



The Uses of Social Investment

Anton Hemerijck (ed.)

<https://doi.org/10.1093/oso/9780198790488.001.0001>

Published: 2017

Online ISBN: 9780191831744

Print ISBN: 9780198790488

Search in this book

CHAPTER

33 Public Opinion and the Politics of Social Investment

Marius R. Busemeyer

<https://doi.org/10.1093/oso/9780198790488.003.0033> Pages 358–367

Published: June 2017

Abstract

Existing survey data on the public's opinion on education policy usually finds large majorities in support of more educational investments. And yet, in many countries, actual levels of public spending on education remain stagnant. Making use of a new and original dataset on public opinion in eight European countries, this chapter provides a partial answer to this puzzle. In particular, it finds that popular support for more education spending drops significantly once citizens are confronted with the necessity of cutbacks in other parts of the welfare state (such as pensions or unemployment benefits). The conclusion is that the social investment project might face considerable political resistance if the more traditional parts of the welfare state are threatened. On the plus side, there is also evidence for a continued support for education even when citizens are confronted with the reality of political and fiscal trade-offs.

Keywords: [education](#), [public opinion](#), [public spending](#), [social investment](#), [trade-offs](#)

Subject: [Comparative Politics](#)

Collection: [Oxford Scholarship Online](#)

33.1 Introduction

As the contributions to this volume impressively demonstrate, the social investment model has become a very prominent reference point in academic debates about the future of the welfare state in Europe and beyond. In order to become a politically viable project in the future, however, the transformation of existing welfare states towards the social investment model needs to be supported by large public majorities. Our knowledge about the ‘politics’ dimension of social investment, however, is rather limited so far, in particular with regard to the difficult topic of budgetary trade-offs between ‘new’ and ‘old’ social policies (Vandenbroucke and Vleminckx 2011). One of the main reasons for this lack of knowledge is that existing surveys of public opinion such as the European Social Survey (ESS) or the International Social Survey Programme (ISSP) do not include questions that would force respondents to make difficult choices between equally popular social policies.

This chapter presents new evidence from an original survey of public opinion in eight Western European countries gathered in the project Investing in Education in Europe: Attitudes, Politics and Policies (INVEDUC). In this survey, we asked European citizens for their support for increasing spending on different sectors of the education system as well as their willingness to accept cutbacks in other parts of the welfare state, if the social investment component would be expanded. In this chapter, I want to present some of the major findings of relevance for the political dimension of the social investment project. In general, my findings support the plausible expectation that increasing social investments is a popular policy. However, the data also show that ↪ citizens are much less enthusiastic about social investments if they would have to accept cutbacks in other parts of the welfare state.

The remainder of the chapter is structured as follows: in Section 33.2, I discuss some theoretical expectations with regard to the dynamics of public opinion on social investment. Subsequently, I will introduce the INVEDUC survey, followed by a more detailed presentation of major findings and a concluding discussion about the implications for the political viability of the social investment model.

33.2 Theoretical Expectations

Theoretical expectations about the dynamics of public opinion on social investment are actually more ambiguous than could be assumed. On the one hand, it could be argued that increasing social investments should be a very popular policy. Of course, this is to a large extent true for most social policies, since the ubiquitous public support for the welfare state has repeatedly been found to be a major factor preventing large-scale welfare state retrenchment (Pierson 2001; Brooks and Manza 2007). However, there are a number of reasons why social investment could be even more popular than other social policies. This is particularly true for the case of education, which is in many ways at the core to the social investment paradigm (Taylor-Gooby 2008: 4). Since expanding educational opportunities holds the promise to both contribute to mitigating social inequality as well as enhancing employability in today’s globalized knowledge economies (Busemeyer 2014), Ansell (2010: 136) believes that the promise to support education is an ‘archetypical crowd-pleaser’. As is argued by Bonoli (2013: 8), many social investment policies allow for ‘affordable credit-claiming’: expanding early childhood education (ECE), active labour-market policies (ALMPs), and family care policies are believed to be hugely popular with citizen-voters, because they help to address new types of social risks that have become more important in the past years, such as single parenthood, low skills, long-term unemployment, and long-term care for the elderly and disabled (Häusermann 2012). However, some social investment policies have the advantage that compared to traditional transfer and social insurance programmes such as pensions, passive unemployment benefits, or sick pay, they are less costly, that is, more ‘affordable’.

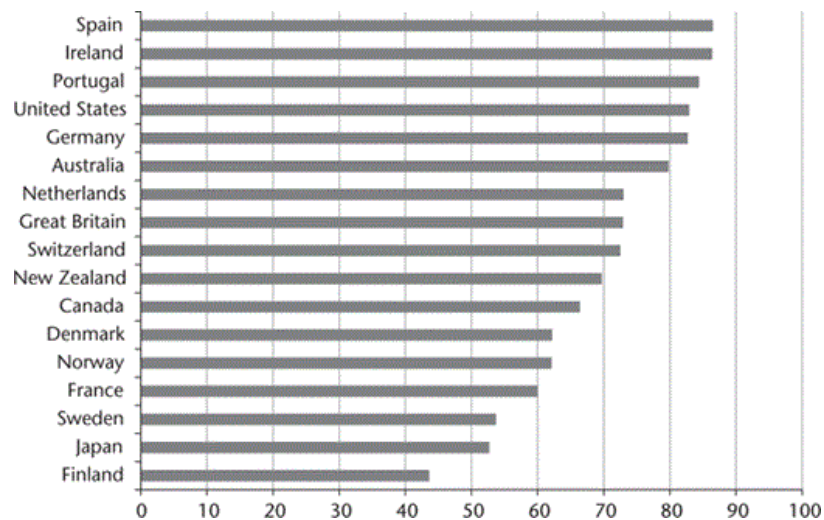
On the other hand, however, promoting the transformation of existing welfare states towards the social investment model could be less popular than expected, in particular when difficult budgetary trade-offs are taken into account. Many policies in the social investment catalogue have a discretionary character, whereas the traditional social transfer and insurance programmes are based on legal entitlements. This is important, because in times of fiscal austerity, discretionary types of spending are easier to cut back (Streeck and Mertens 2011; Breunig and Busemeyer 2012) than entitlement-based programmes. In case of the former, policymakers can simply decide to lower the level of quality in service provision by ‘stretching resources’ (e.g. by increasing class size in schools or by hiring fewer teachers), whereas in case of the latter, politically costly legal changes are usually required. As famously argued by Pierson (2001) and others (Alber 1984; Brooks and Manza 2007), welfare state entitlement programmes create high levels of public support among the groups of beneficiaries who have come to depend on these benefits. If—as in the contemporary period of post-crisis austerity—no additional fiscal resources can be tapped, expanding social investment would require cut-backs in other parts of the welfare state, potentially triggering a public backlash.

Hence, in sum, it is an open question how deeply entrenched public support for the social investment agenda really is. Providing an answer to this question is crucially important in order to understand the political viability of the social investment paradigm, because it would help to identify potential political obstacles. Existing cross-national studies on the reform trajectories in European welfare states across the last decade or so show that not all welfare states have unambiguously moved in the social investment direction (Taylor-Gooby 2008; Vandenbroucke and Vleminckx 2011; Morel, Palier, and Palme 2012c; Bonoli 2013; Hemerijck 2013). On the one hand, our data on public opinion could reveal that the reluctance of some welfare states to move towards the social investment model is actually rooted in public preferences and attitudes. On the other, it could be possible to find that social investment is indeed as popular as many believe, which would then turn the focus towards the level of policymaking. If increasing social investment is popular, but still does not happen, we would expect to find particular political obstacles preventing the implementation of popular policies.

33.3 Measuring Public Opinion on Social Investment

Existing evidence from international surveys of public opinion suggest a high level of public support for social investment in general and education in particular. Figure 33.1 presents data on public opinion about increasing public spending on education from the ISSP Role of Government IV Module (2006). In this survey, respondents are asked whether they would ‘like to see more or less government spending’ in a range of policy areas, including education. Respondents are also reminded that an increase in spending ‘might require a tax increase to pay for it’. But, except for this particular reminder, respondents are not forced to make a choice between different spending areas. In Figure 33.1, I present the share of respondents aggregated at the country level who supported ‘more’ or ‘much more’ public spending on education, compared to those who preferred the same or less spending. The data show that increasing public education spending is supported by large majorities in many Organisation for Economic Co-operation and Development (OECD) countries. Surprisingly, public support for more spending is lowest in Finland—commonly regarded as a role model in education reforms—most probably because it is already at a high level in that country. Apart from Finland, spending increases are supported by majorities of 50 per cent or more up to huge majorities of more than 80 per cent in Germany, the United States, Portugal, Ireland, and Spain. Given these large majorities, it is surprising to find that actual levels of public spending in some of these countries have not moved much within the last decade. For instance, according to the most recent data from the OECD, spending (public and private) on educational institutions in Germany as a percentage of gross domestic product (GDP) only increased slightly from 4.9 per cent in 2000 to 5.1 per cent in 2011, which is still significantly below the OECD average of 6.1 per cent (OECD 2014c: 231).

Figure 33.1.



Public support for the government to spend 'more' or 'much more' on education

Source: ISSP Role of Government IV, 2006.

Note: Support for 'more' or 'much more' spending on education.

p. 362 One potential reason for this mismatch between public opinion and actual policy output could be that existing surveys do not fully take into account the budgetary trade-offs between different parts of the welfare state. Hence, increasing education spending could be a popular policy on a general level, but much less so once concrete distributional conflicts come into play.

In order to provide a (partial) answer to these questions, we conducted an original survey of public opinion on education policy most broadly defined in eight European countries, which were chosen to reflect the variety of existing welfare state regimes in Western Europe (Denmark, France, Germany, Ireland, Italy, Spain, Sweden, and the United Kingdom) (Gensicke, Hartmann, and Tschersich 2014). In each country, at least 1,000 respondents aged 18 and above took part (more in the large countries), amounting to a total of 8,905 observations. The response rate was on average 27 per cent, with a low of 20 per cent in Ireland and a high of 36 per cent in Denmark. The interviews were done using computer-assisted telephone interviewing (CATI), and random digit dialling (RDD) was employed in order to increase the chances of reaching the growing share of the population using mobile phones only instead of landlines. The conduct of the fieldwork was outsourced to TNS Infratest Sozialforschung. The dataset also provides two different kinds of weights, which are both used in the presentation of the descriptive statistics in Section 33.4. First, a design weight was applied in the case of landlines only to take into account different selection probabilities of individuals depending on the number of landlines per household and the number of potential interviewees in a given household; second, a selectivity weight was assigned that corrects for differences between the sample and the target population by referring to well-known stratification characteristics of the latter (using stratification variables such as age, gender, education levels, occupational status, regions, and employment status). A pre-test of the questionnaire was run in all eight countries in February/March 2014, with the main phase of fieldwork taking place between mid-April and end of May 2014. All interviews were conducted by native speakers.

33.4 Empirical Evidence

In the following, I will present data on two different aspects: first, how the support for public spending on education changes once respondents are made aware of existing budgetary trade-offs, and, second, how citizen-voters react when being directly confronted with hard distributional choices between social investment and social transfers.

Starting with the first topic, the survey contains the following quasi-experimental question. The full sample was divided into four equally sized groups and the assignment to one of these groups was entirely random.

p. 363 These four groups were asked for their support (on a five-point scale from strongly disagree, disagree, neither agree nor disagree, agree, to strongly agree) for the following statements:

Split 1: The government should increase spending on education.

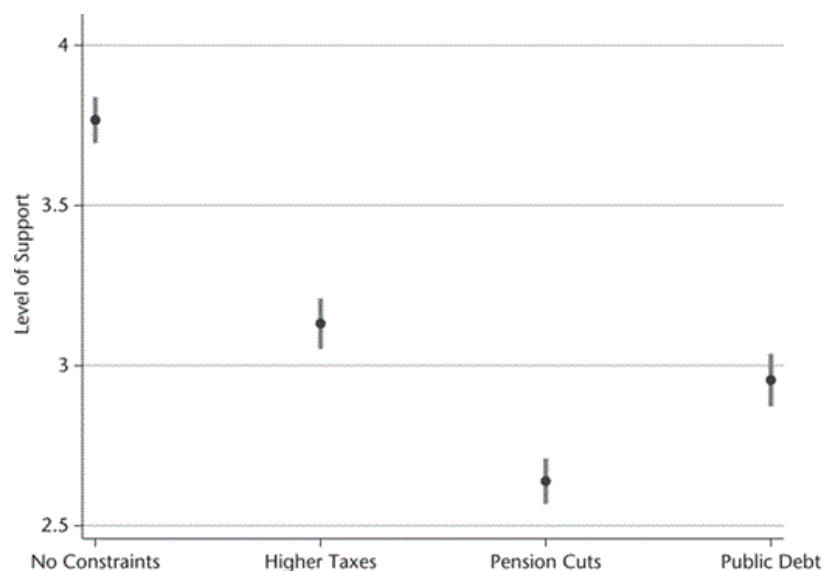
Split 2: The government should increase spending on education, even if that implies higher taxes.

Split 3: The government should increase spending on education, even if that implies cutting back spending in other areas such as pensions.

Split 4: The government should increase spending on education, even if that implies a higher public debt.

Figure 33.2 presents the estimated average levels of support for education spending including the 95 per cent confidence intervals across the four different groups and with the scale reversed, so that higher values indicate higher levels of support. As can be seen from the figure (and as is confirmed in pairwise t-tests), the differences in the estimated means are always statistically significant, which indicates that the framing of the question indeed matters. Once citizens are reminded of the budgetary implications of their expressed support for more education spending, this support drops.

Figure 33.2.



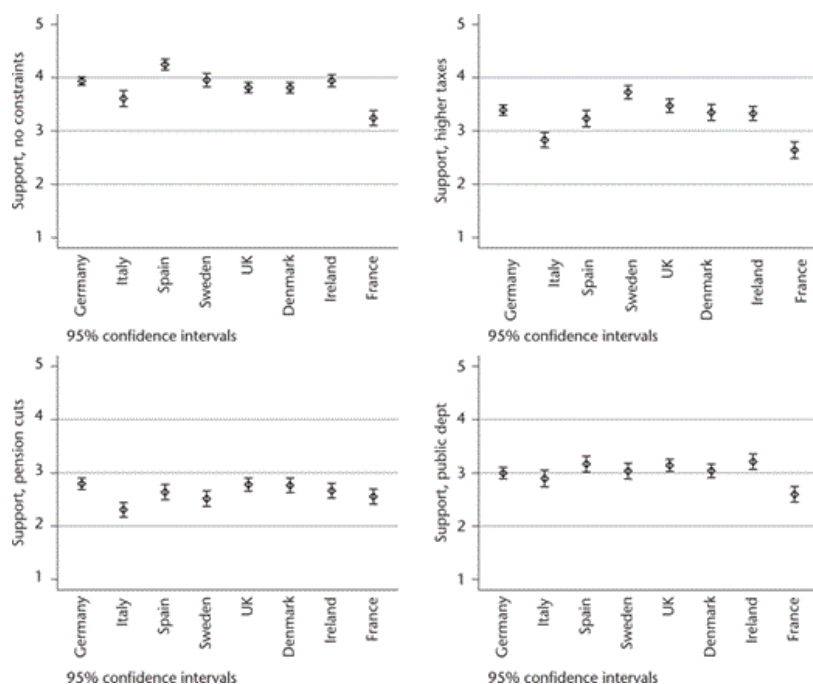
Mean levels of support across different treatments

In the framing without constraints, the mean level of support is 3.76, which implies that about 71 per cent of respondents are in favour of more or much more spending on education. Support for spending drops to 3.13 (48 per cent of respondents demanding more or much more spending) when respondents are confronted

with the fact that this would require higher taxes and to 2.95 (41 per cent demanding more or much more spending) when this would have to be paid for with higher levels of public debt. The largest drop in support for education spending, however, can be observed when citizens are confronted with the possibility of cutbacks in other parts of the welfare state, in particular pensions. In this case, support for spending decreases to 2.64, which is equivalent to a mere 26 per cent of the respondents demanding more or much more spending. These stark differences are remarkable in the sense that a seemingly solid majority of more than 70 per cent of respondents expressing support for more education spending is reduced to a rather small minority of 26 per cent, once they are confronted with the reality of cutbacks in other social policy programmes.

Figure 33.3 displays average levels of support grouped by the eight countries covered in the survey, which reveals some interesting potential feedback effects of existing welfare state regimes on patterns of public opinion. For instance, public support for education spending in France is conspicuously lower than in other countries, which already became apparent in Figure 33.1. In particular when reminded that higher spending on education would have to be financed with higher taxes or higher levels of public debt, support for spending increases drops precipitously, which might be a consequence of the dire state of public finance in this country. In Italy, in contrast, support for education spending drops furthest when respondents are confronted with the possibility that this would require cutbacks in pensions. Swedish citizens are in principle very much in favour of increasing education spending, even if that would require higher levels of taxes. Germans and Spaniards are equally positive about education spending increases (see also Figure 33.1), but seem to be less willing to accept trade-offs.

Figure 33.3.



Mean levels of support across different treatments and different countries

The survey contains another question that confronts respondents with the difficult trade-off between ‘new’ and ‘old’ social policies in an even more direct manner. This time the sample is not split into four, but in two equally sized groups. Again, assignment to the different groups is random. The first group is asked the following question:

What do you think about the following statement? To be able to finance more spending on education and families, the government should cut back on old age pensions and unemployment benefits.

In contrast, the second group is asked this question:

What do you think about the following statement? To be able to finance more spending on old age pensions and unemployment benefits, the government should cut back spending on education and families.

Again, responses to these questions were recorded on a five-point Likert scale (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree).

The goal of these questions is to find out how citizen-voters react when faced with hard distributional choices, which in many ways are the kind of decisions that policymakers face nowadays in post-crisis Europe. The sample is split into two groups in order to find out whether citizens would be more willing to accept cutbacks in traditional social transfer programmes in order to finance social investment-style policies compared to the opposite trade-off.

The simple answer to this question is no. Table 33.1 presents the distribution of respondents across the different categories of the scale. The bottom row of Table 33.1 shows the mean level of support for spending increases is very similar. Although it continues to be statistically significant (as shown in an unpaired t-test), the magnitude of the difference is miniscule. Furthermore, compared to the questions discussed, average levels of support for spending increases—either on social investments or social transfers—drops precipitously once citizen-voters are confronted with trade-offs. The mean level hovers around the value of 2, which is equivalent to the category of ‘disagree’. Looking at the cumulative distribution of observations across the different categories, it can be seen that about 70 per cent of respondents either disagree or disagree strongly with spending increases. This roughly corresponds with the size of the minority who supported increasing education spending, even if would lead to cutbacks in pensions as discussed above.

Table 33.1. Trade-offs in spending preferences: social investment vs passive social transfers

	More Spending on Education and Families and Less on Old-Age Pensions and Unemployment Benefits		More Spending on Old-Age Pensions and Unemployment Benefits and Less on Education and Families	
	Per cent	Cumulative	Per cent	Cumulative
Strongly agree	1.60	1.60	1.14	1.14
Agree	9.66	11.26	6.68	7.82
Neither agree nor disagree	15.29	26.55	15.12	22.94
Disagree	43.37	69.92	49.62	72.56
Strongly disagree	28.44	98.36	25.20	97.76
Don't know/no answer	1.64	100.00	2.24	100.00
Overall mean (and standard deviation)	2.1115 (0.9857)		2.0685 (0.8867)	

Table 33.2 displays the share of respondents supporting spending increases within different socioeconomic groups. Here, I focus on individuals with small kids at home on the one hand (which would benefit from increasing spending on education and families) and individuals aged 65 and above as primary beneficiaries of pensions on the other. Of course, one could also add other beneficiary groups of social transfers, such as the unemployed.

Table 33.2. Disagreement with spending increases across different socioeconomic groups, share of respondents disagreeing or disagreeing strongly

	Old Age		Small Kids	
	Aged 65 and above	Aged below 65	Small kids at home	No small kids at home
More spending on social investment, less on social transfers	79.25 per cent	70.34 per cent	63.09 per cent	74.69 per cent
More spending on social transfers, less on social investments	77.13 per cent	76.19 per cent	76.15 per cent	76.52 per cent

p. 367 The table reveals some interesting findings. First of all, increasing spending on social investment-style policies is more controversial than spending on social transfers. Expanding social transfer programmes at the expense of social investments is deeply unpopular across all groups, with more than 75 per cent of respondents voicing disagreement or even strong disagreement. The situation is somewhat different in the case of increasing spending on social investment policies. Not surprisingly, the elderly are more opposed to this (79.25 per cent) compared to the non-elderly (70.34 per cent). Furthermore, individuals with small children at home are significantly less opposed to spending increases on education and families financed by

cutbacks in other parts of the welfare state compared to individuals without small children at home (63.09 per cent vs 74.69 per cent). However, this also shows that even this group of potential beneficiaries is by majority opposed to financing spending by cutting back other parts of the welfare state. In sum, this evidence shows that proposals to increase social investments might trigger particularly strong negative reactions from the beneficiaries of traditional transfer programmes, but also receive significantly more support from the new beneficiaries.

33.5 Conclusions

What are the main take-aways from this brief discussion of new empirical evidence on the public opinion of social investment? In general, there is good news and bad news for the political viability of the social investment paradigm. The good news is that the survey evidence clearly confirms that social investment policies, in particular education, are hugely popular with citizen-voters. Thus, expanding social investments should present an attractive opportunity for policymakers to claim credit. The bad news, however, is that public support for expanding social investments drops significantly, once potential trade-offs are fully acknowledged. When pressed, citizen-voters would maybe accept higher levels of taxes or public debt in order to finance additional spending, but they are particularly wary of cutbacks in other parts of the welfare state. Unfortunately, the reality in many countries in post-crisis Europe is that additional spending cannot be financed from new revenue sources but often requires exactly the kind of redistribution between different welfare state programmes that voters dislike. Therefore, promoting the social investment model holds enormous political potential on the one hand, but it also comes with a number of political risks on the other. In sum, proponents of the social investment approach (SIA) should be aware of the fact that its successful implementation most likely hinges on the ability of policymakers to pursue a balanced approach that strengthens the social investment pillar of the welfare state, while maintaining the social transfer pillar at the same time (Allmendinger 2009; Vandenbroucke and Vleminckx 2011).