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DEPARTMENT
OF POLITICAL
AND SOCIAL
SCIENCES

Social Investment Now and the Covid-19 Pandemic

SciencesPo

CIVICA network

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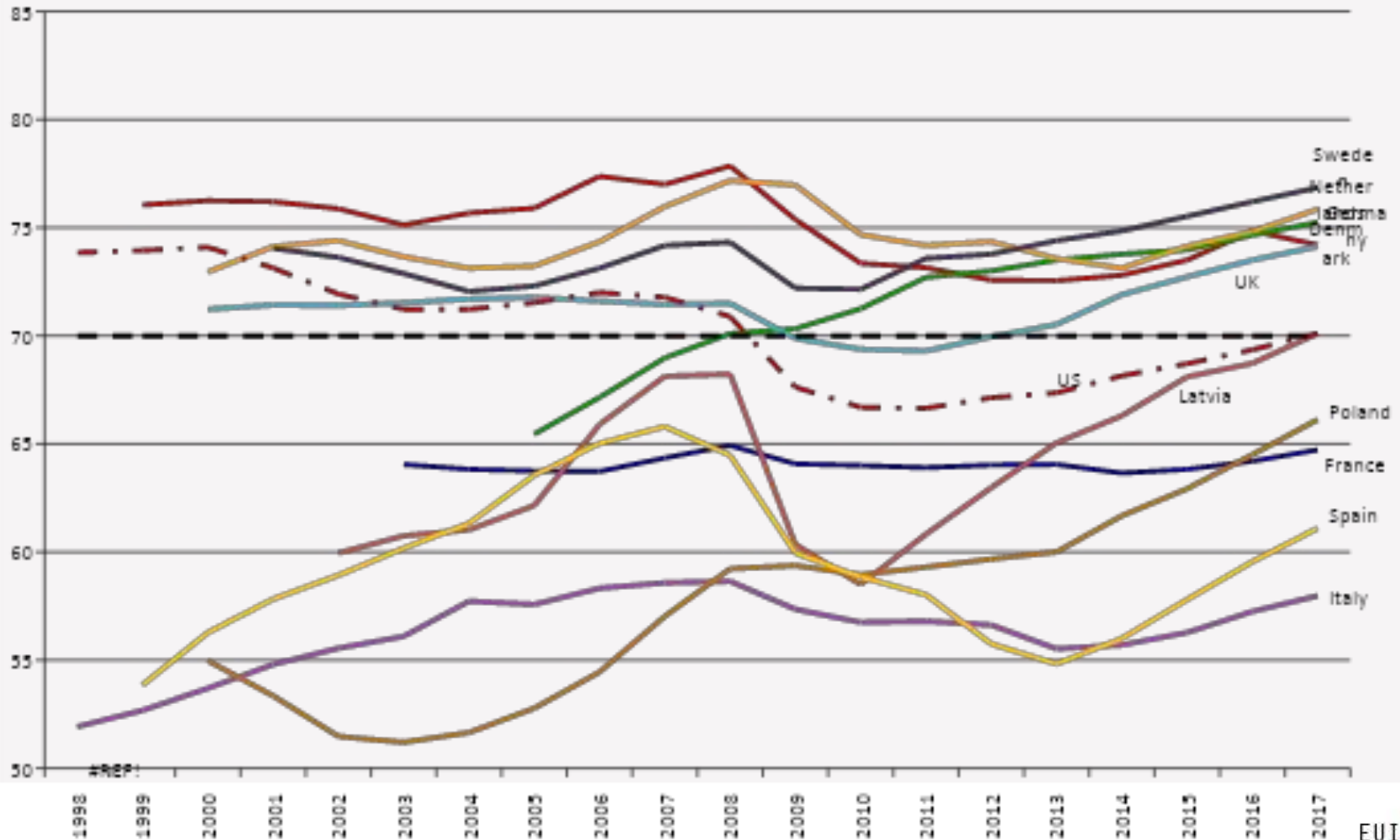
Outline

1. The unsung hero of the Great Recession
2. Fault lines beyond the Great Lockdown
3. What role for social Europe now?



The unsung hero of the great recession

Employment trends in 11 selected OECD countries (% of working-age population; Source: OECD)





Beyond trade-offs and trilemmas





Social investment exposed

- Inclusive **buffers** (for more volatile labour markets)
- Gender-balanced **flows** to ease (more heterogeneous) work-family life-course transitions
- Lifelong human capital **stock** commitment (cannot be leveraged on private funding, like health care)



Great Recession legacy

1. The active welfare state *here to stay*
2. EMU maturation from fiscal austerity club to an insurance union (able to back inclusive welfare states)
3. Structurally low interest rates generate high multiplier returns on social investment



Fault Lines beyond Great Lockdown facing record unemployment

- Between *go-it-alone nationalism* and *differentiated coordination* with solid(aristic) E(M)U backing. Can the ECB carry the day in shadow of *fiscal joint-decision trap*?
- Divergences Great Recession leftover to tackle
- *Political complacency*: (unconditional) emergency **buffering** “now” to worry about **stocks** and **flow** later (in knowledge economies and ageing societies) – don’t do what US did after financial crash (protecting firms rather than workers)
- Better pay for the front-line workers versus cutting debt and deficit imperative
- Fair taxation battles
- Industrial restructuring
- Accidents that happen (Karlsruhe wake-up call for eurozone)



What role for social Europe *now*?

- Resist the fiscal trench-warfare! *Frappez toujours* the positive macroeconomic externalities of social investment (strong evidence)
- Champion social cohesion (regional funds) in the expanded EU budget (to be expected) on a social investment template
- Actively monitor emergency **buffers**, new **flow** patterns, and how **stock** is affected by Covid-19 and empirically report on social progress and looming inequities (as if *weather report*)
- Employ *European Pillar of Social Right* as the normative template for the «**holding environment**» for **active welfare states** to flourish» in monitoring
- Articulate a *post-Covid-19 EU-wide green welfare settlement*



Thank You!

anton.hemerijck@eui.eu