

What is *Social* in Social Investment?

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Social Investment

- Hegemonic discourse on welfare reform in Europe
- Social policy should *prepare* individuals *for* the market, investing in their *human capital* (i.e. health, education, etc.)
- Social policy should not be seen as a cost but as an investment
- Presented as a rupture with neoliberalism

The "Social": not dead but renewed

- Neoliberalism – and the social investment continues on this path – involves a *transformation* of the social.
- Economization of the social

Economization

Following Luhmann's theory of social systems, Schimank and Volkmann (2008):

- Each subsystem in society is originally autonomous and follows its own function (binary code, e.g. science truth/untruth, the legal system legal/illegal)
- Economization: e.g. logic of profit making becomes the orientation for journalists writing newspapers (a new function – selling as many newspapers as possible – substitutes the original functions of journalism, reporting truthful news, collaborating to the democratic quality through the clarification of public issues to the population (ibid.).

5 degrees of Economization

- 1) Economic aspects are irrelevant for the process of choice in a given social sphere (full de-economization), e.g. if in the health system a person is cured independently of the costs involved in the cure and of the ability to pay of the patient (only relevant information: need for healthcare)

5 degrees of Economization (cont.)

In the second and third degrees, economic aspects influence the process of choice through the consciousness of costs, which become external constraints to the pursuing of the original function of the social subsystem:

- 2) “you *should* avoid incurring in economic losses”
- 3) “you *must* avoid incurring in economic losses”

5 degrees of Economization (cont.)

With the fourth and fifth degrees, economization substantially increases because the logic of costs-containment is replaced by the logic of profit maximization:

- 4) “you *should* make profit”: profit becomes the second objective after the original function of the subsystem
- 5) “you *must* make profit”: profit becomes the only objective of the social subsystem, without paying attention to its original code (full economization)

Social Investment as Economization of Social Policy

Economization involves the extension of the market logic to a social sphere – social policy – that was previously justified using other criteria (such as need, justice, citizenship and right) and implies that the welfare state is justifiable only to the extent that it is economically productive.

Examples from Social Investment Package (1)

- “Investing in health (...) raises the productivity of the work force and lowers the financial pressure on health systems” (EC 2013a, p. 14).
- “Helping the most disadvantaged get back into work is crucial, given an ageing population and the on-going economic crisis. Stakeholders must protect, up-skill and activate dormant human capital.” (EC 2013b, p. 8).

Examples from Social Investment Package (2)

- "The adequacy of future pensions depends on the human capital of those who are today children" (EC 2013a, p. 13).
- The "costs of unemployment, poverty and social exclusion" involve "higher public health care costs, increased policing and crime costs, foregone economic activity, lost wages and productivity, lost tax revenues and the intergenerational costs that flow from the likelihood that a significant number of children from disadvantaged families will remain disadvantaged over their lifetimes" (EC 2013c, p. 30-31).

Examples from Social Investment Package (3)

- Investing in children is especially important since “the rate of return on this investment (...) is highest in the very early years of childhood (...) during which most of the essential cognitive and social skills are formed. These years appear to be those with the highest rate of return on education achievement and overall human capital investment in children, especially through health and education intervention. Benefits for children from disadvantaged backgrounds are even more marked” (EC 2013c, p. 60).

Examples from Social Investment Package (4)

- “Better investment in children can also contribute to significant savings in the longer term, since the public expenditure needed to correct the consequences of childhood poverty throughout a person's life-span is significantly higher than that necessary to improve their life chances by support provided during childhood” (EC 2013c, p. 61).
- Childcare provision is also “a key factor in enabling female employment and fostering labour market participation” (EC 2013c, p. 73).

Conclusion: What is *Social* in the SI?

- The SI lacks a "social" dimension: e.g. individualistic approach (human capital, no emphasis on solidarity).
- But it also transforms the "social":
 - Economization of the social, subordination of the social to the economic
- Consequence: marginalization of democracy (economic necessities, experts)