welfare policy

INTRODUCTION

Expert committees and advisory councils often help prepare the political ground for welfare reform. Cases in point are the 1993 Buurmeijer Commission in the Netherlands, which anticipated the overhaul of the Dutch social insurance administration; the 1997 Swedish non-partisan expert pension reform committee, whose recommendations formed the basis of Swedish pension reform in 1998; and the 2002 Hartz Commission that precipitated Gerhard Schröder's path-shifting Agenda 2010 (Clasen & Clegg, 2011). Through a sequential twist of fate, one thing leading to another, as an academic I have been involved, together with many colleagues in

List of abbreviations: ALMP, Active Labour Market Policy; ASEA, Directie Arbeidsmarkt en Sociaal-Economische Aangelegenheden; CEPS, Centre for European Policy Studies; DG ECFIN, DG for Economic and Financial Affairs; DG EMPL, DG for Employment, Social Affairs and Inclusion; ECEC, Early Childhood Education and Care; EES, European Employment Strategy; EMU, Economic and Monetary Union; EPC, European Policy Centre; EPSR, European Pillar of Social Rights; ERC, European Research Council; EU, European Union; EUI, European University Institute; IFS, Institute for Futures Studies; IMF, International Monetary Fund; NESC, National Economic and Social Council; OECD, Organisation for Economic Cooperation and Development; OMC, Open method of coordination; OSE, Observatoire Social Europeenne; RRF, Recovery and Resilience Facility; SIP, Social Investment Package; SZW, Ministerie voor Sociale Zaken en Werkgelegenheid; WellSIRe, Wellbeing return on social investment recalibration; WRR, Wetenschappelijke Raad voor het Regeringsbeleid.

the field of comparative welfare research, in what in hindsight can be characterised as social investment agenda setting. In dialogue with career policymakers, we—academic experts—were able to raise the stakes for active labour market policies (ALMP) and social partnership concertation in the 1990s, at a time when these interventions were generally considered as generating 'deadweight losses' while inviting trade-union 'rent-seeking' on competitiveness. At the turn of the millennium, under a more benign economic environment, work-life balance, early childhood education and care (ECEC), lifelong human capital development, alongside more inclusive social security and basic income protection, entered the social reform ambition of empowering citizens in the knowledge economy of an ageing society.

As a welfare scholar partaking in policy engagement for more than two decades, I am the last person to claim credit for the important cognitive, normative and institutional shifts that have informed the social investment turn across the European Union (EU), precisely because I experienced first-hand how much social investment thinking and reform, intellectually and politically, was the product of many hands, of ambitious politicians and public officials and colleagues across Europe and beyond. Over the years, the social investment turn created an 'epistemic community' *avant la lettre*, in the words of Hugh Heclo (1974), a rich coming together of 'puzzling' academic diagnosis and more resolute reform 'powering'.

Many welfare scholars have in recent years come to advocate a so-called 'electoral turn' in comparative research, whereby reform is understood to be predominantly shaped by voters and public opinion, and less so by institutionally embedded political agents based on substantive policy insight and experience. For 'electoral turn' scholarship there no longer seems to be a need to seriously study extant policy legacies and administrative capabilities of the modern welfare state, curiously at a time when about 40% of GDP is channelled through the public purse (Beramendi et al., 2015). EU social policy engagement is ignored altogether in voter-oriented welfare research. Although I welcome the renewed attention to electoral behaviour in times of political volatility and rising populism, I remain sceptical of the reductionism of tying social reform singularly to electoral constituencies in troubled times, ignoring how policymakers understand social problems, venture reform solutions, influenced, at a distance, by substantive academic expertise.

Admittedly, the intellectual diffusion of social investment ideas has been truncated, with setbacks along the way. When growth stagnated, the EU and member-state governments harked back to the default paradigm of welfare austerity and labour market deregulation, with its powerful epistemic anchors in the Maastricht Treaty and the Economic Monetary Union (EMU) (Bouget et al., 2015; De la Porte & Natali, 2018). In the aftermath of the eurozone crisis, by the mid-2010s, the default austerity paradigm progressively lost its economic, social and political allure. Today, in the face of the existential threat of the coronavirus pandemic, coupled with even stronger evidence of the proficiency of a social investment welfare provision, regarding employment, gender balance, education improvement, labour productivity, absolute and relative (child) poverty, care coverage and welfare state financial sustainability, there are strong political incentives for the EU and member governments to release the fiscal handbrake on social investments. If so, the assertive engagement of academic colleagues and myself on social investment agenda setting over the years may be judged favourably.

Over the next four sections of this contribution, I reconstruct how, under the umbrella of the EU's rather light administrative structure, discreet opportunities for EU social policy agenda setting opened for academic experts. For myself, this began with the Dutch presidency of the EU in the first half of 1997, endorsing the notion of 'social policy as a productive factor' (Section 2), followed by the 2000 Lisbon strategy for Growth and Social Cohesion in the open economy (Section 3). I then consider the social investment landmark publication *Why We Need a New Welfare State*, written by Gøsta Esping-Andersen et al., for the Belgian presidency of 2001 (Section 4). Ultimately, with considerable delay, cumulative insights and positive feedback from reform experience found their synthesis in the Social Investment Package (SIP) in 2013. However, EU political codification of social investment only took effect with the adoption of the European Pillar of Social Rights (EPSR) (Section 5) in December 2017. Section 6 concludes on the post-Covid-19 future for social investment and more personal reflections as an engaged scholar.

Key Practitioners Message

- The relation between academic social policy research and reform decision making is not per se optimal
- On the other hand, the development and maturation of social investment reform have arguably come to fruition based on a rich exchange of ideas between engaged academics and European Union-level initiatives, around national presidencies and high-level working groups, over the 1990s and 2000s

SOCIAL POLICY AS A PRODUCTIVE FACTOR IN THE AGE OF GLOBALISATION

Since the 1980s, European welfare states have been hard-pressed to adapt to new social and economic realities, triggered by successive economic crises, but also by the more slow-burning changes of demographic ageing, deindustrialization, technological innovation, the rise of the service sector, labour market feminization, economic internationalisation and E(M)U integration. Despite mounting pressures for institutional adaptation, *the* startling countenance of the modern welfare state is its indisputable resilience. Public spending on social protection, health and education, today matches levels already achieved in the 1980s. In the interim, numerous arguments have been tabled over the demise of the welfare state, on account of fiscal crises, jobless growth, income and labour market distortions, cultural contradictions and mounting old-age dependency. Yet, the welfare state survived. Around the new millennium, the academic focus in comparative welfare state research predictably shifted from explaining change-resistant welfare states towards a better understanding of how welfare states do change over time, and not always unbendable path-dependent directions. Welfare reform is politically difficult, but it does happen (Hemerijck, 2013).

By the mid-1990s, the default background policy theory was anchored on the diagnosis of the 1994 *OECD Jobs Study* exposing double-digit unemployment figures in many European OECD member states (OECD, 1994). At the turn of the millennium, growing political dissatisfaction with the neoliberal recipes started to generate electoral successes for the centre-left in the Netherlands, Denmark, the United Kingdom and Germany. Newly elected social democrat prime ministers, including Tony Blair, Gerhard Schröder, Wim Kok and Poul Nyrup Rasmussen, strongly felt that European welfare states should and could be reformed into capability-building social investment states. Admittedly, in the context of mature welfare states, policy change took shape against a fiscal background of considerable welfare precommitments, especially in the area of pensions. Such conditions privileged gradual—yet potentially transformative—adaptation through a sequence of incremental steps, rather than through ruptured institutional overhaul (Streeck & Thelen, 2005). In the process, reform decisions did not simply follow partisan preferences. Often, expert ‘middlemen’ brought novel ideas to government reform agendas based on research developed in academic quarters, and sometimes academic advice was actively sought by policymakers. This is my experience.

After my postdoctorate fellowship at MIT, I returned to the Netherlands in the early 1990s. Having trained as an economist in Tilburg, but with a DPhil in political science from Oxford University, after being away from the Netherlands for half a decade, I was an outsider in Dutch academia. I wrote a few articles in my native tongue for *Beleid en Maatschappij* (Policy and Society), a journal widely read in Dutch politics and by policymakers. Based on these contribution, I was approached by the Director General of the Ministry of Social Affairs and Employment, Hans Borstlap, in 1995, to help design and supervise a study of the Dutch welfare state from a comparative perspective. The economic policy unit (ASEA) of the ministry was bent on correcting the OECD diagnosis, at least for the Netherlands (SZW, 1996). The Dutch objective was not to hide overt unemployment at bay by channelling (less productive) workers onto social security benefit but to maximise employment level as the single most important policy goal for welfare state sustainability, based on activation, avoiding early retirement, expanding part-time work, and flexicurity (balancing labour market flexibility and economic security).

For Prime Minister Wim Kok it was important that the Dutch presidency of the EU in the first half of 1997 would expose the correlates of a strong economy and generous welfare policy. As this had been a primary objective of Jacques Delors, the former president of the European Commission (1985–1995), he was asked to chair a high-level policy conference on the future of the welfare state for the Netherlands presidency on 23, 24 and 25 January. Other prominent political figures were the ex-premier Ruud Lubbers, under whose tenure the Dutch miracle took root, and the EU Director General of DG Employment and Social Affairs and ex-finance minister of Sweden, Allan Larsson. Gøsta Esping-Andersen and Antony Atkinson were the keynote academics on the programme. My assignment was to write a summary essay on the conference. This report, entitled *Social Policy as a Productive Factor*, was recognised by Allan Larsson and Dutch Labour and Social Affairs minister Ad Melkert, as an important marker for advancing social Europe (SZW, 1997).

The high point of the Dutch presidency was the inclusion of a novel employment chapter in the 1997 Treaty of Amsterdam (Arts. 125–30 EG, formerly Art. 109), forcefully championed by the European Commission and unanimously supported in the European Council. By reformulating Article 117 of the Treaty, the EU embraced the promotion of employment and the improvement of living conditions, while also combatting social exclusion, as core EU policy objectives. The subsequent Luxembourg presidency established the European Employment Strategy (EES).

THE LISBON STRATEGY FOR GROWTH AND SOCIAL COHESION THROUGH LEARNING BY MONITORING

Because of the favourable reception of *A Dutch Miracle. Job Growth and Welfare Reform and Corporatism in the Netherlands* (Visser & Hemerijck, 1997), written with Jelle Visser, I was invited by Fritz Scharpf, Director of the Max Planck Institute of the Study of Societies in Cologne, to join the large-scale research project that he led with Vivien Schmidt on *Welfare and Work in the Open Economy* (Scharpf & Schmidt, 2000). This engagement enabled me to deepen my comparative understanding of ongoing welfare state adaptation. An intermediate visit to the 1998–1999 European Forum on *Recasting the Welfare State*, convened by Maurizio Ferrera and Martin Rhodes at the European University Institute's (EUI) Schuman Centre, was critical to an unplanned second interlude in academic expert consultancy on social Europe.

Theoretically and methodologically, the European Forum proved to be an important incubator for the U-turn in comparative welfare state research from explaining institutional inertia per se to improved explanations of variegated trajectories of welfare state adaptation. The 'recasting' metaphor was chosen by Ferrera and Rhodes to capture the institutionally bounded nature of the reform momentum, leading to mixtures of old and new policies in search of greater coherence. Intellectual encounters among many scholars, mostly political scientists and sociologists, benefitted from the common language of welfare regimes, inspired by Gøsta Esping-Andersen's *The Three Worlds of Welfare Capitalism* (Esping-Andersen, 1990) with his emphasis on policy legacies and power resources, but also from the theoretical approach of (actor-centred) political institutionalism, advanced by scholars like Peter Hall and Fritz W. Scharpf, sensitive to how institutional structures shape political agency, conflict and alignment through path-contingent feedback mechanisms. These two background reference conditions made way for a highly productive exchange on theory and methodology. From here on numerous landmark publications materialised, some emphasising more the endogenous nature of the new gendered social risks in ageing post-industrial societies (Esping-Andersen, 1999), while others highlighted the external challenges of economic internationalisation (Scharpf & Schmidt, 2000). Theoretical reorientation also reflected a movement away from the nation-state as the principal object of welfare research to better apprehend the role of the EU in affecting the constraints and opportunities for domestic welfare reform and the development *sui generis* of EU social regulation (Ferrera, 2005).

One of the explicit objectives of the EUI European Forum was also to positively engage with the evolving social policy agenda of the EU. To this end, policy-oriented weekend workshops with EU officers and top-level national policymakers were organised. As the Portuguese participants to the Forum were preparing for the EU presidency in the first half of 2000, they approached Maurizio, Martin and me to write a follow-up report to *Social Policy as a Productive Factor*. For this, we could rely on cutting-edge comparative research data produced by the Forum and the Scharpf/Schmidt project in Cologne. The three of us put together the slim volume *The Future of Social Europe: Recasting Work and Welfare in the New Economy* for the Portuguese presidency of 2000 (Ferrera et al., 2000). We advocated a more prominent role of the EU in social policy goal setting, benchmarking and monitoring of welfare reform performance. Inspired by the contributions of Jonathan Zeitlin at the European Forum, we welcomed the 'open method of coordination' (OMC) as a kind of 'third way' EU governance process in complex, domestically sensitive policy areas, where EU competencies are weak and top-down regulation is infeasible and impracticable, but policy inaction politically unacceptable (Zeitlin, 2005).

Encouraged by Maria Joao Rodrigues, the mastermind behind the Lisbon Agenda, the three of us were allowed to select keynote speakers at the presentation of our book on 10–11 March in Lisbon, including Anthony Giddens, Fritz W. Scharpf, David Miliband and Frank Vandenbroucke, at the time federal minister of Pensions and Health Care from Belgium. Having Scharpf in Lisbon was important, as he warned EU policymakers that the EMU would prompt intrusive welfare restructuring, possibly with anti-EU domestic political repercussions. The Maastricht Treaty architect imaged that the single currency, tied to the Stability and Growth Pact (SGP), would oblige member states to keep their 'wasteful' welfare states in check, reinforced by the Maastricht Treaty's infamous 'no-bailout' clause. According to Scharpf, the obsession with *public* budgetary discipline in the SGP together with the impossibility of devaluation could easily unleash 'internal (welfare state and labour market) devaluations' when eurozone member states face fiscal duress. Scharpf's insight has been prophetic in hindsight of the Great Recession (Scharpf, 1999, 2002).

The European Council at Lisbon on 23 and 24 March 2000 committed the Union to become the 'most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth and more and better jobs and greater social cohesion'. The Lisbon Agenda revamped the notion of positive synergies between equity and efficiency in the knowledge-based economy by 'investing in people and developing an active and dynamic welfare state' (European Council, 2000). With respect to employment, the 2000 Lisbon Council set concrete targets: by 2010, 70% of the EU population aged 15–64 should be in gainful employment, and, for women, the benchmark was 60%.

WHY WE NEED A NEW WELFARE STATE AND THE FAMILY LIFE-COURSE

While preparing for the Belgian presidency in the second half of 2001, Frank Vandenbroucke, who had also been present in Lisbon, approached me for advice on how to build on the Lisbon Agenda with a stronger emphasis on social cohesion and poverty reduction. Without hesitation, I encouraged him to try to enlist Gøsta Esping-Andersen as one of Europe's most imaginative welfare state thinkers. Esping-Andersen consented and put together a team with Duncan Gallie and John Myles to draw up a report on a 'new welfare architecture for 21st-century Europe'. On instigation from Vandenbroucke, I joined the threesome, and together we published *Why We Need a New Welfare State* (Vandenbroucke, 2002). Vandenbroucke gave us the quasi-impossible assignment to fundamentally rethink the welfare state for the 21st century, so that 'Once again, labour markets and families are welfare optimizers and a good guarantee that tomorrow's adult workers will be as productive and resourceful as possible' (Esping-Andersen et al., 2002, p. 25). Building upon the success of the employment strategy, the Belgian presidency forged a political agreement on quantitative indicators for monitoring progress with respect to poverty and social inclusion, together with common objectives for pension reform, across the Member States.

Our 2002 book set a policy agenda for social investment that, we maintained, went deeper than Anthony Giddens' conception of an active welfare state as a trampoline. Nevertheless, *Why We Need a New Welfare State* strongly emphasised that social investment is no substitute for inclusive social safety nets. Adequate minimum income protection is the foremost critical precondition for an effective social investment strategy. For the Belgian presidency, we shifted from the Lisbon concern with globalisation to the endogenous context of family demography. We argued that the staying-power of male-breadwinner social security in many EU countries was fostering suboptimal life chances for large swaths of the population. Most troublesome was the polarisation between work-rich and work-poor families. At the bottom of the pyramid, less-educated couples and especially lone-mothers were confronted with (child) poverty and long-term joblessness. As social polarisation deepened, households' capacities to invest in their children's fortunes become even more unequal.

The overarching social investment imperative was to better prepare individuals, families and societies to head off various rather than to simply repair damage after social misfortune struck (Esping-Andersen et al., 2002, p. 5). Our analysis underlined that cardinal to the long-term fiscal sustainability of the welfare state is the total number (*quantity*) and relative productivity (*quality*) of current and future workers as taxpayers. In the degree to which welfare provision in a knowledge economy is pitched towards maximising employment, employability and productivity, this sustains the carrying capacity of the 21st-century welfare state. Through the lens of the life course, we were able to identify and elucidate the intricate causal relationships that link care for children, the elderly, and other vulnerable groups, to (female) employment and changing family structures. As the burden of new social risks falls heavily on the younger cohorts, welfare reforms should privilege the active phases of the life course from early childhood on. However, there is no contradiction between early childhood education and employment activation. As Vandenbroucke correctly stated in the preface to *Why We Need a New Welfare State*: 'we should firmly keep in mind that good pension policies—like good health policies—begin at birth' (Esping-Andersen et al., 2002, p. xvi).

By the time *Why We Need a New Welfare State* was published, I had moved from academia to the world of policy advice full-time to become the Director of the Netherlands' Scientific Council for Government Policy (WRR) in The Hague. The mandate of the WRR is quite unique: when the council issues an official report, the Dutch government is obliged by law to respond to its recommendations in parliament. Consequently, WRR reports receive ample attention in the media. Although my new work gave me less time for new research, except for a 1-day professorship at Erasmus University Rotterdam, there was considerable room to further develop social investment ideas for the Dutch context. The 2006 report *Rebalancing the Welfare State* thus received a strong social investment imprint. The report was followed up by a series of discussions, conferences and workshops with top-level bureaucrats, government ministers, social partners, and parliamentarians of all stripes. My work at the WRR made it possible to invite Esping-Andersen, Vandenbroucke, and Scharpf to The Hague. Finally, at the international level, the WRR worked closely together with the Irish National Economic and Social Council (NESC, 2005) and the Swedish Institute for Futures Studies (IFS) (Lindh & Palme, 2006), where policy researchers at the time were also working on capacity-building welfare reform.

Meanwhile, the EU changed considerably. Certainly, the enlargements of the EU from 15 to 25 member states in

2004 and 27 by 2007 added an extra layer of complexity and heterogeneity to EU welfare states. What is more, by 2005, social democrats had been voted out of office in the larger member states of the EU, except for Britain. Against this background, the Lisbon Strategy, with its strong roots in Third-Way social democracy, was criticised in the 2004 mid-term review for a lack of focus on the multiplication of objectives and coordination processes (Kok, 2004). Ex-prime minister Wim Kok developed his overall negative assessment while housed at the WRR, where I warned him against overlooking important successes of the EES, the Lisbon Strategy and the open method of coordination in raising national employment and social policy ambitions. Notwithstanding, while indeed the EES helped to redefine the European welfare predicament moving from managing unemployment towards the promotion of employment, admittedly the Lisbon process failed to address rising poverty and inequality, Frank Vandenbroucke's chief concerns.

Under the Barroso I Commission (2005), the Lisbon Strategy was relaunched under the title *Working Together for Growth and Jobs* (European Commission, 2005), marking a clear break from EU social investment advocacy. When the Netherlands headed the EU presidency again in 2004, I was not invited as a speaker or session chair, even though I held a prominent government position as director of the WRR. The centre-right government at the time was bent on making a clear break from an integrated vision of mutually reinforcing social, economic and employment policy synergies. The veracity of the single market, low inflation, and sound public finances, anchored in the SGP, were to be rehabilitated to contain welfare state expansion. These were also the years of the Viking and Laval European Court of Justice cases challenging, as predicted by Scharpf, national social protection and employment relations.

Even though across the EU, the political balance of power had shifted to the right, the evidence that a strong economy requires a robust and active welfare state only became stronger. It is no surprise that by the mid-2000s, the OECD came to endorse social investment, away from their erstwhile structural reform advocacy, through studies such as *Starting Strong* (OECD, 2006), *Babies and Bosses* (OECD, 2007), *Growing Unequal* (OECD, 2008), and *Doing Better for Families* (OECD, 2011).

THE SIP AND THE EUROZONE AUSTERITY REFLEX

With the onslaught of the global financial and economic crisis, the EU transformed—*a contre coeur*—from a benign project of Pareto-optimal single market expansion and currency integration into a more contested *political* union. The Greek sovereign debt crisis of 2010 and the fear (and, for a few months, the reality) of rising spreads on the Italian debt almost brought the single currency down, bolstering political distrust across European electorates. The European Commission, under the helm, respectively, of Jose Manuel Barroso and Jean-Claude Juncker, was caught in the crossfire. The Euro crisis confronted the EU with a wholly novel macroeconomic aftershock. As contamination fears spread from Greece to the weaker periphery of the eurozone and investors turned to speculate against the Euro, besieged economies, to stave off contagion, were impelled by EU institutions to launch intrusive fiscal austerity measures. In the process—practically overnight—the global financial crisis was redefined as a European crisis of fiscal profligacy, impairing substantial and prolonged welfare retrenchment. Consistent with the standard policy theory behind the single market and the single currency, once again, overregulated labour markets, overgenerous social benefits, strong trade unions, and inflexible collective bargaining structures were pinpointed as paramount impediments to European growth and competitiveness (Alesina & Giavazzi, 2006). By implication, social investment was put on the EU's backburner.

Upon my return to full-time academia in 2009, my intellectual curiosity turned once again towards improving the theoretical heuristics for explaining welfare change. The 2013 monograph *Changing Welfare States* included a first assessment of the extent to which EU member states had jumped on the social investment bandwagon (Hemerijck, 2013). I was happy to concede that the glass was more than half-full. Most EU welfare states, with varying degrees of success, pushed through reforms in activation, minimum income protection, social services for dual-earner families, education and vocational training, active ageing, fighting child poverty and early school-leaving, to modernise welfare provision and ensure social protection sustainability.

The Euro crisis after 2010 exposed how profoundly interdependent the European political economy had become and how difficult, in parallel, it was to effectively govern the eurozone in hard economic times. Unsurprisingly, the 'austerity reflex' deepened competitive divergences and social imbalances of mass (youth) unemployment and rising (child) poverty across the EU and within countries. In the face of deepening social imbalances, social investment ideas resurfaced under the Barroso II Commission, pushed for by the Hungarian social democrat László Andor as European Commissioner for Employment, Social Affairs and Inclusion from 2010 to 2014. In 2011, commissioner Andor approached me to join the Social Investment Expert Group for DG EMPL, which also included Maurizio Ferrera, Bruno Palier, and Frank Vandenbroucke. He was determined to renew the EU social agenda to combat child poverty and promote women's access to labour markets. *The Social Investment Package for Growth and Social Cohesion* (SIP), published in February 2013 as an EU community document (European Commission, 2013), provides a birds-eye overview of the main socio-economic changes underway in Europe's societies and outlines a social investment vision of how best to respond to the Great Recession with solid evidence. The SIP recommends more active and preventive welfare structures, considerable investments in childcare and resolute action in promoting equal opportunities and guaranteeing equal access to basic social services, such as education and healthcare, to be complemented with strong efforts to fight poverty and social exclusion and to enhance European citizens' wellbeing and quality of work and living conditions.

László Andor deserves full credit for putting social investment back on the table in hard economic times. However, as a strategy document, politically, the SIP remained hamstrung from the outset, when Andor and Secretary General Lieve Fransen made it clear to us as experts that the SIP report had to be endorsed by the entire Barroso II Commission. As any social investment reform agenda is premised on the idea of improving economic efficiency and social equity at the same time, social investment reform does not come cheap—at least not in the short term (Astor et al., 2017). Moreover, the budgetary context in the aftermath of the global financial crisis constrained the policy space for assertive investments, especially for EU member states in dire fiscal straits, such as Greece and Italy. Inevitably, in these countries, social investment reform was defeated by austerity, invoked by the Fiscal Compact regulation enacted right after the sovereign debt crisis.

By way of critical intervention, Frank Vandenbroucke, Bruno Palier and I backed the notion of the EU Social Investment Pact—not a package—of making long-term social investments and medium-term fiscal consolidation mutually supportive (Hemerijck & Vandenbroucke, 2012; Vandenbroucke et al., 2011). For the eurozone, my policy proposal is to discount social investments from the deficit rules in the reinforced SGP, in the areas of lifelong education, from early childhood to active ageing. Of course, any kind of ex-ante social investment, privileging fiscally troubled eurozone members, would be vetoed by the powerful DG ECFIN (Directorate-General for Economic and Financial Affairs) and the European Council. In other words, despite the Commission's renewed devotion to social investment and inclusive growth, the overriding macroeconomic focus on fiscal consolidation and cost-competitiveness was maintained.

The nomination of Jean-Claude Juncker as the new president of the commission culminated in the launch of the EPSR as a novel guiding template for EU social policy. Between 2014 and 2019, EU social legislation was revitalised, EU social dialogue resurfaced, consistent at the macro level with a more flexible interpretation of SGP parameters backed by heterodox ECB monetary policy. I did not play an active role in the EPSR. I had several encounters in 2016 with its major architect Allan Larsson, together with Frank Vandenbroucke in Brussels. In comparison with the SIP, the EPSR offers a considerably more positive understanding of European welfare provision, ranging from traditional social safety nets to capacitating social services. By invoking a moral language of 'rights', the Social Pillar departs in a noteworthy fashion from the more utilitarian 'social policy as productive factor' approach.

CONCLUSION

With the benefit of hindsight, the joint endeavour of social investment agenda setting, with so many engaged welfare scholars across Europe and beyond, I consider a qualified success. Over the past 25 years, EU employment and social objectives have become more ambitious and concrete. The proactive reorientation from fighting unemployment to levelling-up labour market participation, on the wing of the social investment turn, has resulted in significant declines in unemployment and overall improvements in the quantity and quality of employment. Starting with the EES (1997), the SIP (2013) and—more recently—the EPSR (2017), the EU, as a forum of policy exchange and deliberation, has been a vanguard in social investment policy diffusion. Since 2014, the EU directly (financially) supports member states in implementing social investment policies through the EU budget (e.g., Youth Employment Initiative, European Social Fund). Guidance on social investment reform through the nonbinding country-specific recommendations in the context of the European Semester has been strengthened (Bekker, 2017). The recently launched Recovery and Resilience Facility (RRF) further leverages EU fiscal solidarity to foster national social investment recalibration. In her intervention at the European Parliament, Commission president Ursula von der Leyen explicitly linked the RRF to the Social Pillar: '*As we overcome the pandemic, as we prepare necessary reforms* (...) *I believe it is time to also adapt the social rulebook. A rulebook that ensures solidarity between generations. A rulebook that rewards entrepreneurs who take care of their employees. Which focuses on jobs and opens up opportunities. Which puts skills, innovation and social protection on an equal footing*' (Von der Leyen, 2021).

Over this lengthy process, academic engagement with EU initiatives and institutions was pro-actively sought out. The early EU presidencies of the Netherlands (1997), Portugal (2000) and Belgium (2001), sponsored by ambitious social-democratic ministers, Ad Melkert from the Netherlands, Maria Joao Rodrigues from Portugal, and Frank Vandenbroucke from Belgium, relied on scholarship and research to strengthen the evidential base for social investment reform and diffusion. In hindsight, the social investment turn was truncated with setbacks along the way. It took a back seat after eastward enlargement. Across the rough patch of the Great Recession, László Andor kept the social investment flame alive. Hereafter social investment agenda setting shifted back to EU-level institutions, including the European Parliament, the Commission and many Brussels-based policy networks (Corti, 2022). From 2016 on, the Commission's social agenda refocused again on social investment, on the initiative of the cabinet of Commission President Juncker, with the EPSR. The leading convener, Allan Larsson, one of the earliest advocates of 'social policy as productive factor', saw to it that out of the 20 principles articulated in the 2017 EPSR, about a quarter are firmly anchored in social investment (European Commission, 2017). In terms of wider diffusion, Brussels-based think-tanks, such as the Centre for European Policy Research (CEPS), the European Policy Centre (EPC) and Observatoire Social Européen (OSE), began to organise workshops on social investment. By 2019, the Employment and Social Developments in Europe Report of the Commission devoted a special feature to social investment policy progress in an even-handed manner (European Commission, 2019). If ever there was a truthful coming together of academic 'puzzling' and political 'powering', in the words of Hugh Heclo (1978), the social investment turn generated an 'epistemic community' *avant la lettre*. I count myself extremely fortunate to have been able to contribute to this highly engaged endeavour of policy brokering.

In conclusion, long-term participation in social investment agenda setting across the EU taught me three lessons. First and foremost, ambitious policymakers and committed public officials are aficionados of reform ideas and policy analysis. The journey of social investment started with the political imperative of Third Way leaders to explore policy vistas alternative to the 'structural reform' imperatives on offer by the OECD and the IMF. They found cues in the writings of the late Tony Atkinson, Bea Cantillon, Gøsta Esping-Andersen, Maurizio Ferrera, myself and many more. An added advantage of our contribution was our comparative method. The policy options, defying the trade-off between equity and efficiency, that we put on the table were far more recognizant of the variegated social and institutional conditions across European welfare states than the traditional cost–benefit economic policy analysis of the OECD. By seeing the equity-efficiency trade-off in a different light, from a gendered life-course perspective, how the positive synergies of inclusive safety nets, work-life balance arrangements, lace with a lifelong commitment to education and training, reaped strong employment and poverty mitigation returns. Throughout this collective engagement, our political contribution has been to help redefine the closed problem definition of 'how much welfare state we can afford? of the late 20th century towards the more open question of 'what kind of welfare state?' is fit for purpose and sustainable in 21st-century Europe.

A second takeaway is that the EU institutional environment provided for an ideal brokering space in the saga, courageously raising the stakes for social investment, at a safe distance from contentious domestic welfare reform politics, especially in the early days when empirical evidence and research were not as strong as today. There is an element of 'patient politics' in force at the level of the EU (Ferrera, 2017). When national governments put together expert pension committees, they make sure that incumbant party experts participate. When EU institutions engage expert academics when putting together expert advisory councils, they tend to be less partisan. Also, because social policy is not a core competency of the Commission, experts are perhaps allowed to be somewhat more imaginative in these settings.

As I was finishing this contribution to the special issue, very recently, I was selected, together with a dozen European colleagues, as a member of the EU High-Level Expert Group on the Future of Social Protection and the Welfare State, with the former Greek EU Social Affairs Commissioner Anna Diamantopoulou (1999–2004) as chairperson. Our mandate is to present a report by the end of 2022 on Europe's welfare states in relation to the changing world of work, driven by digitalization, a shrinking working-age population and climate change. Obviously, I cannot anticipate the report, but based on the intermediary findings of my ongoing comparative research on well-being returns on social investment, I encourage the Expert Group to carefully explore the many positive synergy effects between inclusive social security *buffers*, lifelong human capital *stock* development, education and training from early childhood to active ageing, and gender-balanced labour market *flow* and family care, as central ingredients for resilient welfare state futures (Hemerijck, 2017).

This brings me to the third and final lesson, bearing on the discipline of comparative welfare state research. Academically, for me, intellectual engagement with policymakers, over the past decades, has strongly influenced my theoretical thinking and methods of knowledge production. Practical policymakers rely on tacit knowledge, questions of political-institutional feasibility, and normative framing proficiency, that we academics, steeped in methods directed towards quantitative generalisation, increasingly lack. For my research, especially the Advanced European Research Council (ERC) Grant WellSIRe-project (Wellbeing Returns of Social Investment Recalibration), I go as far as to contend that without the proactive engagement of EU institutions, Brussels-based policy networks, ambitious elected politicians and government officials, academic progress on the theory and the measurement of social investment returns, including my own, would have remained hamstrung.

ACKNOWLEDGEMENTS

This work has received funding from the European Research Council (ERC) under the European Union's Horizon 2020 research and innovation programme (grant agreement No. 882276).

DATA AVAILABILITY STATEMENT

Data sharing is not applicable to this article as no new data were created or analyzed in this study.

ORCID

Anton Hemerijck https://orcid.org/0000-0001-8695-1250

REFERENCES

Alesina, A., & Giavazzi, F. (2006). *The future of Europe: Reform or decline*. MIT Press.

Astor, E., Fransen, L., & Vothknecht, M. (2017). Social investment for a cohesive and competitive European Union. In A. Hemerijck (Ed.), *The uses of social investment*. Oxford University Press.

Bekker, S. (2017). Can European socioeconomic governance be social investment proof? In A. Hemerijck (Ed.), *The uses of social investment*. Oxford University Press.

Beramendi, P., Hausermann, S., Kitschelt, H., & Kriesi, H. (Eds.). (2015). *The politics of advanced capitalism*. Cambridge University Press.

Bouget, D., Frazer, H., Marlier, E., Sabato, S., & Vanhercke, B. (2015). *Social investment in Europe: A study of national policies*. European Commission.

Clasen, J., & Clegg, D. (Eds.). (2011). *Regulating the risk of unemployment: National adaptations to post-industrial labour markets in Europe*. Oxford University Press.

Corti, F. (2022). *The politicisation of social Europe: Conflict dynamics and welfare integration*. Edward Elgar Publishing.

De la Porte, C., & Natali, D. (2018). Agents of institutional change in EU policy: The social investment moment. *Journal of European Public Policy*, *25*(6), 828–843.

Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Polity Press.

Esping-Andersen, G. (1999). *Social foundations of postindustrial economies*. Oxford University Press.

Esping-Andersen, G., Gallie, D., Hemerijck, A., & Myles, J. (2002). *Why we need a new welfare state*. Oxford University Press.

European Commission. (2005). Working together for growth and jobs.

European Commission. (2013). Towards social investment for growth and cohesion—Including implementing the European Social Fund 2014–2020.

European Commission. (2017). The European Pillar of Social Rights in 20 principles.

European Commission. (2019). *Employment and social developments in Europe. sustainable growth for all: choices for the future of social Europe*. Publications Office of the European Union.

European Council. (2000). Presidency Conclusions, Lisbon European Council, SN 100/00.

Ferrera, M. (2005). *The Boundaries of Welfare: European Integration and the New Spatial Politics of Social Protection*. Oxford: Oxford University Press.

Ferrera, M., Hemerijck, A., & Rhodes, M. (2000). *The future of social Europe: Recasting work and welfare in the new economy*. Celta Editora.

Heclo, H. (1974). *Modern social politics in Britain and Sweden*. Yale University Press.

Hemerijck, A. (2013). *Changing welfare states*. Oxford University Press.

Hemerijck, A. & Vandenbroucke F. (2012). '*Social investment and the eurocrisis: the necessity of a unifying social policy concept*', Intereconomics, 47(4), 200-6.

Kok, W. (2004). *Facing the challenge: The Lisbon strategy for growth and employment*. Report from the high level group chaired by Wim Kok. CEC.

Lindh, T., & Palme, J. (2006). *Sustainable policies in an ageing Europe: A human capital response*. Institute for Futures Studies.

NESC. (2005). *The developmental welfare state*. National Economic and Social Council.

OECD. (1994). *The OECD jobs study: Facts, analysis, strategies*. OECD.

OECD. (2006). *Starting strong II: Early childhood education and care*. OECD.

OECD. (2007). *Babies and bosses: Reconciling work and family life*. OECD.

OECD. (2008). *Growing unequal*. OECD.

OECD. (2011). *Doing better for families*. OECD.

Scharpf, F. W. (1999). *Governing in Europe: Effective and democratic?*. Oxford University Press.

Scharpf, F. W. (2002). The European social model: Coping with the challenges of diversity. *Journal of Common Market Studies.*, *40*(4), 645–670.

Scharpf, F. W., & Schmidt, V. A. (Eds.). (2000). *Welfare and work in the open economy* (Vol. I and II). Oxford University Press.

Streeck, W., & Thelen, K. (2005). *Beyond continuity: Institutional change in advanced political economies*. Oxford University Press.

SZW. (1996). *The Dutch welfare state in economic and international perspective*. Dutch Ministry of Social Affairs and Employment.

SZW. (1997). *Social policy as a productive factor*. Dutch Ministry of Social Affairs and Employment.

Vandenbroucke, F. (2002). Foreword. In G. Esping-Andersen, D. Gallie, A. Hemerijck, & J. Myles (Eds.), *Why we need a new welfare state* (pp. i–xvi). Oxford University Press.

Vandenbroucke, F., A. Hemerijck, & B. Palier (2011). The EU needs a social investment pact, OSE Paper Series, Opinion Paper 5.

Visser, J., & Hemerijck, A. (1997). *A Dutch miracle: Job growth, welfare reform, and corporatism in The Netherlands*. Amsterdam University Press.

Von der Leyen, U. (2021). Speech by president von der Leyen at the European Parliament plenary on the presentation of the programme of activities of the Portuguese presidency of the council of the EU.

Wetenschappelijke Raad voor het Regeringsbeleid. (2006). *De Verzorgingsstaat Herwogen: Over Verzorgen, Verzekeren, Verheffen en Verbinden*. Amsterdam University Press.

Zeitlin, J. (2005). Conclusion: The open method of coordination in action: Theoretical promise, empirical realities, reform strategy. In J. Zeitlin, P. Pochet, & L. Magnusson (Eds.), *The open method of coordination in action: The European employment and social inclusion strategies* (pp. 447–504). Presses Interuniversitaires Européennes-Peter Lang.

How to cite this article: Hemerijck, A. (2022). Social investment agenda setting: A personal note. *International Journal of Social Welfare*, 1–10. https://doi.org/10.1111/ijsw.12532