

Social investment returns across the life-course

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*The Future of Social Protection and of
the Welfare State in the EU
A focus on Italy*

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 **WellSire**
Wellbeing Returns on Social Investment Recalibration



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Outline

1. HLG diagnostic contribution
2. The social investment life-course multiplier
3. Some evidence
4. Policy takeaways

HLG diagnostic contribution

- ***Known known: population ageing (and falling fertility) puts additional fiscal pressures on public spending.***
 - Debate on ageing focused on pension reform in terms of savings (actuarial retrenchment – privatisation – labour market deregulation) to bring down old-age dependency ratios.
 - Debate on the knowledge economy focused on skill-biased (*jobless*) growth creating 'winners' & 'losers' needing, respectively, less and more social protection.

HLG: need to analyse and assess how social policy interacts with family demography (gender, fertility), education, skill formation, labour supply, productivity, and taxation.

The welfare state's “*carrying capacity*”

Number citizens supported by welfare provision (<i>transient</i>)	Average consumption per welfare client (<i>benefits and services</i>)
Number of workers (hours worked)	Average productivity per worker

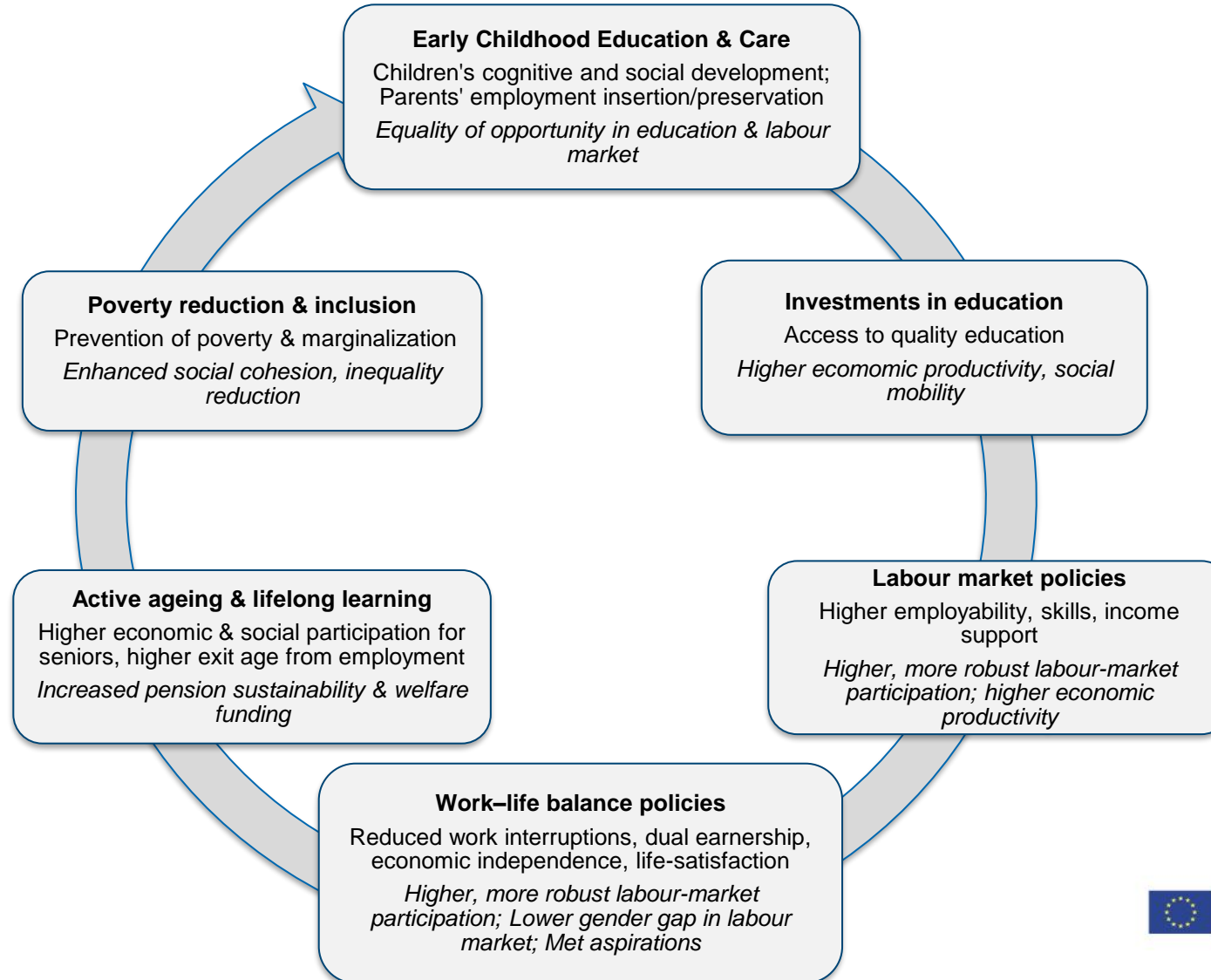
Beyond *them* and *us* politics

Long-term strength of the economy and welfare provision increasingly contingent on the contribution of social policy to the (*dynamic*) productive ‘*denominator*’ side of the welfare equation.

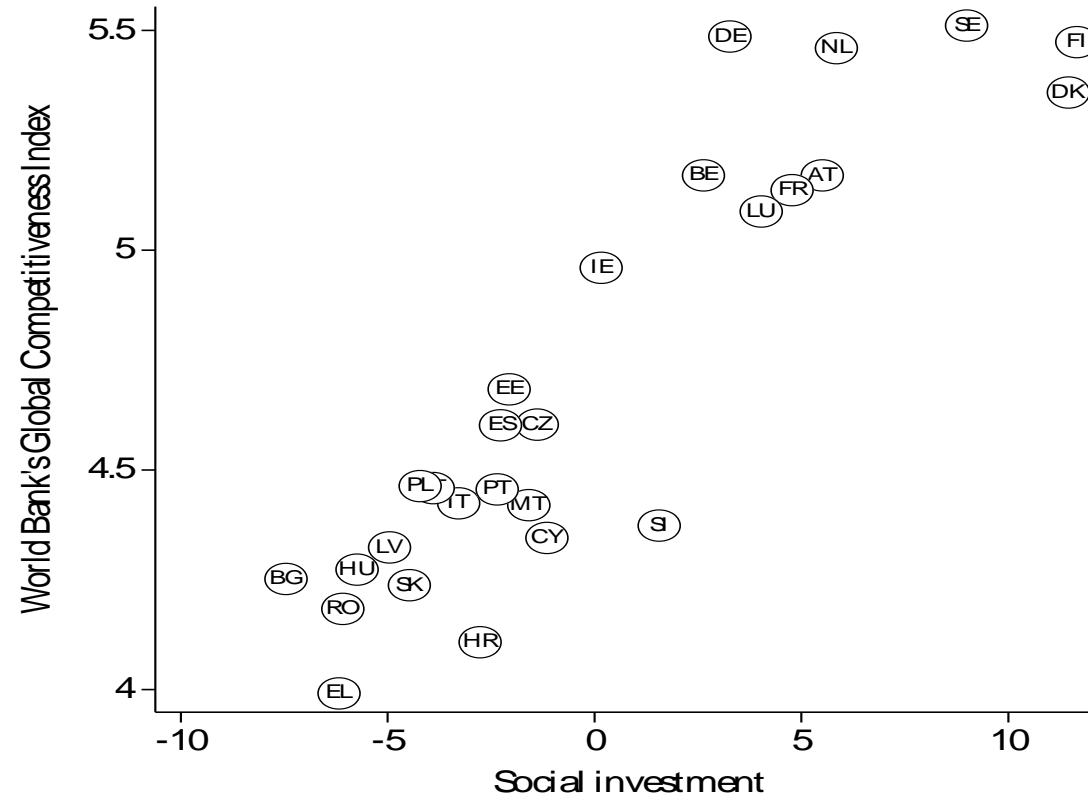
Rising female employment (in ageing societies) requires a wider and more multidimensional ambit of policy interventions across the entire *life-course*, beginning with children.

Conjecturing a social investment *life-course multiplier effect*

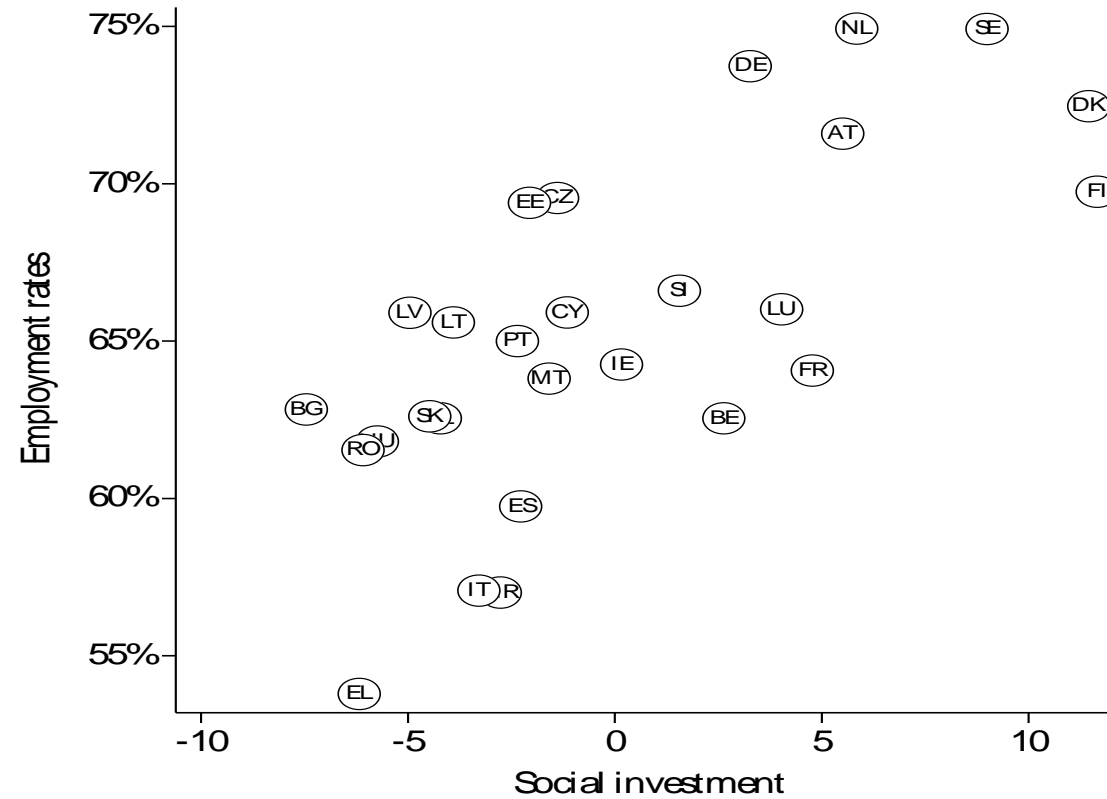
Micro-level effects
Macro-level effects
→ Life-course effects



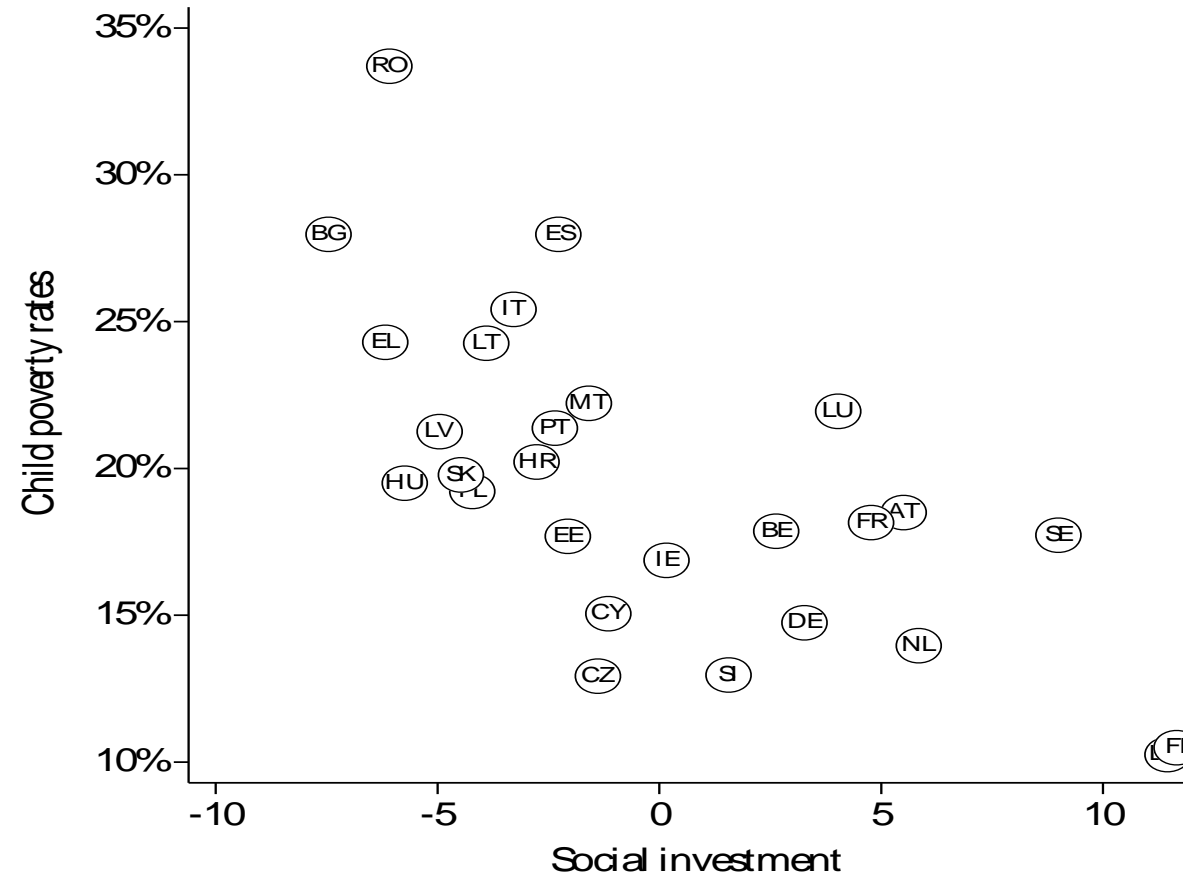
Social investment and competitiveness



Social investment and employment



Social investment and child poverty



Policy pointers

Social investment strongly related to favorable socioeconomic outcomes in terms economic development, competitiveness, employment, and poverty reduction.

- **Early Childhood Education and Care:** Crucial for parental employment continuity, especially for working mothers, reducing gender imbalances, and fostering children’s cognitive and social development.
- **Investments in Education:** High-quality education systems correlate with improved employment rates and reduced poverty among young adults, fostering a skilled workforce.
- **Active Labour Market Policies (ALMPs):** Promote skill development and economic participation, especially through vocational training, aiding in reducing unemployment and poverty.
- **Active Ageing:** Focus on late career training, flexible retirement options, and long-term care to promote active ageing, prolong employment, and support female labour market participation.
- **Pension sustainability** correlates with overall social investment success

Where does Italy stand?

- Underdeveloped ECEC and low coverage maternity leave reinforce low levels of female employment
- High levels of poverty among young families with children
- Pension-biased social spending
- Anemic growth and E(M)U fiscal constraints inhibiting SI reform?
- RFF social investment opportunity (not) taken

Thank You!