Understanding Social Inclusion:

Challenges to European Welfare States in the 21st Century

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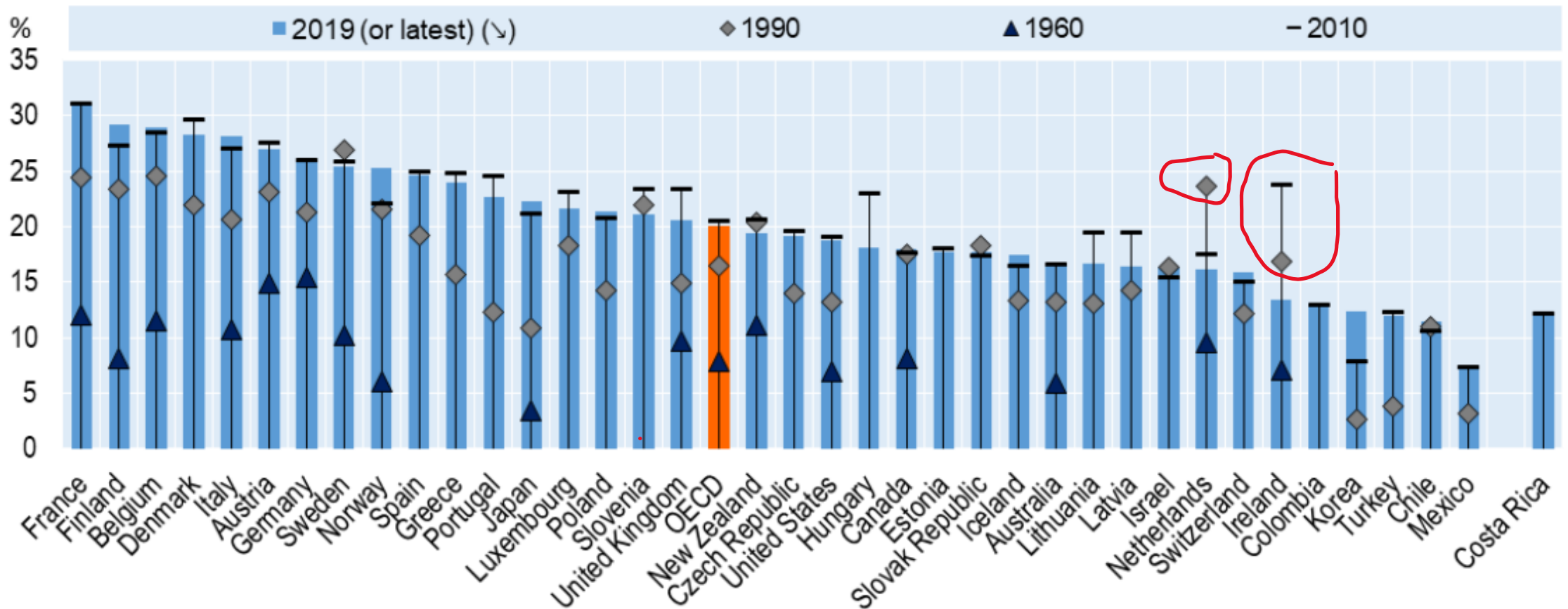Schar School of Policy and Government

George Mason University

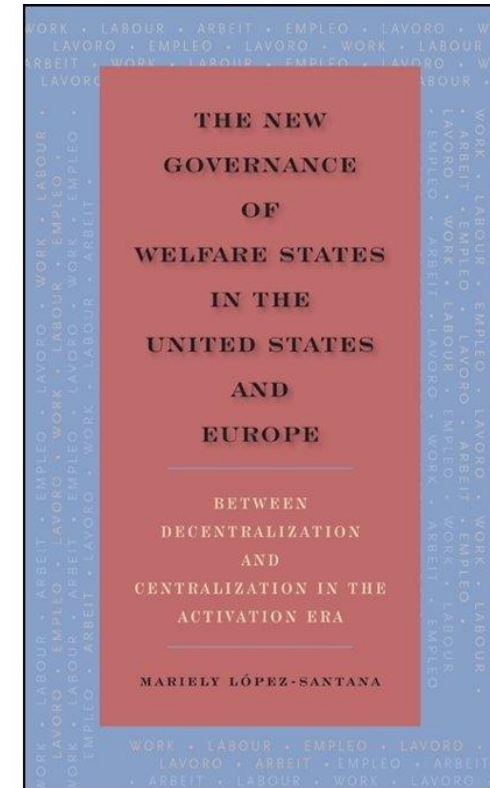# Conventional Wisdom: Retrenchment?

Figure 1. Public social spending is worth 20% of GDP on average across the OECD

Public social expenditure as a percentage of GDP, 1960, 1990 and 2019 (or latest year available)

Not retrenchment, but recalibration

- Path Dependent liberalization→ resiliency of welfare states, in part in light of high levels of support

- From passive welfare states to active welfare states
  - Social Investment Paradigm: "creating, mobilizing, or preserving skills
  - Strings attached (work)
  - Decentralization
  - Delegation to Private Actors

THE NEW
GOVERNANCE
OF
WELFARE STATES
IN THE
UNITED STATES
AND
EUROPE

BETWEEN
DECENTRALIZATION
AND
CENTRALIZATION IN THE
ACTIVATION ERA

MARIELY LÓPEZ-SANTANA

Heterogenous Domestic Institutions & Types of Social Inclusion

Created by Chris Luigjes, Univ. Amsterdam

Social-democrat
- Decom (+)
- Universal

Liberal
- Decommodification (-)
- Individualistic
- USA also

Conservative
- Decom (moderate)
- Corporatist

Southern
- Decom (-)
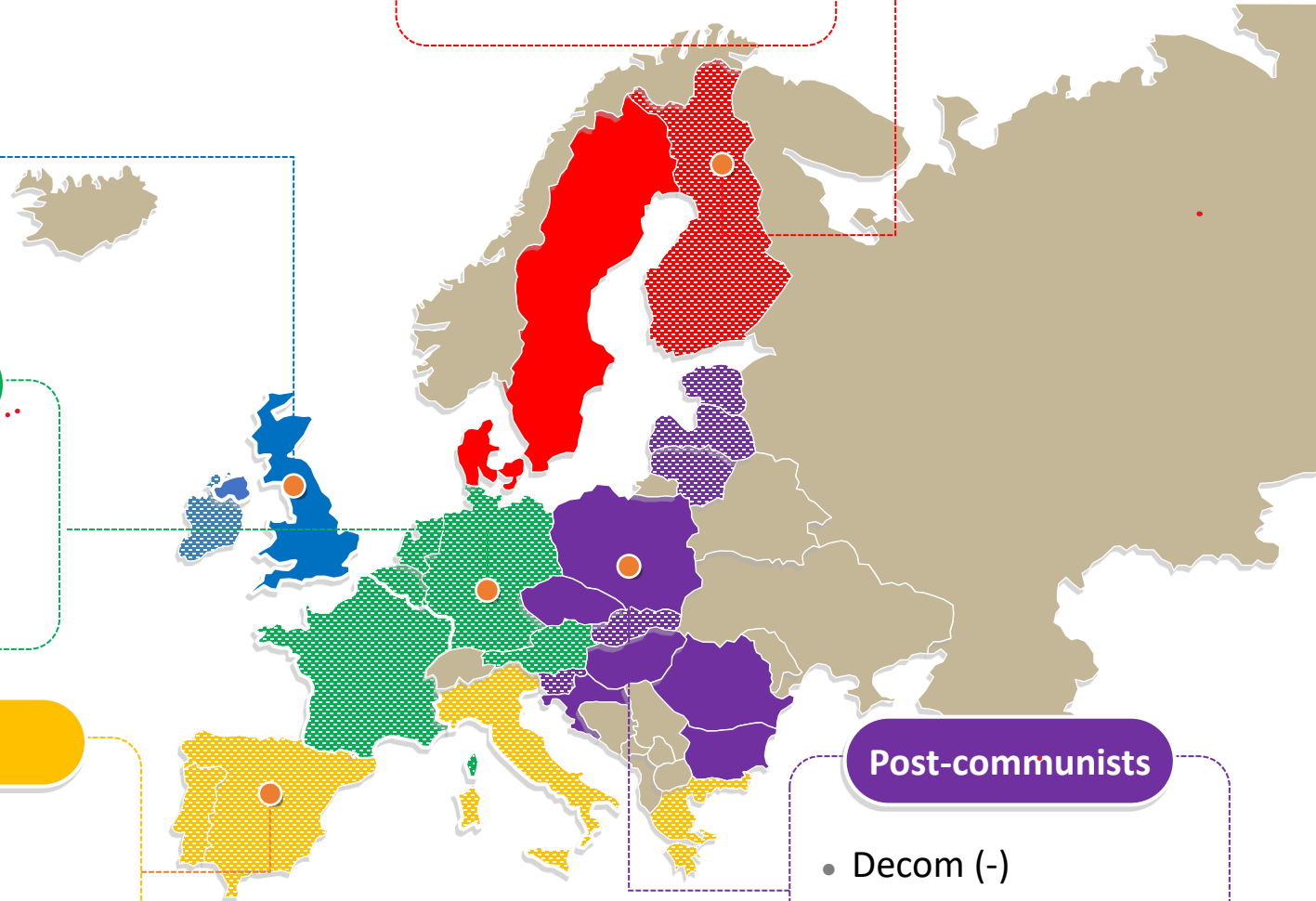- Familialism

Post-communists
- Decom (-)

Pressures: Population Aging

- Elderly and Youth

- Gender: work-life balance (beyond women)
  - Example: Early Childhood Education and Care services for children age 0-5

- Social Investment

- Lifelong Learning

- Pensions sustainability

- Health Care Spending (and alternative models)

Population structure by five-year age groups and sex, EU-28, 1 January 1996 and 2016
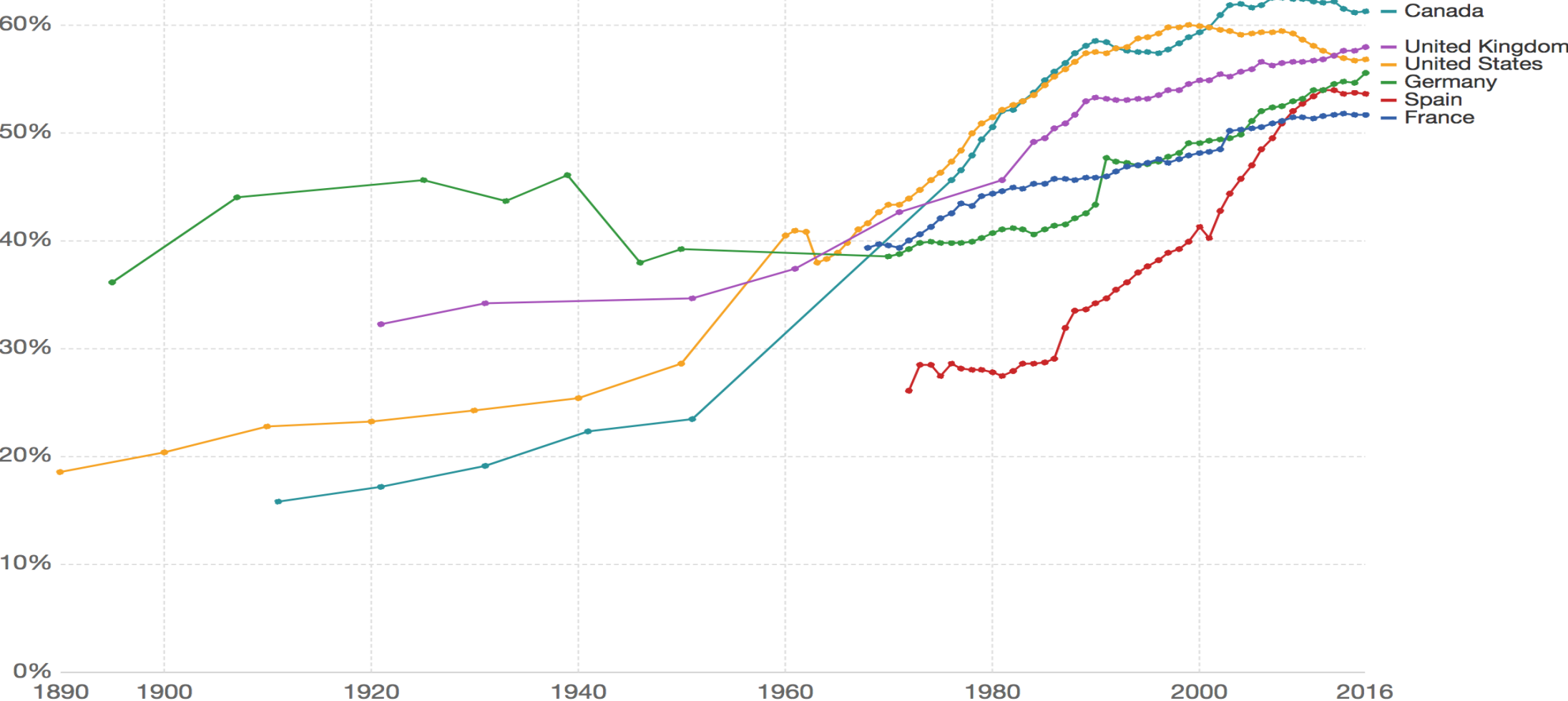
(% share of total population)

■ Men 2016   ■ Women 2016
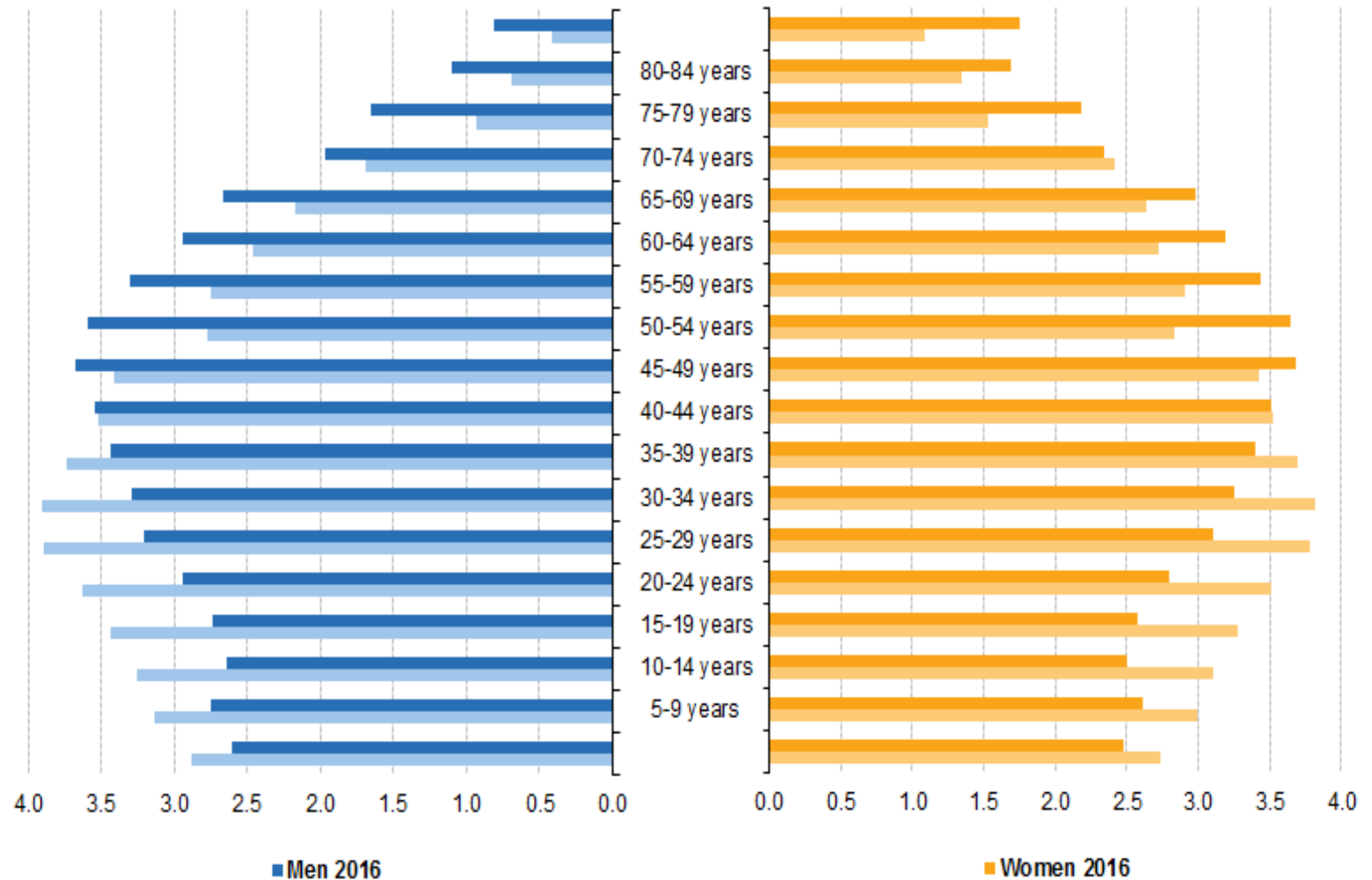
Note: 1996, EU-27. 2016: provisional. Break in series.
Source: Eurostat (online data code: demo_pjangroup)

eurostat

Long-run perspective on female labor force participation rates

Proportion of the female population ages 15 and over that is economically active. Data is available for OECD member countries, as well as for non-member countries publishing statistics in OECD.stats.

- Canada
- United Kingdom
- United States
- Germany
- Spain
- France

Pressures:
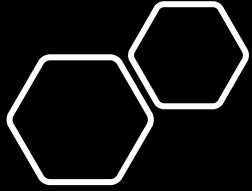# What does inclusion mean? For whom? How?

- "New" Cleavages and Weakening of Old Politics (Traditional Left-Right)

Who "owns" the Welfare Issue?: Variances
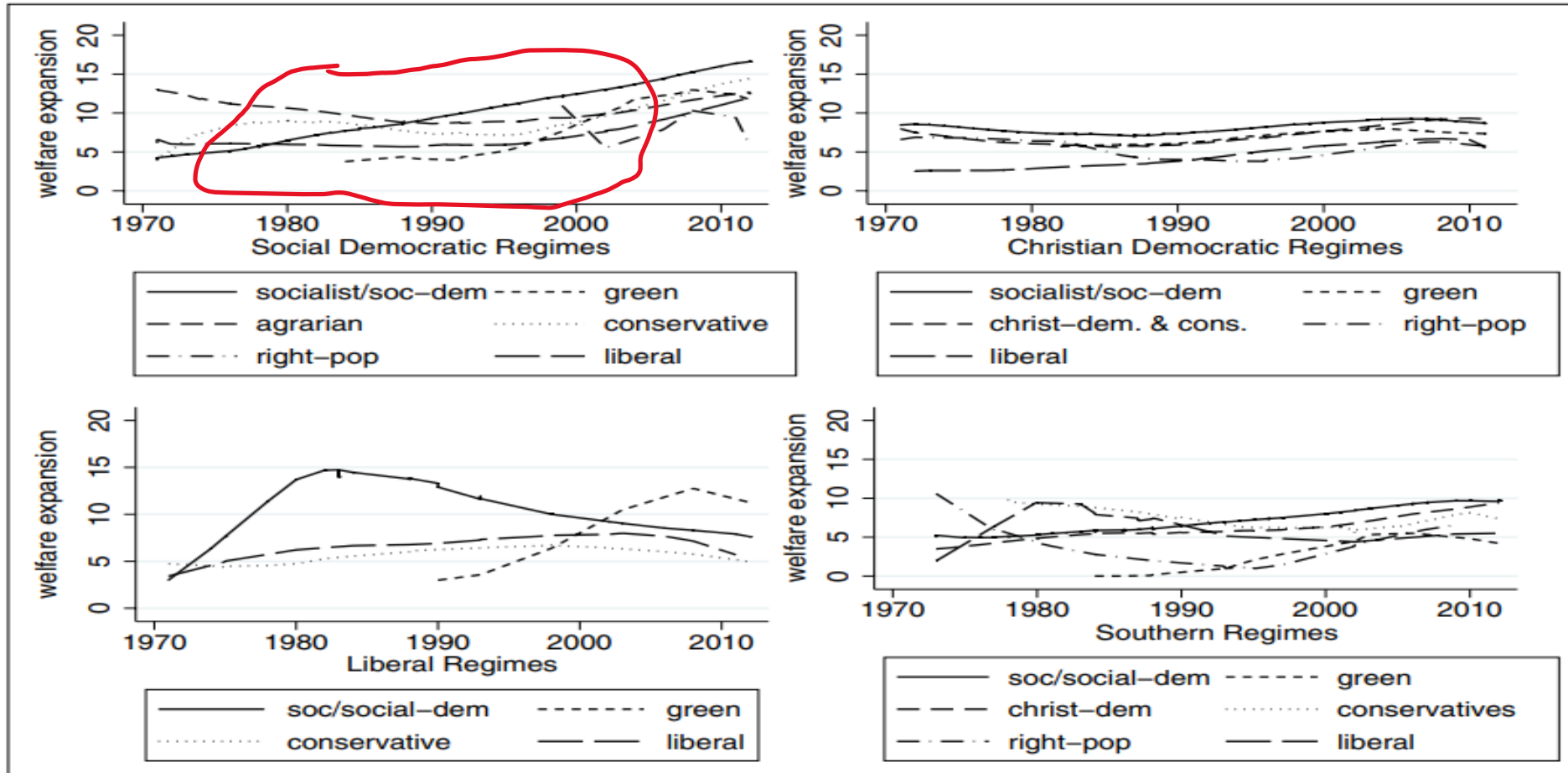
Figure 4. Party positions on welfare expansion over time, Manifesto data.

Different Policy Preferences as "labor" becomes an heterogenous group:

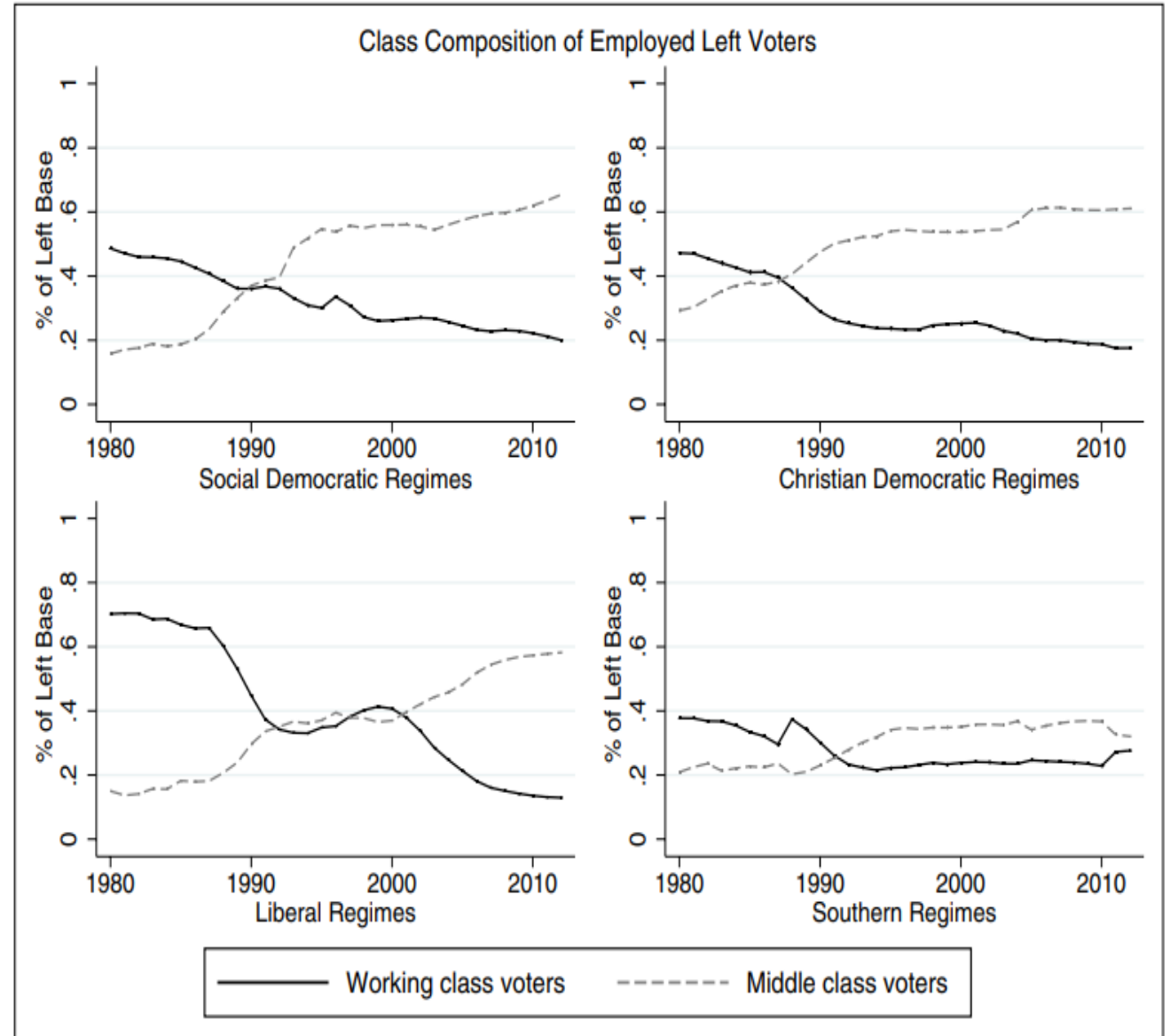For instance, more educated & more culturally liberal middle class is more favorable to social investment policies.

Figure 3. Changes in left parties' electoral base.

Pressures:

War, Displacement, Refugees & Migrants

- Progressive dilemma:

The claim that there exists a trade-off or conflict between immigration and the welfare state ("supporting welfare and immigration are incompatible")

- Poverty, exclusion, precarious labor markets

- "The policy conclusion is clear, however: states that **make an upfront investment** in forced migrants, granting them rights, reap greater economic rewards in the long term, including higher rates of employment, better health outcomes, human capital improvements, higher tax contributions, and greater public support for immigration and refugee programs" (Bevelander & Hollifield, 2022).

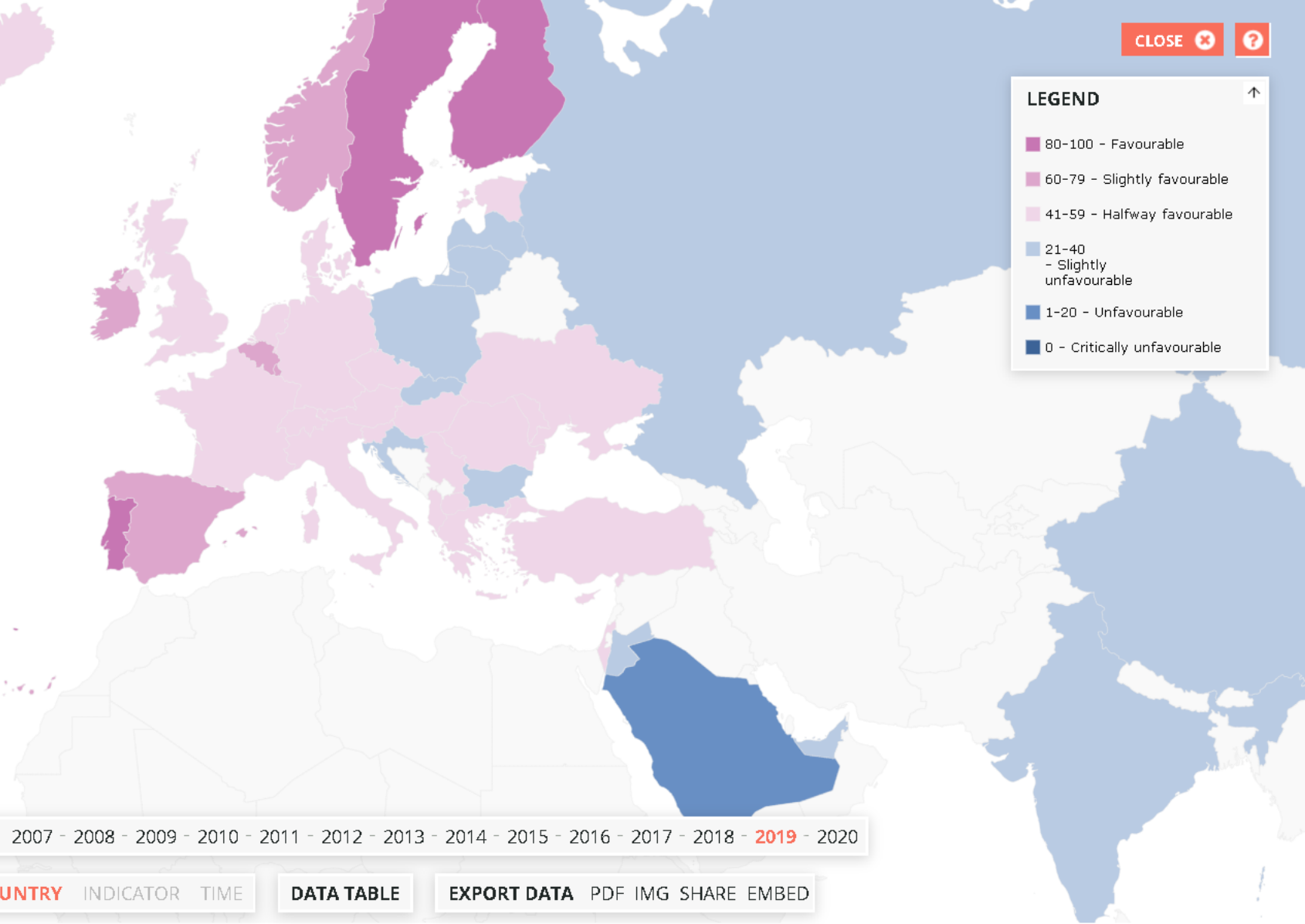# Integration policy models in the EU (Bevelander and Emilsson 2021)

TYPE	COUNTRIES	CHARACTERISTICS	DRAWBACKS
National (government-led) models	Scandinavia	• Access to services and resources for new migrants organized by the national level • Fairly universal	* Costly, the slow pace of labor market entry by migrants, and the fact that only a few of the new measures introduced have proved to be effective, that is leading to positive labor market outcomes.
Project-based/multi-level governance model,	Germany & Austria	* Multi-level, but sub-national levels are key actors. Closer to the local level	* Fragmentation
laissez-faire model	Italy, the Netherlands (& (the UK)	• Italy: Mostly dependent on collaboration between local govt and NGOs • NL: Private companies and Municipalities	• Difficulty of maintaining common/national standards of quality and consistency in service provision
NGO model	Central & Eastern Europe	• No specific resources or infrastructure for inclusion on either the local, regional, or national levels.	

https://www.mipex.eu/play/

COUNTRIES ▼   INDICATORS ▼   TIME ▼   MAP 🖾   COLUMN 📊   BAR ☰   LINE 〽   RADAR ☆   SCATTER 🖳

CLOSE ⊗   ❓

MIGRANT INTEGRATION POLICY INDEX 2020

OVERALL SCORE (WITH HEALTH), 2019

WORLD
EUROPE
PACIFIC
AMERICAS
ASIA

LEGEND

■ 80-100 - Favourable
■ 60-79 - Slightly favourable
■ 41-59 - Halfway favourable
■ 21-40 – Slightly unfavourable
■ 1-20 – Unfavourable
■ 0 – Critically unfavourable

TIME EXPLORER ▷ 2007 – 2008 – 2009 – 2010 – 2011 – 2012 – 2013 – 2014 – 2015 – 2016 – 2017 – 2018 – **2019** – 2020

GROUP BY **COUNTRY** INDICATOR TIME   DATA TABLE   EXPORT DATA PDF IMG SHARE EMBED
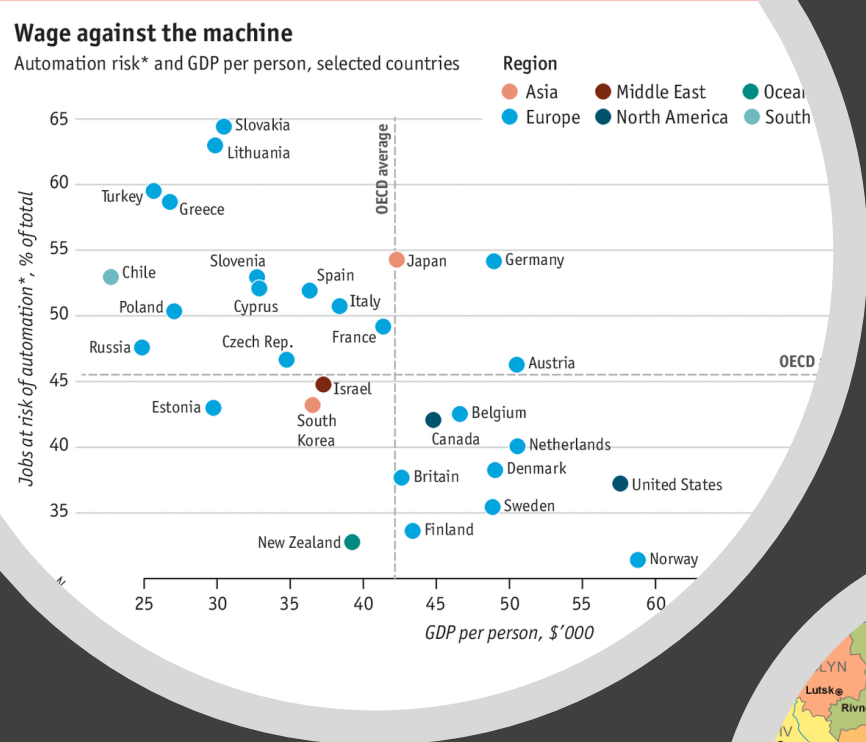
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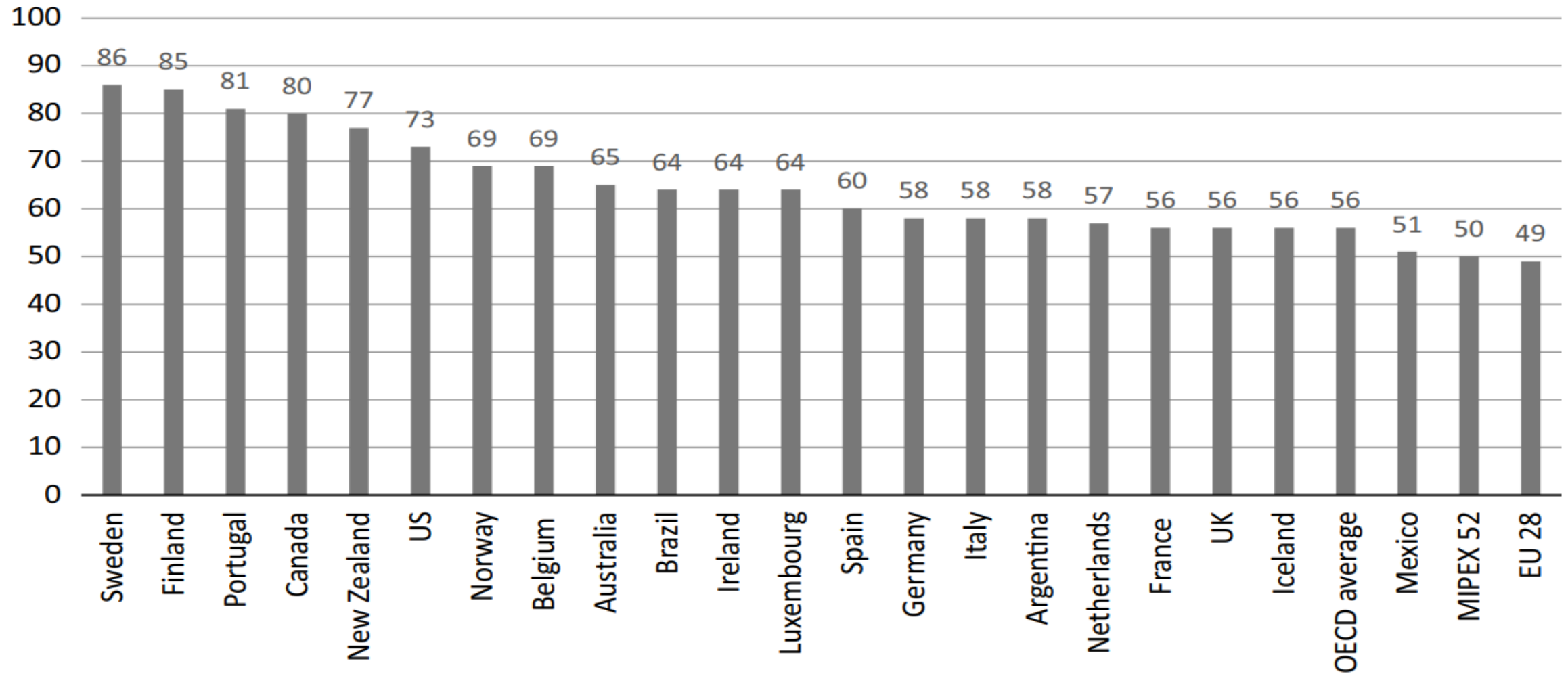
Figure 1.9   MIPEX scores by country (weighted by eight areas)

Legend:
1. Comprehensive Integration - Top 10
2. Comprehensive Integration (slightly favourable)
3. Temporary Integration (slightly favourable)
4. Comprehensive integration (halfway favourable)
5. Equality on paper (halfway favourable)
6. Temporary integration (halfway unfavourable)
7. Immigration without integration (Halfway unfavourable)
8. Equality on paper (Halfway unfavourable)
9. Equality on paper(slightly unfavourable)
10. Immigration without integration (most unfavourable)

https://www.mipex.eu/key-findings

Wage against the machine
Automation risk* and GDP per person, selected countries
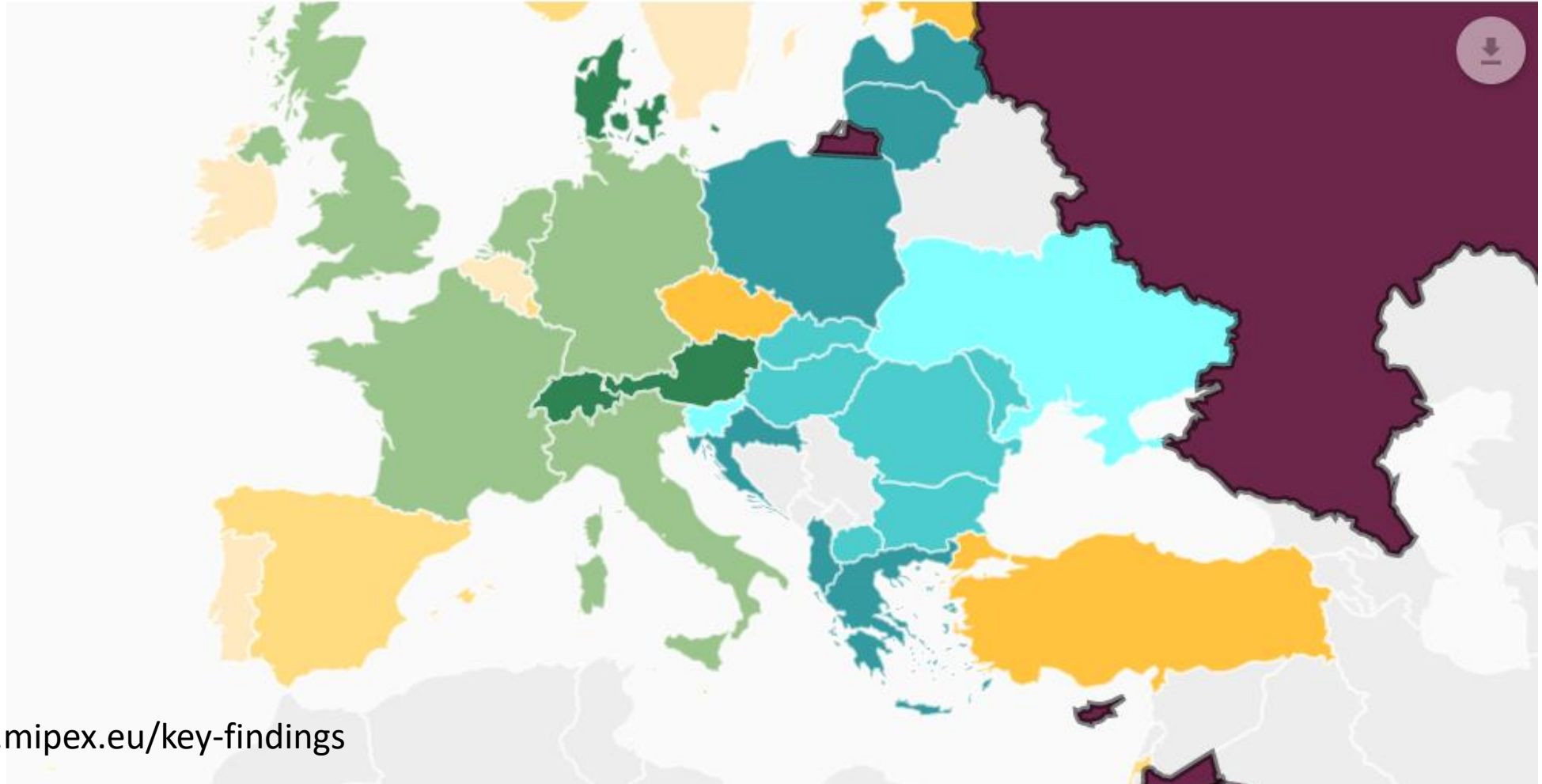
Additional Challenges

Conclusion

Welfare states are here to stay

- But, should the welfare state prioritize investing in human skills to improve peoples' earnings capacity or should it primarily serve as a safety net?
- Universalistic or targeted
- Strings attached?
- Social Citizenship and Immigrants?

Dualization, precarity & insecurity

- Migrants
- Some instances, youth and women

EU coordination on social issues continues to be difficult

- "New" cleavages and redefinition of policy agendas might make it even more difficult