The World Politics of Social Investment (Volume I): Welfare States in the Knowledge Economy

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THE WORLD POLITICS OF SOCIAL INVESTMENT (VOLUME I)

Welfare States in the Knowledge Economy

Edited by

JULIAN L. GARRITZMANN
SILJA HÄUSERMANN
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For our children
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ACKNOWLEDGMENTS

The knowledge economy is centered around the increasing productivity of skills, knowledge, and capabilities, and its determinants and consequences within and across countries around the world. And so is this book and its sister volume. The two books are the result of a large and truly collective endeavor that we could not have done without the immense scholarly work and input of our contributors from around the globe. The 52 contributors to the two WOPSI volumes ("World Politics of Social Investment") have taught us invaluable insights into the fascinating politics of welfare state reform in emerging and developed knowledge economies.

Needless to say, this also has been a challenging journey. From the start (around 2015), our project has been ambitious, aiming to descriptively map and analytically explain how and why policy-makers in such diverse contexts as Argentina, Estonia, Germany, Guatemala, Hungary, Sweden, Spain, Taiwan, or the United States reform their welfare states in different ways to make their countries fit for the knowledge economy. Our vision has been to create a coherent theoretical framework that is broad and general enough to be able to cover social investment reforms and their politics around the globe and over time, while at the same time being substantively meaningful and concrete enough to really grasp the particularities of policy-making in different contexts. We hope that this book as well as its sister volume deliver on these aims.

The two volumes offer two different, but complementary views on the politics of welfare state reform in the century of knowledge—and on social investment policies in particular. While Volume I focuses on the politics of social investment from the perspective of explanatory factors such as structural dynamics, collective political actors, welfare legacies, and institutions ("the independent variables"), Volume II is geographically organized (along the "dependent variables") and offers a systematic and comprehensive analysis of the politics of social investment focused on different world regions, from Nordic Europe, via Continental, Southern, Eastern Europe, North America, Latin America, to North East Asia. All chapters "speak the same analytical language" as they use, apply, and test the same theoretical framework. We are extremely thankful and deeply indebted to all contributors for helping us to develop and to apply this unified framework. Not least, we are thankful that all contributors bore with us during the lengthy process and multiple rounds of revisions that we asked everyone to do for the sake of coherence and uniformity.

We also owe gratitude to a large number of people who commented on first (or later) drafts of our framework and/or individual chapters. Moreover, several people helped us to organize various meetings. In particular, we wish to thank all participants of three larger conferences that we organized in Paris (in 2017 and 2018) and at the EUI (in 2018). At the EUI, Hanspeter Kriesi, Maureen Lechleitner, and Reto Bürgisser generously offered to act as our "local hosts" and made sure we had a wonderful and productive time in the *Badia Fiesolana*. Dorothee Bohle, Giuliano Bonoli, Helen Callaghan, Ellen Immergut, Jane Gingrich, and Anton Hemerijck offered highly valuable feedback on various parts of the project.

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16

THE POLITICS OF SOCIAL INVESTMENT IN THE KNOWLEDGE ECONOMY

ANALYTICAL INSIGHTS FROM A GLOBAL COMPARISON

Julian L. Garritzmann, Silja Häusermann, and Bruno Palier

16.1. INTRODUCTION

Welfare states around the globe are challenged by the transformation of industrial societies into post-industrial knowledge economies. While several welfare reform strategies are theoretically possible (see Chapters 1 and 2 in this volume), social investments with their focus on human skills and capabilities seem to be an obvious and appropriate welfare reform strategy to support individuals, families, and countries in this "great transformation". A look at different countries around the globe shows, however, that countries differ enormously in the welfare reform strategies they pursue in terms of the degree to which they have introduced and expanded social investments as well as regarding the type of established social investment policies. Some have even chosen not to follow a social investment reform strategy at all (for an overview, see Chapter 17 in Volume II [Garritzmann et al., 2022]).

The overall objectives of the World Politics of Social Investment (WOPSI) project and the two volumes that are its key outputs are, first, to provide an analytical approach that allows us to characterize, systematize, and describe the different reform strategies; second, to provide a systematic comparative and descriptive overview of the different welfare reform strategies, especially the different types

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of social investment reforms, in democracies around the globe; and, third, to explain this variation.

We collectively argue that politics is at the heart of these differences. As Palier et al. (Chapter 1 in this volume) and Häusermann et al. (Chapter 2 in this volume) explain, we theorize that in order to understand and explain the empirical variety of social investment policies, we need to analyze how collective political actors and (new) social political demands interact with policy legacies and institutions, resulting in different processes of politicization and of coalition-building between protagonists and consenters of social investment (or antagonists that oppose social investment). In presenting the theoretical framework underpinning our research (see Chapter 2 in this volume]), we argued that the interaction of legacies, socioeconomic factors, and social demand for social investment is likely to shape the politicization of social investment, while the corresponding reform coalitions are especially crucial in shaping the actual reforms.

The empirical contributions show that in this regard differentiating the functions and distributive profiles of social investment is important because it appears that the factors shaping politicization are more influential in affecting which *functions* of social investment are politicized, while the reform coalitions are crucial in order to understand the resulting *distributive profiles*. Figure 16.1 offers a graphical recap of the argument, originally illustrated in Figure 2.1 but now "empirically enriched" in the sense that it highlights those factors that our research found to be important in the politics of social investment.

More specifically, we posed seven analytical research questions in the introduction to this volume (see Chapter 1):

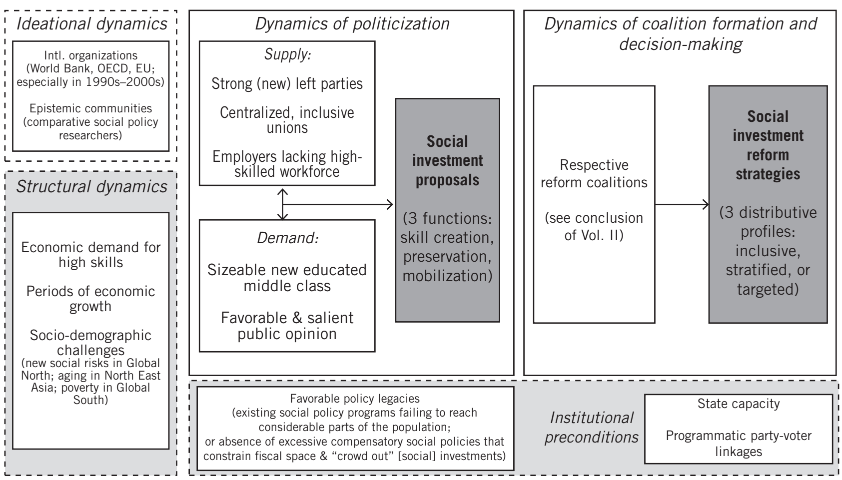

Figure 16.1 The politics of social investment: A graphical summary of our theoretical framework enriched by empirical findings.

1) *Classifying social investment proposals and reforms*: How can we conceptually distinguish, characterize, systematize, and describe different social investment policies? Do all social investment policies follow the same political logic, or are there systematic differences?
2) *Social demand*: What are the public/social demands for social investment? Which social groups have a stake in social investment policies? Who are the politically relevant social groups? What do they want? And under what conditions do they get what they want?
3) *Collective actors*: Who are the protagonists, antagonists, and consenters of social investment proposals or reforms? In particular, we focus in this chapter on the following questions: What do collective actors want? And under what conditions are collective actors protagonists, antagonists, or consenters of (different types of) social investment?
4) *Socioeconomic and institutional scope conditions*: What role do structural dynamics play in the politics of social investment? What are the scope conditions for (successful) social investment reforms? How do political institutions shape the politics of social investment?
5) *Salience*: How politically salient are social investment proposals, programs, and reforms (overall and relative to other welfare reform strategies), and how does this affect the politics of social investment?
6) *Policy legacies*: Are welfare state legacies influential? If so, how? Do they facilitate, slow, or block reforms?
7) *Coalition formation dynamics*: Which political coalitions are relevant for the adoption of social investment reforms? Which types of coalitions lead to which types of social investment reforms?

Drawing on all the findings presented in both volumes, this chapter aims to provide systematic answers to the first four questions. The conclusion of Volume II (Chapter 17 [Garritzmann et al., 2022]) will answer the remaining research questions by providing a descriptive overview of reform strategies around the globe and will summarize what we have learned about the role of politicization and salience, about policy legacies, and about how different reform coalitions lead to different policy outputs.

While both volumes examine the politics of social investment around the globe, the present volume is more oriented around the "independent variables" (i.e., collective actors, social demands, and political and socioeconomic scope conditions), whereas the second volume takes the perspective from the "dependent variables" (i.e., investigating the different welfare reform strategies region by region). Thus, the present volume predominantly asks, what is the role of factor X? (e.g., state capacity, democracy, or trade unions), whereas Volume II asks, what were the politics of welfare reforms in region Y? Of course, both volumes speak to all of our research questions. However, since they emphasize different perspectives and focal points, we split answering the questions *systematically* between the two conclusions.

In order to avoid excessive length, we refrain from summarizing each chapter individually and jump straight to a comparative analytical discussion of what we have learned from the global perspective about the politics of welfare states in the knowledge economy. We start by discussing our typology of nine types of social investment in detail, before moving to social demands and collective actors. Before concluding with thoughts about the prospects for social investment, we discuss how socioeconomic and institutional scope conditions affect our arguments and findings, which are particularly relevant in a broad global comparison such as ours.

16.2. ANALYTICAL INSIGHTS: WHAT HAVE WE LEARNED?

16.2.1. Classifying social investments

Our WOPSI project conceptualizes social investment as policies that aim to "create, preserve, and mobilize human skills and capabilities" (see Chapters 1 and 2 in this volume). This definition—explicitly and intentionally—covers a potentially wide range of policies, from early-life interventions (e.g., early childhood education and care policies or parental leaves) to education policies, some family policies, work–life balance policies, conditional cash transfers, active labor market policies, and lifelong learning, to name but some of the best-known programs.

How can we conceptually systematize and distinguish different social investment policies? The existing literature on social investment usually has treated social investments as a single concept or "paradigm." Sometimes two "variants" are distinguished, a "Nordic version" and an "Anglo-Saxon third way version," with the former seeing social investment and social compensation as complementary and the latter regarding them as substitutes (Hemerijck, 2017; Morel et al., 2012). Yet this distinction is more about how social investment policies interact with other social policies and less about variation within the set of social investment policies. This is especially visible in the many normative discussions about social investments, such as the discussions about "Matthew effects," where the assumption is that all kinds of social investment policies are normatively questionable because they apparently benefit the already better-off (Cantillon, 2011; Nolan, 2013).

By contrast, our research results demonstrate empirically that, while social investment should indeed be regarded as one welfare reform strategy and one welfare paradigm on the basis of the mechanisms it relies on, we need to distinguish different types of social investment policies in order to be able to recognize and acknowledge the empirical variety of approaches and their respective political logics. More specifically, we have learned from cross-regional and cross-national comparison that it is helpful to distinguish *nine different types* of social investment policies as they pursue distinctive immediate goals and result in different outcomes. We propose to differentiate social investments along two dimensions: their *functions* (skill creation, skill mobilization, or skill preservation) and their *distributive profiles* (inclusive, stratified, or targeted), resulting in nine types of social investments, as shown in Table 16.1 and originally introduced in Chapter 1 in this volume.

Combining both dimensions leads to nine types of social investments, which—as the global comparison shows—is helpful because each type follows a different political logic and results in different outcomes. For one, this differentiation helps to take descriptive stock of social investment efforts around the globe. The broad comparison teaches us that while many countries around the world have established social investments, these are of very different types. For example, simplifying greatly we could say that while countries in the Global South have concentrated more on skill creation policies (often in a targeted form), countries in the Global North have combined skill creation (especially with early-years interventions), skill mobilization, and skill preservation policies; but with very different distributive profiles (more inclusive in Nordic Europe, largely stratified in Continental and Central and Eastern Europe as well as in North East Asia, and targeted in most of North America).

At the same time, the differentiation is important because it reflects the varied impact of socioeconomic and political factors on the politics of these policies. For example, while parties of different leanings have established social investment policies, the types of social investment policies they have chosen to support vary quite systematically, with left-wing and social liberal parties often pushing for inclusive social investment policies, whereas Christian democratic parties (and conservative parties to some extent) foster social investments in a stratified form. To mention another example, while women are found to be generally more supportive of social investment, they are particularly supportive of skill

Table 16.1 Nine types of social investment strategies

Distributive profile / **Function**	Inclusive social investment	Stratified social investment	Targeted social investment
Creation of skills and capabilities			
Mobilization of skills and capabilities			
Preservation of skills and capabilities			

mobilization and skill preservation policies (Garritzmann & Schwander, 2021; see also Footnote 2 below).

We argued in the theoretical framework of this volume (see Chapter 2) that the interaction of legacies, socioeconomic factors, and social demand for social investment is likely to shape the politicization of social investment, while especially the respective reform coalitions are crucial in shaping the respective reforms. The empirical contributions show that in this regard differentiating the functions and distributive profiles of social investment is important because it appears the factors shaping the politicization are more influential in affecting which *functions* of social investment are politicized, while the reform coalitions are crucial in order to understand the resulting *distributive profiles*.

The differentiation of nine types of social investment implies that, more often than not, it will be misleading to make general statements about social investments (such as "social investments create Matthew effects" or "women support social investments" or "unions support social investments") because whether or not these statements are true depends on the respective types of social investments. The distinction is also crucial when trying to understand the role of specific political or socioeconomic factors in the politics of social investment (as this volume does) as well as when analyzing the politics of social investment in particular regions (as volume II does).

16.2.2. The role of social demands and public opinion in the politics of social investment

What are people's attitudes toward social investment? Which social groups demand and support social investment reforms, and who are the main opponents? Do people in different country contexts have similar preferences, or do attitudes vary systematically across world regions? Under what conditions does public opinion matter for the politicization of social investment and for policymakers to be responsive? Several chapters in both volumes of the WOPSI project address these questions, most explicitly the comparative analysis of Bremer (Chapter 12 in this volume) as well as Busemeyer and Garritzmann (Chapter 3 in Volume II [Garritzmann et al., 2022]) for Western Europe and Hong et al. (Chapter 11 in Volume II [Garritzmann et al., 2022]) for North East Asia. Together, these chapters provide a consistent and systematic overview on (the role of) public opinion in the politics of social investment. Here, we highlight five core findings.

First of all, and most fundamentally, people do hold (rather) consistent preferences toward social investment. Furthermore, attitudes toward social investment are distinct from attitudes toward other welfare strategies such as social compensation or workfare. Indeed, people hold multidimensional welfare preferences. This finding appears in Busemeyer and Garritzmann's (Chapter 3 in Volume II [Garritzmann et al., 2022]) detailed analysis of Western Europe using principal component analysis (see also Fossati & Häusermann, 2014;

Garritzmann et al., 2018), as well as in Bremer's (Chapter 12 in this volume) comparison of several policy areas in Western, Central, and Eastern Europe, Latin America, and North- and Southeastern Asia. That people's views on social investment differ from their views on other welfare reform strategies is important because it shows that social investment policies follow a distinct political logic. Therefore, the finding substantiates the theorization of current welfare politics as multidimensional and open to varying coalitional dynamics.

Second, Bremer (Chapter 12 in this volume), Busemeyer and Garritzmann (Chapter 3 in Volume II [Garritzmann et al., 2022]), and Hong et al. (Chapter 11 in Volume II [Garritzmann et al., 2022]) analyze the lines of conflict over social investment in order to understand which social groups are supportive of or opposed to social investments. They conclude that we can clearly identify groups supportive of social investment, as well as groups that are more or less explicitly critical of social investments. Social investment support is particularly strong among the new educated middle class and individuals identifying with the political left (economically and/or socially)[1] and tends to be stronger among younger people, women,[2] and trade union members. While this pattern emerges most strongly in Western Europe, it also appears in Central and Eastern Europe, Latin America, and North and Southeastern Asia, with some important qualifications (discussed in the following paragraphs).

The lowest support for social investment, in contrast, is found among the traditional working class ("production workers") and among people who identify as both economically right wing and socially right wing (i.e., traditionalist, authoritarian, nationalistic), who electorally often vote for radical right populists. This is one reason why radical right populist parties are the most vocal opponents of social investment policies in many countries (see Chapters 2 and 8 in Volume II [Garritzmann et al., 2022]).

A third important insight is that these generalized findings require some qualification. While similar patterns can be identified across countries, important variations in both the lines of conflict over and the degree of support for social investment are noteworthy across contexts (Chapter 12 in this volume). The social cleavages over social investment are clearest and most pronounced in Western Europe (particularly Nordic and Continental Europe), arguably because these countries have among the strongest policy legacies in social compensation; as such, the policy and fiscal trade-offs of social investment expansion might be

1. This is true on both the economic and the social dimensions (see also Garritzmann et al., 2018), as well as for both mainstream and radical left voters (see Häusermann et al., 2020).
2. But see the nuanced discussion in Garritzmann and Schwander (2021), who show that women are particularly supportive of skill mobilization and skill preservation policies and less so of additional skill creation policies, arguably because—especially in younger generations—women tend to be more highly skilled than men but still have more difficulties as they de facto carry the dual burden of work and family life. Accordingly, they benefit less from additional skill creation policies but more from skill mobilization and preservation policies.

most visible and articulated, leading to clearer lines of conflict. In regions with less established compensatory legacies, such a trade-off between social investment and social compensation is less pressing, as discussed in Chapter 13 in this volume. While similar patterns appear in all world regions we studied, Bremer's (Chapter 12 in this volume) comparative analysis concludes that

> preferences for social investment appear more context-dependent than preferences for transfer-oriented social policies: The lower social classes are the core supporters of pension spending across all regions . . . but the support coalition for social investment is less clearly defined in some regions. . . . In Latin America, and to a lesser extent in Southern and Eastern Europe and Asia, it is difficult to make out any clear champions for social investment in the first place.

Along these lines, Hong et al.'s (Chapter 11 in Volume II [Garritzmann et al., 2022]) detailed study shows that, while there is increasing support for social investment policies in North East Asia, it is difficult to identify clear-cut advocates and opposition groups in public opinion, especially in Korea and Japan (but distinct groups are visible in Taiwan).

Fourth, social investment reforms are generally popular and often achieve higher public support levels than does the expansion of other welfare reform strategies (social compensation or workfare). This is particularly true for education policy (which receives very high support levels in many countries) but also for other social investment areas. Moreover, as Hong et al.'s longitudinal analysis shows, public opinion has become more supportive of social investment expansion, even among males in North East Asia, who arguably constitute an unlikely support group in several respects.

Again, this finding on the high popularity of social investment comes with provisos. The first is that the degree of public support for social investment differs across regions. One reason for this is policy legacies and the respective types of capitalism. Another, related reason is that the relative size of the different social groups differs. Since the new educated middle class is simply (much) larger in Northern and Continental Europe than in Southern, Central, and Eastern Europe, North East Asia, and Latin America, it is not surprising that the level of support for social investment measured at the country or regional level would be higher (see Chapter 12 in this volume; Beramendi et al., 2015). The second proviso stems from the fact that this high popularity mainly holds for unconditional survey questions; as soon as policy or fiscal trade-offs are acknowledged (e.g., "an expansion of social investment would come at the expense of higher taxation or cutbacks of social compensation"), public support drops to lower levels (see Chapter 3 in Volume II [Garritzmann et al., 2022]; see also Busemeyer & Garritzmann, 2017; Häusermann et al., 2020). This means that the degree to which and the way social investment reforms are politicized and framed in the public debate affect what role public opinion plays in the politics of social investment. For example, while there appears to be high and widespread support for social investment policies in Southern Europe, this support weakens significantly when respondents are reminded of the costs of such policies. Along these lines, Ronchi and Vesan (Chapter 5 in Volume II [Garritzmann et al., 2022]) and Bürgisser (Chapter 4 in Volume II [Garritzmann et al., 2022]) show how social investment reform efforts were aborted in many instances when fiscal constraints became tighter. Moreover, as we discuss next, how public opinion affects reforms will depend on the saliency of the issue and respondents' welfare priorities.

The fifth core finding relates to the question, under what conditions do people's preferences matter for the politicization and the policymaking process of social investments? Busemeyer and Garritzmann (Chapter 3 in Volume II [Garritzmann et al., 2022]) argue that the influence of public opinion vis-à-vis other political forces depends on two factors: 1) the political salience of an issue and 2) the degree of consensus among the public on that issue. Public opinion matters the most when an issue is salient among the general public, and a large majority of people agrees on the direction of the reforms, what Busemeyer et al. (2020) term "loud politics." The influence of public opinion is smallest under "quiet politics," that is, when an issue is not salient (Culpepper, 2010), in which case organized interests are much more influential (see also Chapters 9–11 in this volume). In a third scenario of "loud but noisy politics," public opinion is loud enough to propel an issue onto the political agenda; but if people do not agree on the direction of policy reforms, the signal becomes noisy and the direction of reforms will depend on the partisan makeup of government. Hong et al. (Chapter 11 in Volume II [Garritzmann et al., 2022]) demonstrate that this reasoning helps explain variation in the politics of social investment in North East Asia as the influence of public opinion has varied depending on salience, the strength of the supporting coalitions, and policy legacies. Moreover, in addition to this "direct" influence, public opinion can indirectly affect the politics of social investment, as Estévez-Abe and León (Chapter 14 in this volume) and Hong et al. (Chapter 11 in Volume II [Garritzmann et al., 2022]) show. They argue that public opinion mattered because the electoral institutions created incentives for policymakers to be responsive to (parts of) public opinion, leading to intensified partisan competition over social investment, which ultimately triggered social investment expansions.

16.2.3. The role of collective actors in the politics of social investment

What is the role of collective actors such as political parties, trade unions, employer organizations, and international organizations in the politics of social investment? Who are the protagonists, antagonists, and consenters of social investment proposals and reforms? We answer these questions both in the next paragraphs and in the conclusion of Volume II (Chapter 17 [Garritzmann et al., 2022]). Here, we focus on the following questions: What do collective actors want? Under what conditions do their preferences matter for reform outputs? In the conclusion of Volume II, we provide additional insights by reporting on who the actual protagonists, consenters, and antagonists were in specific reforms in specific regions.

Before delving into the account of distinctive actor types, we start with four general observations. First, the project's worldwide analysis reveals that—unlike what simpler theories assume—the preferences, strategies, and influence of collective actors are not fixed and stable across time and space but are rather contingent on specific contexts, particularly policy legacies and political institutions, as well as on characteristics of the respective policy issue such as its political salience. This is yet another reason why legacies feature so prominently in our theoretical framework and analysis. Therefore, rather than asking what does actor X want?, we prefer the more nuanced question, under what conditions is actor X a social investment protagonist, antagonist, or consenter?

A second general observation is that all collective actors have different, partly contradictory motives, leading to trade-offs both for themselves and in their interaction with other actors. For example, as has been shown for a long time in political science, political parties aim to simultaneously maximize their policy impact, vote share, and to seek office, which can lead to "hard choices" for parties when several of these goals collide (Müller & Strøm, 1999). Similarly, organized interest groups such as employer associations and labor unions are torn between different logics (e.g., a logic of membership and a logic of influence) (Schmitter & Streeck, 1999). Understanding these trade-offs helps us to understand the—sometimes counterintuitive—positioning, strategic negotiation, and influence of collective actors. It is this range of motivations that underlies the significance our theoretical account places on political decision and agency.

A third insight is that no collective actor in any democratic country analyzed here has fully achieved its preferred policy. While this might sound trivial, it reminds us that all political actors have to make concessions because they are rarely in the position of holding the majority and are involved in constant negotiations and power struggles with other collective actors and legacies. This inevitably leads to "less pure" policy packages (as discussed in Chapter 17 in Volume II [Garritzmann et al., 2022]). As mentioned by Esping-Andersen (1990) for compensatory social policies, class politics of the welfare state are most often politics of class coalitions (see also Häusermann, 2010; Manow et al., 2018). This is no different for the politics of social investment.

Fourth, the analysis shows that actors seek to exercise influence at several points during the policy cycle: They aim to influence a) the politicization of social investments (the degree as well as the framing of the discussion, as analyzed in Chapter 17 in Volume II [Garritzmann et al., 2022]), b) the reform process and the design of the resulting policies, and c) the policies' implementation process.

For example, as Pavolini and Seeleib-Kaiser (Chapter 9 in this volume) describe, employers in Germany helped to politicize and lobby for inclusive dual-earner, dual-care family policies as social investment protagonists during the politicization and reform stage; employers in the United Kingdom aimed to influence the reform process and watered down some social investment policies during the policy implementation period; and employers in Italy paid lip service to the expansion of social investment during the politicization process and acted as (partial) social investment consenters during the reform and implementation phases. While our research systematically examines the first two elements (politicization and reform coalitions), we shed less systematic light on the implementation period, which, accordingly, might be a rewarding field for future research.

Next, we look in more detail at the role of a selection of actors, starting with international organizations and then moving to political parties, unions, and producer groups.

16.2.3.1. International organizations

What role have international organizations played in developing and disseminating social investment ideas? How and when have international organizations contributed to the politicization of social investment? In this volume, Jenson and Mahon (Chapter 3) and de la Porte and Palier (Chapter 4) answer these questions by tracing the ideational dynamics of social investment and studying how the social investment paradigm has emerged in three powerful international organizations. Jenson and Mahon analyze the Organisation for Economic Co-operation and Development (OECD) as particularly influential for the Global North and the World Bank for the Global South, and de la Porte and Palier focus on the European Union, particularly the European Commission.

Both chapters focus on these powerful international organizations for several reasons. In line with a sizable literature, they argue that the OECD, the World Bank, and the European Union are influential actors despite the fact that they (especially the OECD and the World Bank) usually cannot directly affect countries' policymaking processes. They are nonetheless crucial actors because they develop and transfer knowledge and expertise between countries, are highly visible and vocal actors giving policy recommendations, and (especially the World Bank and the European Union) provide resources to countries to follow through with their agenda. These international organizations thus are crucial in the development and dissemination of policy ideas, such as those on social investment. Moreover, they (can) support domestic social investment protagonists by providing expertise, resources, and additional legitimacy. Besides ideational influence, the international organizations can in some circumstances also directly affect policymaking, for example, by providing resources or by tying conditions to those resources. Indeed, as several chapters in these volumes show, international organizations have indeed been important for the development of social investments, especially in Central and Eastern Europe and Latin America.[3]

A first major takeaway that both chapters highlight is that ideas have not "just emerged" from nowhere. Rather, ideas and the specific understandings and conceptualizations of social investment are the result of tough and continuous intellectual and political battles between different groups with different interests within these international organizations. In short, the ideational dynamics of social investment are full of politics, and the development and dissemination of social investment are highly political processes. In line with our theoretical framework (see Chapter 2 in this volume), the policy ideas that the OECD, the World Bank, and the European Union have developed, proposed, and disseminated are the results of interactions between protagonists, antagonists, and consenters of social investment within these organizations and across their member nation states.

Indeed, neither the OECD nor the World Bank nor the European Union should be treated as a coherent, monolithic, unitary actor with a single policy goal and an unambiguous and consistent understanding of social investment. Rather, there are strong and diverse subgroups within each organization that push for different policy goals, different policy instruments, and different framings of social investment. Within the OECD, for example, the Economics Department; the Directorate of Employment, Labor, and Social Affairs; and the Education Directorate lobbied for very different versions of social policy in general and social investments in particular; and we can only understand the resulting policy proposals by delving into these intra-organizational discussions (see Chapter 3 in this volume). Thus, talking about the ideas and the roles of "the" OECD, "the" World Bank, or "the" European Union can be misleading as these international organizations are not coherent unitary actors, and their positions, proposed policies, and policy framings have changed over time as a result of intra-institutional dynamics.

Furthermore, context, in particular the macroeconomic environment, has significantly affected the positions of all three international organizations because changing contexts have shifted the balance of power of different groups and the respective dominant ideas within these international organizations. To name but two important examples, the 1997 financial crisis in Asia and Latin America put into question the neoliberal views of the international organizations recommending reforms in the Global South and led to a progressive turn toward the social investment perspective; later, the financial crisis that began in 2007–2008 and the subsequent Great Recession have partly shifted the focus and

3. See Chapters 7–9 in Volume II (Garritzmann et al., 2022) on Central and Eastern Europe and Chapter 13 in this volume and Chapters 14–16 in Volume II (Garritzmann et al., 2022) on Latin America.

relative salience that these organizations placed on social investments toward a broader agenda of inclusive growth, which nevertheless continues to include some of the social investment perspective (see Chapter 3 in this volume).

A second major takeaway regarding the role of international organizations is that from the start and until the present day, social investment has been framed and used by these organizations mainly in order to achieve economic goals, particularly economic growth. The mandates of the OECD and the World Bank, and to a considerable degree the European Union, follow an economic imperative. While social goals have also become more prominent in all three organizations, they often have been secondary to economic goals. More concretely, as Jenson and Mahon (see Chapter 3 in this volume) show, social investment as a policy paradigm only gained traction in the OECD and the World Bank once other policy approaches had failed to deliver on economic growth; these organizations as well as national policymakers thus started looking for new policy ideas to foster growth. The ambiguity of the notion of "investment" was the key to winning over economically oriented actors within these institutions. The same is also true in the European Union, where the European Union could endorse important social policy action only when it was presented as a "productive factor" (see Chapter 4 in this volume). All three organizations have thus framed social investments particularly with reference to economic goals.

A closer look at the specific types of social investment policies that the three organizations have proposed reveals a third crucial takeaway: All three have taken strong and clear positions on the different *functions* of social investment but largely left discussion on the *distributive profiles* to national policymakers. That is, the OECD, the World Bank, and the European Union have emphasized skill creation, skill mobilization, and skill preservation policies to different extents and at different times and designed policy packages that highlight these functions. Yet, they have not engaged much with the distributive profiles that the policies implemented in the different member states have taken (i.e., whether these are inclusive, stratified, or targeted).[4] More concretely, the World Bank has focused on skill creation policies, the OECD on skill mobilization and some skill creation policies, and the European Union on skill creation and skill mobilization policies. That is, the international discourse has been dominated by a focus on skill creation in the Global South, whereas in the Global North emphasis was placed on skill creation and skill mobilization, especially on integrating women to a higher degree in the labor market. Skill preservation in either region is hardly on the agenda of these international organizations.

A fourth insight is that the timing of the emergence and development of social investment ideas is highly similar across all three organizations. Initial ideas had

4. A partial exception was the World Bank's emphasis on targeted social (investment) policies to combat poverty, which over time, however, have become more inclusive as part of their "inclusive growth" agenda.

emerged in the OECD, the World Bank, and the European Union already in the (late) 1980s; but they became more prominent during the 1990s, partly as a result of the declining belief in the "Washington Consensus" (see Chapter 3 in this volume) and partly—in the EU—because of a shift from center-right to center-left governments in several EU member states (see Chapter 4 in this volume). During the first decade of the 21st century, social investment ideas gained momentum in all three organizations, backed by powerful protagonists both on the international level and within pivotal member states. With the onset of the global financial crisis and Great Recession, however, the relative salience of social investment declined again as countries and international organizations have concentrated on macroeconomic policies, social protection, and fiscal consolidation, with social investment hardly being considered as a potential policy solution to these socioeconomic problems. In the late 2010s, as Jenson and Mahon (see Chapter 3 in this volume) show, social investment ideas have been merged into another, partly broader policy paradigm around the idea of "inclusive growth." While the core ideas of the social investment paradigm remain very present in the "inclusive growth initiative," the focus has shifted more toward inequality as an inhibitor of economic growth; and the range of policy tools to achieve these goals has widened, moving beyond policies that aim at creating, preserving, and mobilizing human skills and capabilities.

That is, the definition and understanding of social investment, as well as the relative salience of social investment vis-à-vis other policy paradigms (e.g., "liberalization and privatization," "fiscal consolidation," "social protectionism"), have changed repeatedly over time. De la Porte and Palier (Chapter 4 in this volume) tellingly characterize this process of constant redefinition within the European Union as an "incremental metamorphosis" because the understanding of social investment has gradually become broader, more encompassing, and more salient (with a decline, however, since the global financial crisis).

16.2.3.2. Political Parties

Which political parties are protagonists, antagonists, and consenters of social investment and under what conditions? And what kinds of social investment policies, if any, do they support? Our research addresses these questions by studying the preferences, strategies, and behavior of political parties in various parts of the globe. Drawing on this empirical material, a general pattern emerges.

In countries of both the Global North and the Global South and in both democracies and non-democracies, the political left—especially new left parties (i.e., left parties that place particular focus on left-libertarian social progressive values, including green and ecological as well as gender issues [see Kitschelt, 1988])—can generally be regarded as the most vocal and most consistent protagonist of social investment policies, particularly of inclusive social investments and of a more encompassing social investment approach that introduces skill creation, skill mobilization, and skill preservation policies. The large-*N* macro-comparative quantitative chapters by Barrientos (Chapter 5 in this volume), Chen and Kitschelt (Chapter 6 in this volume), and Huber et al. (Chapter 13 in this volume) show that the presence of (strong) left parties in government ceteris paribus increases the likelihood of social investment reforms being enacted. The same finding emerges in the detailed qualitative process-tracing comparative case studies in both volumes, especially Horn and van Kersbergen (Chapter 2 in Volume II [Garritzmann et al., 2022]), Bürgisser (Chapter 4 in Volume II [Garritzmann et al., 2022]), Rossel et al. (Chapter 16 in Volume II [Garritzmann et al., 2022]), de la Porte and Palier (Chapter 4 in this volume), Huber et al. (Chapter 13 in this volume), and Morgan (Chapter 15 in this volume). These chapters also show that, whereas all left parties in general are social investment protagonists, the degree to which they prioritize social investment vis-à-vis social compensation differs (in situations where these trade-offs occur), with new left parties favoring social investments and radical and traditional left parties favoring social compensation, arguably due to their different electorates.

That said, a few qualifications are also in order as the partisan politics are more complex than a simple left–right perspective would suggest. To start with, the global comparison teaches us that the partisan politics of social investment differ to some degree across contexts and regions, mostly because of predominant policy legacies and institutional factors. In some contexts, especially in North East Asia, in Latin America, and in Central and Eastern Europe, such partisan differences are hard to discern at first glance. For instance, Huber et al.'s (Chapter 13 in this volume) finding that both left and right parties in Latin America have introduced and expanded social investment policies, especially conditional cash transfers, seems to indicate that there are few partisan differences. The same is true for North East Asia: On the surface, Shim's (Chapter 10 in Volume II [Garritzmann et al., 2022]) analyses of the parliamentary and media agenda might give the impression that social investment is a "problem-driven valence issue" adopted by policymakers of the left and the right. Relatedly, it also appears surprising initially that, like their right-wing counterparts, many left-wing parties in Central and Eastern Europe have been relatively skeptical about social investments, especially public early childhood education and care. A historical perspective can explain this, though: Because of the Soviet legacy of extensive state dominance, several social investment policies, particularly public childcare, are perceived as "forced commodification" or "forced defamilialization" by both elites and the general public.

However, a closer look at these regions and around the world reveals that despite seemingly similar attention to and a similar degree of politicization of social investments, different political parties have promoted very different types of social investment (another reason that distinguishing social investment types is crucial). Indeed, political parties have mattered for social investment policies in all world regions. But how they have mattered varies in at least four noteworthy respects.

First, as several chapters report, even if governments of different ideological leanings introduce similar numbers of bills, the distributive profile of social investment policies differs under different party coalitions. Social investments under left-wing governments tend to be more inclusive in their distributive profile, while social investments under right-wing governments tend to take a targeted or stratified form.[5] The same pattern is found in the strictness of requirements attached to conditional cash transfers (Chapter 16 in Volume II [Garritzmann et al., 2022]), which have become the cornerstone of many Latin American countries' welfare reform strategies.

Second, as Morgan's chapter on the quality of childcare (Chapter 15 in this volume) demonstrates most clearly, left and right parties differ in the degree to which their social investment strategies are comprehensive and emphasize quality. Right-wing governments tend to concentrate only on the skill mobilization function of childcare policies, whereas left-wing governments appear to pay more attention to a combination of skill mobilization and skill creation through more emphasis on the quality of childcare (see also Chapter 14 in Volume II [Garritzmann et al., 2022], for Latin America). Similarly, Altamirano and Zárate-Tenorio (Chapter 11 in this volume) explain that right-wing Latin American governments' provision of early childhood education and care has remained highly stratified and, for poorer social strata, of low quality (i.e., not capacitating).

Third, left parties tend to place much more emphasis on the social dimension of social investments, whereas right parties focus on their economic dimension. This is especially evident in the framing of and justification for the policies but also in the actual reforms (see Chapter 10 in Volume II [Garritzmann et al., 2022]).

Fourth, left-leaning political parties typically follow through with the social investment agenda not only by proposing and enacting social investment proposals and bills but also by providing the necessary services to make social investments effective. In Hemerijck's (2018) terms, left parties make sure to provide the necessary "institutional complementarities" for the "social investment life-course multiplier" to work. Huber et al. (Chapter 13 in this volume) trace this pattern clearly for the case of conditional cash transfers in Latin America and the complementary public services needed to implement these conditions.

Moving beyond the simple left–right dichotomies, distinctive patterns also emerge when looking at the roles and strategies of established party families. For example, several chapters show that *socialists*, *social democrats*, and *social*

5. See, for example, the chapters on Western Europe (Chapters 2–4 in Volume II [Garritzmann et al., 2022]), on Latin America (Chapter 13 in this volume and Chapters 14–16 in Volume II [Garritzmann et al., 2022]), and on North East Asia (Chapter 14 in this volume and Chapters 10–13 in Volume II [Garritzmann et al., 2022]).

liberals—especially new left parties (placing particular focus on left-libertarian social progressive values, including green and ecological as well as gender issues [see Kitschelt, 1988]) with electorates among or reaching out to voters of the new middle class—have been core protagonists of countries' social investment efforts, partly for ideological reasons as well as because of social demand from their electoral base.[6] The pattern is most visible in Nordic Europe, where these parties have been dominant in government (see Chapter 2 in Volume II [Garritzmann et al., 2022]), but also appears in entirely different contexts, for example, in Korea (see Chapter 13 in Volume II [Garritzmann et al., 2022]) and in the Baltics (see Chapter 7 in Volume II [Garritzmann et al., 2022]). Moreover, this relationship is visible not only at the national level but also at the regional level (e.g., as Prentice & White, Chapter 6 in Volume II [Garritzmann et al., 2022], show on the Canadian subnational level; see also Kleider et al. [2017] and Garritzmann et al. (2021) for a comparative regional analysis), as well as on the supranational EU level (see Chapter 4 in this volume). This finding is also mirrored in Busemeyer et al.'s (2013) analysis of party manifestos, which indicates that especially socialist, social democratic, and social liberal parties have placed particular emphasis on social investments in their manifestos, leading to a greater degree of politicization over time.

Christian democrats, in contrast, have continued to place more emphasis on compensatory social policies (and partly retrenchment and fiscal austerity) and have—for a long time—paid less attention to social investment, particularly to its dual-employment, dual-career model, which was perceived to be at odds with Christian democrats' preferred male-breadwinner ideal. This was the case until the first or even the second decade of the 21st century, for example, in Germany, Ireland, Chile, the Netherlands, Switzerland, Spain, and Austria, to name but a few prominent examples (see Chapters 3 and 5 in Volume II [Garritzmann et al., 2022] and Chapter 15 in this volume). More recently, however, several prominent Christian democratic parties (such as the German Christian Democratic Union [CDU]/Christian Social Union [CSU]) have undergone a modernization process, often for electoral reasons, aiming to appeal more to female voters (see, e.g., Morgan, 2013; Schwander, 2020) and became consenters or even protagonists of social investment. When the party was in office, the resulting policies frequently took a stratified form, benefiting particularly middle-class

6. This appears both in the macro-quantitative large-*N* comparative chapters by Barrientos (Chapter 5 in this volume), Chen and Kitschelt (Chapter 6 in this volume), and Huber et al. (Chapter 13 in this volume) as well as in the quantitative text-based analyses of parliamentary and media agendas in North East Asia (see Chapter 10 in Volume II [Garritzmann et al., 2022]), Latin America (Chapter 14 in Volume II [Garritzmann et al., 2022]), and (Southern) Europe (Chapter 4 in Volume II [Garritzmann et al., 2022]). Moreover, several of the comparative case study chapters vividly underpin this finding, diving more deeply into the underlying reasons for these partisan strategies (see also Häusermann, 2018). This assessment holds similarly for Green parties (see Bremer & Schwander, 2019; Röth & Schwander, 2021).

voters. Still, this repositioning has not taken place in all Christian democratic parties.

Fiscal conservative, *social conservative*, and *economic liberal parties*' first-order preference has continued to be a lean (welfare) state (i.e., a welfare reform strategy of marketization). This is most visible in Japan under the dominating Liberal Democratic Party (LDP), which has long been reluctant to expand public early childhood education and care, widen access to (public) higher education, or introduce and expand skill mobilization and reconciliation policies to facilitate women's labor market entry (this has changed since the mid-2010s though, for electoral reasons). Another example is the Republican Party in the United States, which has favored privatized investment in skills, hindered the expansion of several family policies, and even retrenched or inflated some preexisting public social investments that had been installed under Democratic control (see Chapter 6 in Volume II [Garritzmann et al., 2022] and Garritzmann [2016] on higher education). A similar story unfolds in Korea, where the conservatives introduced home-care cash allowances, which undermined the expansion of public early childhood education and care policies (see Chapter 14 in this volume). As a final example, consider how EU policy has shifted from an explicit emphasis on social investment toward mere activation, balanced budgets, and fiscal austerity when majorities shifted from the center-left (in the late 1990s) toward conservative forces and a conservative-led Commission (after the middle of the first decade of the 2000s) (see Chapter 4 in this volume). If conservatives introduced social investments at all, the programs mostly took a stratified form, while economic liberals were more inclined toward a targeted form.

Radical right populist parties, finally, appear to be the most outspoken and forceful antagonists of social investment. Such parties' core electorates tend to be production workers and the petty bourgeoisie, as well as more generally people identifying with traditionalist, authoritarian, and nationalist values who show only weak support for social investment (see Enggist & Pinggera, 2020; Häusermann et al., 2020; Pinggera, 2020). Thus, in line with the preferences of their electorate and at least partly due to ideology, radical right populist parties have—when in office—followed a welfare reform strategy of social protectionism and more or less explicitly acted as antagonists to social investment. The clearest examples are to be found in the Visegrád countries (see Chapter 8 in Volume II [Garritzmann et al., 2022]), where radical right populist parties have moved from an implicit to an explicit antagonism toward social investment. The only social investments that they used were active labor market policies as these were predominantly financed by the European Union and could—at least partly—be exploited for (clientelistic) political reasons.

Again, though, these general patterns need to be qualified, in this case taking into account how intra-party dynamics affect the partisan politics of social investment. Shim (Chapter 10 in Volume II [Garritzmann et al., 2022]), for example, shows that some members of parliament (MPs) are more likely to introduce social investment bills in the legislature than others are. In particular, women (see Morgan, 2013), newly elected MPs, and party-tier legislators (in contrast to directly elected MPs) tend to be more active in promoting or supporting social investment. This is an important addition since it points at the micro-level dynamics behind partisan effects.

Together the macro-quantitative and qualitative comparative case study chapters in both volumes paint a complex but encompassing picture. Generally speaking, political parties have impacted social investment in all regions, yet *how* they have mattered has varied between regions and depending on their political leanings and party family. For example, in some regions, though it appears at first glance as if both left- and right-wing parties have politicized social investments to a similar degree, a closer look reveals that the relative emphasis on and commitment to actual social investment reforms have differed, as have the resulting policies, especially regarding their distributive profiles.

Looking around the world more generally, left-wing parties—especially new left parties—can be regarded as the most vocal and most persistent social investment protagonists, particularly of inclusive social investments and pushing for an encompassing approach combining skill creation, mobilization, and preservation. Right parties have been found to be more reluctant or even openly opposed to social investment, but some notable differences between Christian democratic, conservative, economic liberal, and radical populist right parties appear. The analyses also point out, however, important shifts that have happened among several right-wing parties, especially among Christian democrats but also among conservatives, in several places. These changes can be traced back to vote-seeking motivations as parties have sought to reach out to new voting groups (e.g., the CDU/CSU in Germany; cf. Morgan [2013] and Chapter 3 in Volume II [Garritzmann et al., 2022]) or reacted to reinforced political opposition from the left, competing particularly for (younger and more female) urban voters (e.g., in North East Asia; see Chapter 14 in this volume). That is, the degree and kind of party competition can also affect the party politics of social investment. The resulting social investment policies under right-wing predominance have often focused only on skill mobilization, been of lower quality, and often took a targeted or stratified form.

16.2.3.3. Trade unions and employer associations

What role do organized interests, particularly the social partners (employers and trade unions), play in the politics of social investment? Several chapters in both volumes add new insights into the preferences, strategies, and impact of social partners, most explicitly Chapters 9–11 and 14 in this volume. The main finding that emerges is that, in contrast to the assumption of simplistic views and theories, the preferences and impact of employer associations and labor unions are not stable and fixed in the realm of social investment but highly context-dependent. Depending on many contextual factors including especially policy legacies and institutional settings, both employers and unions can be protagonists, antagonists, or consenters of social investments. Therefore, as for political parties, the more relevant question becomes, *under what conditions* are the social partners social investment protagonists, antagonists, or consenters? The chapters identify a range of factors that influence whether the social partners are supportive of, opposed to, or indifferent to social investment reforms. More specifically, we need to take into account factors at three levels: the micro-level of individual firms and individual unions; the meso-level of the collective actors (i.e., organizational characteristics); and the macro-level of the interaction of employer associations, unions, and governments.

Pavolini and Seeleib-Kaiser (Chapter 9 in this volume) describe how *employers' and employer associations'* positions on social investment differ both between and within countries, depending on their risk structure (their skill needs, the risks their employees face, the gender balance of their workforce, sector differences, skill shortages) and on institutional features, particularly the type of labor market coordination (corporatist, sector coordination, or pluralist). Their comparative case studies on two social investment policy areas in Germany, Italy, and the United Kingdom exemplify this point as they find that employers in the three countries took very different positions on and had different impacts on reforms as policy legacies created different environments: While German employers were particularly supportive of social investment reforms and became protagonists ("the good"), British employers mostly opposed social investment expansions ("the bad"), while Italian employers were "selective consenters" ("the ugly"). Estévez-Abe and León (Chapter 14 in this volume) show that the importance of context applies equally to other world regions. Their cross-regional comparison of four familialist welfare states (Italy, Spain, Japan, and Korea) reveals that employers' positions and influence on social investment depend in particular on the type of economic structure.

When looking systematically at *trade unions*, Durazzi and Geyer (Chapter 10 in this volume) find that whether unions are social investment protagonists, antagonists, or consenters depends on the characteristics of their members (their skill level, gender, age, and employment sector), as well as on organizational and institutional factors, particularly the degree of union density and union centralization which shape unions' degree of inclusiveness. Empirically, focusing on the economically most advanced countries, the authors identify four country groups with regard to institutional factors and illustrate the varying union positions and influence in a set of diverse comparative case studies. For example, an Austria–Germany comparison reveals that because Austrian unions were more centralized, had higher union density, and were institutionally more involved in the policymaking process, the resulting social investment reforms (especially in vocational education and training) were more inclusive than under Germany's moderately centralized, medium-high density, and medium-high union involvement, which contributed to more stratified reforms. As a second example, consider the British unions, which, because of their low degree of centralization, low density, and low institutional involvement, were simply sidelined in the policymaking process. A similar constellation appears in most of Central and Eastern Europe, where trade unions were considerably weakened after the breakup of the Soviet Union because they were associated with the authoritarian past, when trade union membership was obligatory for many workers (see Chapters 7–9 in Volume II [Garritzmann et al., 2022]).

Altamirano and Zárate-Tenorio (Chapter 11 in this volume) continue along these lines, studying unions in Latin America. They make the case that, just like in Europe, policy legacies and institutional settings strongly affect union preferences and their influence. More specifically, "the truncated nature of the welfare state in Latin America with varying degrees of dualization of labor markets is a crucial factor that shapes trade unions' positions." Focusing on the case of early childhood education and care policies, the authors demonstrate that, because of authoritarian legacies that had weakened unions, unions played no role in the politicization of social investments in Chile and Mexico. However, in the policy design and policy implementation stages, their role depended on the degree of the country's labor market dualization: When dualization was lower, unions became somewhat more relevant but only as consenters, not as protagonists.

Finally, several chapters focus on the role of *teachers' unions*, which are arguably the most directly involved in and affected by skill-creating social investment policies. Again, the finding that emerges from the comparison is that their positions and influence on social investment policies are highly context-dependent. In Latin America, teachers' unions have complicated, vetoed, or diluted (inclusive) social investment reforms in many countries because the reform proposals threatened their preexisting privileges and standing (see Chapters 6 and 13 in this volume). By contrast, in looking at early childhood education and care policies in several OECD countries, Morgan (Chapter 15 in this volume) reveals that, in the absence of clientelistic linkages, the active involvement and support of teachers' unions were indispensable in raising the quality of both the type of education and the teachers' working conditions.

Thus, having looked at many types of collective actors including international organizations, political parties, and social partners, our global comparison teaches us that their positions on social investment are not fixed and stable across countries and time but are highly dependent on a range of micro-, meso-, and macro-level factors. Put differently, it is insufficient and misleading to assume—as simpler theories do—that collective actors hold specific given positions irrespective of context. While such generalizations are tempting, they unfortunately produce inaccurate or incorrect conclusions. We rather need to look more closely and acknowledge the empirical complexity around the globe. When we do, we can find protagonists, consenters, and antagonists among all collective actor groups, varying according to the context in which they act. This is far from saying that their positions are random or accidental; they are highly systematic but in a more complex way than simpler theories assume. Importantly, this is another reason why the party politics and coalition formation processes around social investment are so crucial because—depending on legacies, preferences, and institutional settings—different coalitions of collective actors can form, leading to very different types of social investment reforms (see Chapter 17 in Volume II [Garritzmann et al., 2022]).

16.2.4. Socioeconomic and institutional scope conditions of social investment reforms

In presenting the theoretical framework underpinning our research (see Chapter 2 in this volume), we argued that both the politicization of social investment and the actual reform process happen against the background of socioeconomic factors and are influenced and moderated by political institutions. Especially in a broad worldwide comparison of very different contexts such as ours, it is therefore essential to explore to what degree these arguments are dependent on specific socioeconomic and institutional contexts, particularly given our finding that the positions, strategies, and influence of political actors are contingent on contexts. Therefore, we need to explore the socioeconomic and institutional scope conditions of our arguments and findings more explicitly. In other words, how externally valid are our arguments and findings?

In the following we address a range of questions to explore the scope conditions. What are the socioeconomic and institutional scope conditions of (successful and sustainable) social investment reforms? Do reforms only happen at certain levels or within certain kinds of economic development? How do changes in the type of capitalism, especially an increasing development toward post-industrial knowledge economies, affect social investment reforms? What role do political institutions (democracy, electoral systems, types of political linkages) play? Does state capacity matter? In particular, the four chapters in Part II of this volume (Chapters 5–8) address these and related questions most explicitly by studying the political and economic conditions surrounding social investment reforms in a large number of countries (96, 66, 16, and 110, respectively) on all continents. In what follows, we systematize their findings, focusing first on socioeconomic developments and then on political institutions.

16.2.4.1. The role of economic growth and development

Since Wagner (1890), the notion has been prominent in welfare state research that countries' welfare effort is affected, if not determined, by their level of economic development. Richer economies (e.g., in terms of gross domestic product per capita) on average tend to spend more on welfare and tend to have more generous welfare policies. Does this also apply to social investment? How does economic development affect social investment reforms? What role does economic growth play for social investment policies? While several chapters cover this relationship, two chapters (see Chapters 5 and 6 in this volume) address these questions explicitly. Their macro-quantitative analyses of many developing or low- and middle-income countries support the notion that economic development is positively associated with countries' social investment effort: Wealthier nations tend to spend more on social investments. This finding also appears in Huber et al. (Chapter 13 in this volume), in which the authors conclude that the early 21st-century commodities boom in Latin America had created favorable economic conditions for expansion of social investments, while the boom's end has presented challenges for the (future of) social investments. Additional evidence comes from the analysis of Southern Europe, particularly Spain, which had started developing social investments during an economic upswing in the late 1990s and early 2000s but stopped and reversed many of these reforms once the financial crisis and Great Recession set in. This underpins once more that when resources are scarce or when the political discourse is framed as if they were (Blyth, 2013), policy and fiscal trade-offs become more pressing.

Yet, the relationship between economic development and social investment effort is far from deterministic as outliers do exist, such as Venezuela, the United States, Costa Rica, or Brazil: some rich countries "underinvest" (from a functionalistic perspective) in the sense that they spend less than Wagner's law would predict whereas some poorer countries "overinvest", spending considerable amounts despite being economically less advanced (see Chapters 5 and 6 in this volume). A second caveat is that even if higher economic development is associated with more social investment effort, this does not tell us anything about the *type* of social investment policies enacted. For example, a wealthy country could spend heavily on social investments but design them in a targeted or stratified way so that only certain social strata benefit. Third, we need to keep in mind that the relationship can be bidirectional: As economic development affects social investment reforms, higher social investment efforts can also contribute to economic growth. In fact, in many countries social investments are adopted for that very reason and have been promoted by the World Bank, the OECD, the European Union, and policy entrepreneurs with the main motivation to foster economic growth (see Chapters 3 and 4 in this volume; Hemerijck, 2017).

Additional insights on this complex relationship come from Garritzmann et al. (Chapter 8 in this volume), who examine the emergence of the knowledge economy and how it affects both labor markets and the politics of social investment. More specifically, they analyze how two of the most important structural changes in today's capitalism, namely educational expansion and labor market occupational change, affect the politics of social investment. The goal is to understand how these two "megatrends" have created different socioeconomic environments in different countries, offering policymakers different incentives to politicize and enact different kinds of social investment policies. Using data for 110 countries over 140 years, enriched by insights from qualitative case studies, the authors trace how fundamental structural change affects the politics of social investment.

The main argument is that the two megatrends of educational expansion and labor market change create different environments for policymakers. The authors show that the respective level of *demand* for skills and *supply* of skills creates incentives for policymakers to focus on and politicize different *types* of social investments, particularly regarding their functions: Skill *creation* policies are much more likely to be politicized when the supply of skills is low and especially when demand for skills outstrips supply; skill *mobilization* is more likely to be politicized when a considerable supply of skills exists but still they are not matched well with labor market demand; and skill *preservation* policies are more likely to be politicized when the supply of skills exceeds demand in order to protect workers from skill redundancy and skill decay.

16.2.4.2. Democracy and social investment

A prominent argument in welfare state research is that democratization has fostered welfare state expansion (see, e.g., Flora [1986], Korpi [1983], and somewhat more recently the comparative analysis in Haggard & Kaufman [2008] or Segura-Ubiergo [2007] for Latin America). Does the same hold for social investment policies? Is a certain degree of democracy necessary for social investment reforms? As our research has shown, democracy in itself is *not* a necessary condition for social investment reforms. In their large-*N* analyses, neither Barrientos (Chapter 5 in this volume) nor Chen and Kitschelt (Chapter 6 in this volume) detect signs of democracies being more likely to establish social investments than non-democracies. On the one hand, several democracies have not established social investments at all or introduced them late or only partially. On the other hand, several autocratic regimes have made use of social investments to foster their countries' economic development or in order to pacify the electorate or relevant elites in a Bismarckian-inspired logic.

Does this mean that democracy does not matter? Chen and Kitschelt (Chapter 6 in this volume) offer a more nuanced answer, arguing that we need to take a closer look as the *quality* of democracy plays an important role. Differentiating between two types of political linkages between people and elites (programmatic and clientelistic), they demonstrate in a multi-method setup that *programmatic* linkages are a necessary condition for social investment reforms. When *clientelistic* practices prevail, in contrast, reforms that prima facie look like social investments (e.g., increased education spending) de facto turn into consumption rather than investment because they are used for political vote-buying purposes and fail to deliver on the promises of the social investment paradigm. While democracy in itself thus seems to not be a necessary condition for adopting social investment reforms, the quality of democracy matters. In this sense our theoretical framework treats democracy as a scope condition for social investment reforms because all the mechanisms the framework entails (e.g., party politics or the influence of public opinion) rely on programmatic democratic partisan linkages and do not apply to either clientelistic or autocratic policymaking (see Chapter 2 in this volume).

16.2.4.3. State capacity and social investment

What role does state capacity play? Is a certain level of state capacity (i.e., a state's ability to make and effectively implement policy decisions) necessary for social investment reforms? These questions are addressed in several of the chapters in Part II of this volume, most explicitly by Bogliaccini and Madariaga (Chapter 7) but also by Chen and Kitschelt (Chapter 6) as well as by Jenson and Nagels (Chapter 15 in Volume II [Garritzmann et al., 2022]). Bogliaccini and Madariaga show that state capacity is a necessary but in itself not sufficient condition for successful and sustainable social investment reforms. They argue that state capacity matters at three crucial moments: first, during the policymaking process; second, during the policy implementation stage; and third, in the long run because it affects policy legacies. Their comparative analysis of 16 Latin American countries demonstrates clearly that a certain level of state capacity is necessary for social investment reforms: Countries lacking capacity have failed to either adopt reforms or implement them even despite having promising political coalitions in favor of social investment. Thus, state capacity is necessary.

But state capacity alone is not sufficient for social investment reforms to be successful since some countries with high state capacity have failed to establish reforms because they lack the essential pro-social investment coalitions. Bogliaccini and Madariaga demonstrate this with a case study from Uruguay, but we can equally add examples from Europe and North America, where countries certainly have high state capacity but still differ considerably in the degree and kind of social investment adopted (see contributions in Volume II for details [Garritzmann et al., 2022]). Thus, two crucial scope conditions for successful and sustainable social investment reforms have been identified: state capacity and reform coalitions of social investment protagonists favorable to reforms (discussed more systematically in Chapter 17 in Volume II [Garritzmann et al., 2022]).

A related finding is that a certain aspect of state capacity, namely the functioning of bureaucracies and the role of policy experts, matters a great deal to the politics of social investment, particularly in the Global South. Technocrats and experts have—under certain macroeconomic conditions—pushed for the introduction and expansion of social investments and diffused social investment ideas, particularly in Latin America but also to some degree in Europe and North East Asia (see particularly Chapter 3 in this volume and Chapter 15 in Volume II [Garritzmann et al., 2022]).

16.2.4.4. Political institutions

How do political institutions affect the politics of social investment? The detailed empirical chapters in both volumes indicate that several institutions have had an effect on the politics of social investment, especially electoral institutions, corporatism, and the geographical distribution of power.

Several chapters, most explicitly those by Estévez-Abe and León (Chapter 14 in this volume) as well as Shim (Chapter 10 in Volume II [Garritzmann et al., 2022]), point to the role of electoral institutions as an explanation of variation in the politicization of social investment and resulting reforms. Estévez-Abe and León argue that social investments are more likely to be politicized under winner-take-all majoritarian electoral systems that set incentives for parties to focus on competitive districts (rather than their nationwide vote share). This effect helps explain why social investment has become more politicized in Korea and Spain and why these countries have established more encompassing social investment policies than Japan and Italy have, despite similar legacies. Shim shows that electoral institutions matter as he detects that MPs in North East Asia who have been elected on a party-tier ticket (rather than being directly elected) are more likely to introduce social investment bills.

Besides electoral systems, the type of macroeconomic organizational institutions matters for the politics of social investment, particularly the degree and kind of corporatism. This is most visible in the interaction of social partners and governments, as touched upon in Section 16.2.3.3. and 16.2.3.4. in this chapter. As the chapters in Part III of this volume argue (Chapters 9–11), the roles social partners play differ across institutional contexts. Jointly, the chapters identify a somewhat asynchronous relationship. While employers appear to always be involved (as protagonists, antagonists, or consenters) in the politics of social investment that are connected to the labor market (i.e., parental leaves and vocational education and training), what the unions do depends much more on institutional contexts as they can be—and de facto are—entirely sidelined in the political process in several countries. Whether or not policymakers can ignore their interests or have to take them into account (if they do not want to) is determined by political institutions, particularly corporatism. When institutionally involved, unions are much more powerful actors in the politics of social investment.

An additional relevant institution is federalism and decentralization, or more generally the distribution of power within multilevel governance systems. This is most visible in the big federal countries, especially Canada, Germany, and the United States. As Busemeyer and Garritzmann (Chapter 3 in Volume II [Garritzmann et al., 2022]) and Prentice and White (Chapter 6 in Volume II [Garritzmann et al., 2022]) show, there is considerable within-country variation across subnational entities regarding social investment policies (e.g., between Québec and the rest of Canada or between the more conservative-led and the more progressive-led *Bundesländer* in Germany). As other work has shown, however, this is more generally the case in decentralized political systems and not only under federalism (Kleider et al., 2017; Garritzmann et al., 2021).

Finally, Morgan (Chapter 15 in this volume) points to an important quasi-institutional factor that is relevant for the politics of social investment, namely whether social investment is organized under and administered by ministries of education (MoEs) or other ministries. Morgan argues that when administered by MoEs, more attention is paid to the quality of social investments and more generally on their skill creation aspects. When organized under ministries of labor or social affairs, by contrast, social investments often are more oriented toward skill mobilization.

In sum, our research identifies a range of socioeconomic and institutional factors that affect the politics of welfare state reform and help explain the variation in social investment strategies around the globe. Yet, as theorized in Häusermann et al. (Chapter 2 in this volume), whether the socioeconomic and institutional factors actually lead to reforms and what form these changes take depend on the interaction of political actors and the type of political coalitions that exist.

16.3. CONCLUSION AND OUTLOOK: THE PROSPECTS FOR SOCIAL INVESTMENT

Politics is at the heart of welfare state reforms as countries around the world are challenged to compete in increasingly post-industrial, globalized knowledge economies. Why do some countries focus more on social investments as a welfare reform strategy and others less so or not at all? What explains the different types of social investment policies that result?

Drawing from all the chapters in both volumes and thus the results of our WOPSI research project, this concluding chapter has provided comparative analytical insights on four aspects of the politics of social investment. First, we discussed how we can conceptually systematize and characterize social investment policies, distinguishing nine types of social investments along two dimensions, namely the functions of social investments and their distributive profiles. Second, we drew conclusions on the population's demands for social investments, identifying the relevant social groups, their preferences and group sizes, and conditions under which their preferences matter. Third, we turned toward collective actors to examine under what conditions different political actors are protagonists, antagonists, or consenters of social investments and what types of social investment they prefer. Fourth, we reviewed socioeconomic and institutional factors, summarizing what we have learned about the role of economic growth and other socioeconomic aspects as well as about the role of democracy, state capacity, programmatic linkages, and specific political institutions in the politics of social investment. The remaining research questions raised by our research project will be addressed more systematically in the conclusion of Volume II (Garritzmann et al., 2022), which provides a descriptive overview of reforms around the globe and examines the role of political salience, legacies, and reform coalitions.

As we have shown, despite the broad focus of our research in terms of country coverage, time periods, and policy areas, we *are* able to systematize, describe, and explain the (great) variety of social investment strategies in countries around the globe with a (relatively) concise and parsimonious theoretical framework. While global comparisons remain notoriously difficult because of the wide range of explanatory factors, the variety of concrete policies, and simply the amount of knowledge that is necessary to understand and fully acknowledge this variation, such assessments are extremely valuable and productive and provide new insights. Yet, these are only possible as we as a group of more than 50 policy experts can draw on each other's expertise.

16.3.1. The prospects for social investment

Based on the insights we gained from this research, it seems possible to conclude with a general assessment of the likelihood of future social investment reforms in democratic countries around the globe. What are "most likely" and what are "least likely" scenarios for (successful and sustainable) social investment reforms? Which actors, factors, and contexts make it more likely that social investment becomes politicized and which make reforms more or less likely? Put differently, which countries are likely to adopt (which kinds of) social investments soon and which are unlikely? As we try to answer these questions, it is important to emphasize that the following discussion should be understood as *probabilistic* (and not deterministic) and *configurational*; that is, it is not one factor alone that drives results.

To begin, we identified several factors that indeed make it more likely that social investment becomes *politicized*. A first crucial factor is strong left parties (especially strong new left parties), often connected to strong public demand for social investment, particularly when a sizable new middle class electorally and publicly voices demands to expand social investment. Clearly then, electoral alignment has important consequences for the politics of social investment. Yet, we also found another path to the politicization of social investment, namely, when strong left opposition parties and a favorable public opinion force non-left governing parties to compete on the issue. Social investment is also more likely to become politicized when the notion and its promoters receive (ideational and financial) support from international organizations (as was the case most clearly in the 1990s and early 2000s). In addition, the presence of centralized and inclusive unions contributes to the politicization of social investment. Another favorable factor is strong economic demand for social investment, that is, when a country's economy is based on skill-intensive workers who (at least partly) lack these skills. This often results in employers becoming social investment protagonists or at least consenters, supporting social investment policies. Socioeconomic factors also matter as the politicization of social investment is more likely in periods of economic growth and with the emergence and politicization of new social risks (in the Global North) or the need to find new and more effective policy tools to address poverty, informal work, and inequalities (in the Global South). Finally, some political institutions matter, especially electoral institutions that set incentives for elected politicians to respond to demands for social investment, even if this is only voiced by a subgroup of society.

Going further, our findings allow us to point to a range of factors and actors that make it more likely that certain *types* of social investment will become politicized. Under what conditions are skill *creation*, skill *mobilization*, and/or skill *preservation* policies more likely to become politicized? Figure 16.2 summarizes our results in a simple arrow graph.

In the first place, our comparative review shows that skill *creation* policies are politicized by (a combination of) several international organizations (the World Bank, the OECD, and the European Union), some political parties (especially [new] left parties), centralized and inclusive unions (particularly teachers' unions), and MoEs and in economic conditions of high persistent poverty or in contexts of low supply but high economic demand for skills. Skill *mobilization* policies are politicized by some international organizations (the OECD, the European Union), several political parties ([new] left parties but also center-right parties), several trade unions, employer associations (especially in contexts where a large human capital stock exists but is not well connected to the labor market), and ministries of labor or social affairs and demanded by (high-skilled) female voters. Skill *preservation*, finally, is politicized by some international organizations (the OECD, the European Union), some parties (especially old and new left parties but partly also center-right parties), and (high-skilled) female workers and in contexts where skill supply exceeds economic demand for skills.

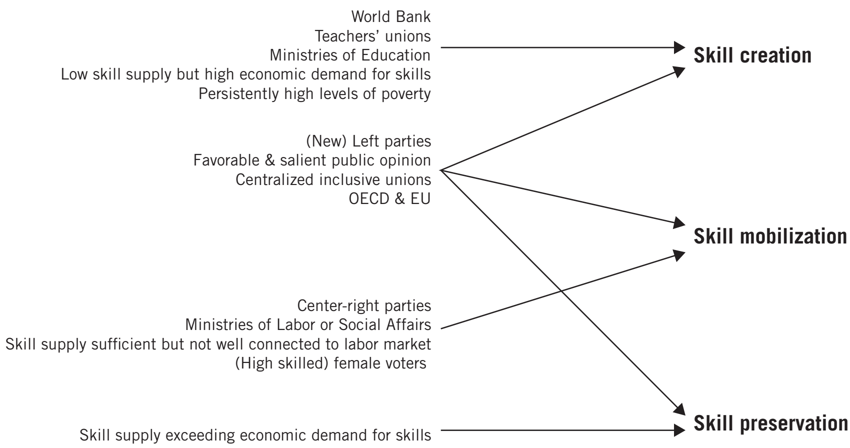

Figure 16.2 Main actors and factors contributing to the politicization of different types of social investment.

Figure 16.2 additionally shows that while some factors make it more likely that only a specific type of social investment becomes politicized (e.g., the World Bank has pushed mainly for skill creation policies), other factors make it more likely that several social investments are jointly more likely to become politicized in a more holistic approach (e.g., [new] left parties aiming for a combination of skill creation, mobilization, and preservation). So, which factors contribute to the politicization of a single, specific type of social investment (creation or mobilization or preservation) and which lead to a combination of several types? Figure 16.2 provides an answer when we look at the different number of arrows (1, 2, or 3) from each factor. We find that (new) left parties, a favorable and salient public opinion, centralized and inclusive unions, and the OECD and European Union help to politicize all three types of social investments together. A core argument here, forcefully proposed for example in Hemerijck's (2018) concept of a "life-course multiplier," is that each of these policies is most effective when surrounded and supported by other kinds of social investment policies, leading to institutional complementarities. Yet, as illustrated in Figure 16.2, several factors and actors contribute to the politicization of a narrower social investment approach, politicizing only one or two types of social investment (e.g., the World Bank or most center-right parties).

Beyond politicization, we identified a range of factors that make it more likely that social investment *reforms* are successfully adopted and sustained. By and large, the actors and factors making reform more likely are similar to those that we identified for the politicization of social investment, but we also note important differences. First, starting with the similarities, we find that—as with politicization—strong (new) left parties strongly increase the likelihood of actually enacting social investment reforms but also detect an alternative mechanism (i.e., when strong left opposition parties and a favorable public opinion force non-left governing parties to enact reforms). Second and again as in the case of politicization, strong social political demand for social investment matters (i.e., when a sizable new middle class electorally and publicly demands expansion of social investment). Third, while we found that public demand is important to politicize social investment, we can concretize the role of public opinion further for the likelihood of reforms: Reforms are more likely when public opinion is in favor of the expansion of social investment, more specifically when social investments are salient on the political agenda and the general public holds rather coherent positive views on the issue (rather than being polarized).

Fourth, centralized and inclusive unions make reforms more likely, especially teachers' unions. The exception are teachers' unions in contexts of clientelism, which can undermine social investment reform efforts. Fifth, employers can make reforms more likely but only when requiring yet lacking high-skilled workers; otherwise, they often become important antagonists, preferring lower taxation over additional public investments. Sixth, (ideational and financial) support from international organizations increases the reform likelihood. Seventh, two economic factors are relevant: Social investment reforms are more likely when there is strong economic demand for social investment (i.e., when a country's economy is based on skill-intensive workers) as well as in periods of economic growth, facilitating reform effort (which was less relevant for the politicization of social investment).

Finally, our contributions point to two institutional preconditions for success, namely, a high level of state capacity and the presence of political party–voter linkages (i.e., the absence of clientelistic linkages). Several political and socioeconomic factors make it more likely that social investment reforms are adopted.

Of course, there is also the possibility that no reform takes place at all, that social investment policies are not implemented or sustained, or that welfare reforms take a different direction that does not include social investment. Such developments are more likely in certain contexts, that is, under low state capacity, when clientelistic (rather than programmatic) political linkages prevail, and when strong and costly social compensatory policy legacies exist, crowding out social investments (see Chapter 17 in Volume II [Garritzmann et al., 2022]). Moreover, several political factors make social investment reforms less likely: radical right populist parties in particular but also dominant fiscal or social conservative parties (unless they are challenged by strong political opponents); low social political demand for social investment (i.e., when a sizable old working class of production workers and/or office clerks and managers electorally and publicly voices demands for either welfare protectionism or market liberalism); public opinion that is either hostile to social investment or very polarized on the issue; low issue salience among the general public (even if public opinion is favorable); when unions are weak, decentralized, or segmented; when employers find an already sufficiently skilled workforce and/or favor low taxation and low costs over investments; when there is no support from—or even opposition of—international organizations (which empirically was the case before the 1990s or for certain countries highly indebted after the financial crisis); or when teachers' unions are involved in contexts of clientelism. Finally, economic contexts matter as social investment reforms are less likely when there is low economic demand for social investment, that is, when a country's economy is not based on skill-intensive workers or already has abundant skilled workers (because of either domestic or migrant workers), and in periods of zero or negative economic growth.

Our research also found that the resulting *type* of social investment policy is particularly shaped by the type of reform coalition (i.e., the interaction of social investment protagonists, antagonists, and consenters). We discuss this more systematically in the conclusion of Volume II.

16.3.2. Both overly pessimistic and overly optimistic predictions are unjustified

Taken together, all this implies that social investment reforms are least likely to happen in those contexts where they could be most influential in helping individuals, families, companies, and countries with the transformation from agrarian or industrial into post-industrial knowledge economies. That is, in contexts where countries could benefit economically and socially from an increased focus on high-skill production, up-skilled labor markets, and high educational enrollment levels, the expansion of social investment is less likely to happen. Very often, these countries exhibit a set of factors that have been shown to be detrimental to the development of social investment. Conversely, social investment expansion (or maintenance) is most likely and politically easiest in those contexts that have already established (some) social investments successfully. In that sense there is a "country-level Matthew effect" or, in Horn and van Kersbergen's (Chapter 2 in Volume II [Garritzmann et al., 2022]) terms, a "political flywheel": The countries that have implemented social investment policies in the past are more likely to continue to develop them. One could call this the "tragic irony" of welfare reform.

Nonetheless, in our view both overly optimistic and overly pessimistic predictive outlooks are unjustified: Neither will all countries around the globe successfully reform their welfare states in a one-size-fits-all fashion (as many optimists assume or hope for) nor will it be only the Nordic European countries that manage a high and sustainable social investment effort (as many pessimists assume). Simply put, our analysis shows that this is not an all-or-nothing story, in which countries either establish inclusive, encompassing, high-quality "Nordic European" social investment or do not have any social investment at all. Rather, there are many different types of social investment and many different political pathways to achieve social investments ("equifinality"). Our analysis has demonstrated that we have detected traces of social investment in (almost) all countries around the globe, which in itself is already a remarkable finding.

While the comparison across many countries and regions shows that it is difficult to implement, establish, and sustain social investments, in particular *inclusive*, *encompassing*, *high-quality* social investments, nothing says that it is impossible. There is indeed room for political agency and for successful reforms. Four counterintuitive examples from different world regions underpin this point.

First, Japan can—for several reasons—be regarded as a most unlikely case of social investment reforms. Its welfare state is highly focused on male industrial workers; its public debt level is enormous, arguably leaving little space for new and costly policy programs; its politics continue to be dominated by a "triangle" of predominant conservative parties, powerful employer associations, and a strong hierarchical and conservative bureaucracy; public opinion tends to be skeptical of progressive proposals such as the integration of women in the labor market; and unions as well as (new) left parties are weak. In fact, throughout the 20th century social investments were meager at best. Since 2014, however, Japan has—first silently but increasingly explicitly—expanded social investment policies, although none of the above-mentioned factors that usually impede the introduction and expansion of social investments had disappeared. Why, then, has this happened? As Miura and Hamada (Chapter 12 in Volume II [Garritzmann et al., 2022]) and Estévez-Abe and León (Chapter 14 in this volume) explain in detail, this change can be traced back to shifts in the electoral arena as incentives have emerged for conservative LDP politicians to start emphasizing and competing electorally on social investment agendas.

Second, Germany—long depicted by scholars and journalists as the "sick man of Europe" with an anachronistic but unreformable welfare state—has equally and unexpectedly undergone substantial welfare reform in the early 21st century. While certainly not all of these reforms follow a social investment strategy (also showing some market liberalism and social protectionism), a social investment orientation is nowadays clearly evident in many policy areas. How did this change come about? Some of the core reasons lie in a feminization and movement toward the left within the Christian democratic parties (Morgan, 2013), intertwined with an increasingly social investment–friendly public opinion (see Chapter 3 in Volume II [Garritzmann et al., 2022]). These factors have combined with the forceful support of German employers, who switched from being social investment antagonists to protagonists (or at least consenters) in order to improve Germany's economic competitiveness (Seeleib-Kaiser, 2017). Again, transformative change toward social investment came about unexpectedly but strongly.

Third, several Latin American countries that had been argued to be caught in a "low-skill trap" (Schneider, 2013) enacted substantive welfare reforms in the early 21st century. Led especially by left-wing governments (e.g., in Brazil) several countries have to a considerable extent managed to break away from the legacy of truncated social protection welfare states, labor market dualization and informality, and clientelism by implementing investment-oriented conditional cash transfer programs. These programs were not only accompanied by an expansion of the necessary services but also specifically designed to defy the threat of clientelistic capture.

Fourth, we would highlight that even the Nordic countries, which are often regarded as the world's "social investment champions" because of their inclusive, encompassing, and generous social investment approach, have not just somehow "miraculously received" social investment policies from nowhere. Here—just like everywhere else—the introduction, expansion, and maintenance of social investment policies have been and continue to be a tough political battle as argued by Horn and van Kersbergen (see Chapter 2 in Volume II [Garritzmann et al., 2022]). While from a 21st-century perspective it might appear obvious and straightforward that they have inclusive social investments, it was not clear at all in the early 20th century that they would move in this direction. Rather, political battles at that time and throughout the mid-20th century were fought not only about the type of social investment but more fundamentally about the type of welfare reform strategy.

In sum, while several factors make it more (or less) likely that (a certain type of) social investment becomes politicized and is enacted in reforms, the development or non-development of social investment policies is far from predetermined, and there always remains space for political agency. It is in this respect that we believe both overly optimistic and overly pessimistic predictions are unjustified and point at politics at the core of these dynamics.

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