**Public Demand for Social Investment: New Supporting Coalitions for Welfare State Reform in Western Europe?**

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**Abstract**

The topic of social investment has recently received a lot of attention among policy-makers and welfare state scholars alike, but the existing literature has mainly focused on the politics and policy-making on the macro level. This paper expands this perspective by studying public opinion towards social investment in comparison to other welfare state policies, making use of a new and original comparative survey of public opinion in eight Western European countries. We identify three latent dimensions of welfare state preferences, defined by support for “social investment”, “passive transfers” and “workfare” policies. We also find that social investment policies are far more popular compared to the other two. Finally, we identify different and distinct supporting coalitions for the different policy packages: Passive transfer policies are most supported by low-income and low-educated people and individuals leaning towards traditional social values, while also subscribing to left-wing economic attitudes. Social investment policies are supported by broad coalition of middle class individuals with a higher educational background and left-libertarian views, whereas workfare policies are most popular with high-income individuals as well as those subscribing to economically conservative positions and traditional authoritarian values.

**Key words**

Welfare state reform, social investment, social compensation, public opinion, policy preferences, welfare state attitudes.

1. **Introduction**

The topic of social investment has recently received a lot of attention among policy-makers and welfare state scholars alike (Bengtsson et al. 2017; Bonoli 2007; Esping-Andersen 2002; Ferrera 2016; Hemerijck 2013; Morel et al. 2012; see the contribution by Hemerijck for an overview). Academic scholarship in this field studies the transformation of contemporary welfare states from more passive, transfer-oriented institutional regimes towards systems promoting activist labor market and skill formation policies. Even though the literature is increasingly paying more attention to the associated politics of reform, the bulk of the existing literature focuses on the role of *collective* actors such as political parties, trade unions, and employer associations in the development of social investment policies. In contrast, we hardly have any knowledge on what citizens think about social investment policies (we discuss some exceptions below), also because of a lack of survey data on this issue so far.

In this paper, we seek to address this significant research gap by analyzing public opinion towards social investment policies. We pose and answer three research questions: First, do citizens have coherent preferences towards social investment, i.e. do they have similar opinions on various types of social investment (childcare, active labor market policies, or higher education) and do these preferences differ systematically from those towards compensatory policies such as pension or unemployment benefits? Second, how extensive is popular support for social investment policies compared to demand for compensatory social transfer policies? And finally, what are the individual-level determinants of people’s preferences towards social investment, i.e. are the supporting coalitions similar or different from those of more traditional welfare policies? Empirically, we study public opinion towards social investment policies using a new comparative representative survey recently conducted in eight European countries: the INVEDUC survey (Busemeyer et al. 2017). As the existing comparative social surveys (e.g., ESS, ISSP, Eurobarometer) hardly include questions on social investment policies, the advantage of the INVEDUC survey is that it for the first time allows studying people’s social investment preferences empirically (but see Fossati/Häusermann 2014 for the Swiss case).

Our core findings are the following: First, principal component factor analyses reveal that respondents’ welfare policy preferences indeed cluster along two dimensions, a social investment and a social compensation cluster. In other words, citizens hold rather coherent preferences towards social investment in general. The partial exception is one form of ALMPs, namely “incentive reinforcement” (Bonoli 2010) or “workfare” (King 1995), which forms a distinct dimension. Second, a comparison between support for social investment and social compensation policies shows that social investment policies are much more popular among the European public than passive transfer-oriented policies. Finally, multivariate regressions show that the supporting coalitions for social investment indeed vary in important ways from those of more traditional welfare policies (see also the contribution of Häusermann to this collection for the case of family policy). Overall, our paper seeks to contribute to welfare state research and public policy scholarship more generally by offering the first comparative empirical analysis of public opinion towards social investment.

1. **Public Opinion towards Social Investment: Theoretical perspectives**

As mentioned above, the literature on the politics of social investment has so far mainly been concerned with the causes and effects of (specific) social investment policies on the macro-level (Bonoli 2007, 2013; Esping-Andersen 2002; Hemerijck 2013; Morel et al. 2012; cf. also the introduction to this special issue). In contrast, citizens’ preferences on social investment policies have not received much attention (notable exceptions are Fossati/Häusermann (2014) for the Swiss case as well as Häusermann/Kriesi (2015) and Häusermann et al. (2015) for a broader set of countries). However, there is of course a significant amount of scholarship on individual policies that are considered important in the social investment paradigm, but they have usually been analyzed separately from other policies.

For instance, a few studies have analyzed attitudes towards early childhood education and childcare (ECEC) (Henderson et al. 1995; Meuleman/Chung 2012; Guo/Gilbert 2014; Goerres/Tepe 2010, 2012; Bolzendahl/Olafsdottir 2008; Mischke 2014), finding a high degree of popular support for the expansion of ECEC across countries, but also some variation within and across countries. Individual preferences are largely determined by materialist self-interest related to variables such as income, educational background and age as well as by ideological predispositions on the role of the welfare state. Similar findings have been obtained in the recently growing literature studying attitudes towards education policy (Ansell 2010, Busemeyer 2012, 2015, Garritzmann 2015, 2016). Still others analyzed preferences towards active labor market policies (ALMPs). For example, Kananen, Taylor-Gooby, and Larsen (2006) used cross-sectional Eurobarometer data to study preferences towards different kinds of (active) labor market policies, finding that respondents’ labor market situation affects their preferences, while income hardly matters. Rueda (2005) investigated preferences towards active and passive labor market policies, studying particularly differences between labor market insiders and outsiders.

Thus, even though there is a significant amount of research on support for individual policies related to the social investment paradigm, there is very little to no work on how they are related across policy fields and whether they are sufficiently coherent in order to be able to identify distinct and different supporting coalitions for the social investment vs. the transfer-oriented welfare state model. A noteworthy exception is Fossati and Häusermann’s (2014) analysis of survey data during the 2011 election in Switzerland. Their factor analyses show that Swiss citizens’ welfare policy preferences are two-dimensional, as preferences towards social compensation and social investment clearly form distinct clusters, and that these preferences are good predictors of voting behavior. The few existing studies on social investment attitudes for a broader set of countries (Häusermann/Kriesi 2015; Häusermann et al. 2015) suffer from shortcomings in the existing comparative social surveys (ESS, ISSP, Eurobarometer), which we discuss more below.

Inspired by this literature, our *first research question* is whether people indeed have coherent preferences towards social investment policies and whether these differ systematically from attitudes towards compensatory social policies. There are good theoretical reasons why this should be the case. First, the literature on social investment (see the contribution by Anton Hemerijck in this collection) emphasizes the importance of *complementarities* between different social investment policies. These complementarities arise from the fact that the social investment strategy aims at promoting the formation of human capital across different stages of the life-cycle from early childhood education to active labor market policies. Second, as we explore further below, the supporting coalitions of social investment are different from those of social compensation related to the fact that the beneficiary groups are different. Young, well-educated middle-class parents, for example, benefit not only from the expansion of childcare facilities, but also from more investment in education and labor market training policies. Vice versa, the primary beneficiaries of social transfers – the poor, the ill and the long-term unemployed – might not be interested in the expansion of social investment policies, which do not directly benefit themselves. Thus, we expect that citizens’ preferences towards different kinds of social investment policies correlate and cluster along a distinct dimension, whereas attitudes for social transfer policies should cluster along a second one. A potential exception could be policies related to “incentive reinforcement” (Bonoli 2010) or “workfare” (King 1995), i.e. a particular type of active labor market policies that strongly and often negatively incentivizes the unemployed to get back into employment rather than engaging in re-training or investing in public employment. Even though these policies are often discussed in the context of activation policies, individual support for these policies might not be associated with support for other social investment policies because of their emphasis on negative incentives.

Our *second research* question is – assuming the two-dimensionality of people’s welfare state preferences for now – how popular social investment is vis-à-vis compensatory policies. As stated above, there are empirical indications that individual policies related to the social investment paradigm such as education and childcare are popular, but there is no solid evidence on the popularity of the social investment model in its entirety (the two exceptions being two papers also using data from the present survey: Busemeyer et al. 2017; Busemeyer/Garritzmann 2017, both of which, however, focus on spending as a proxy and not policies). On this background, it is plausible to expect that social investment policies are highly popular (see also Bonoli 2013), because they create concrete benefits for a large part of the electorate, in particular the well-educated (and politically active) middle classes. The social investment model might also receive considerable political support, because it is appealing to people with different ideological predispositions towards the role of the state, taking up a ‘middle-ground’ between state- and market-based solutions. In other words, social investment could be a “valence issue” (Stokes 1963), which is difficult to oppose politically. Thus, we hypothesize that social investment is highly popular among the European public, particularly vis-à-vis compensatory social policies.

Our final, *third research question* regards the determinants of people’s preferences. We are particularly interested in the question whether and how the supporting coalitions of social investment policies differ from those of compensatory policies (cf. also Beramendi et al. (2015) for this relationship on the macro-level). We argue that while preferences towards social investment and towards compensation are related to a certain degree, they differ in several important respects.

First of all, we would expect that the traditional ‘class conflict’ identified for compensatory social policies and for redistribution more generally is less important when it comes to social investment policies. The main reason for this is that whereas compensatory social policies are often strongly redistributive, the redistributive effects of social investment policies are much more complex as these often benefit the more wealthy middle classes (see the contributions by Bonoli and Liechti as well as Pavolini and Van Lancker in this collection on potential Matthew effects in social investment policies). Thus, we would expect to find income to be an important (negative) determinant of respondents’ preferences towards compensatory policies, but to a much lesser degree for social investment. Second, we would also expect the effect of age to be very different. The bulk of social transfer spending (in particular pensions) benefits the elderly, where the social investment approach is more geared towards the young: children, young adults and parents. Hence, we expect age to have a positive effect on respondents’ compensation policy preferences, but a negative effect on their support for social investment (see also Busemeyer et al. 2009).

The third factor we want to highlight here is the role of respondents’ ideological positions. In the literature on welfare state preferences cited above, it is common to measure respondents’ position on a uni-dimensional left-right scale as a proxy for their underlying political preferences. However, a related literature, which tends to be neglected in welfare state research, argues that the policy space is two-dimensional, distinguishing between an “economic” and a “social” left-right dimension (for many: Häusermann/Kriesi 2015; Hooghe et al. 2002; Kitschelt 1994). The first dimension concerns value orientations towards the relationship between the market and the state with people on the left supporting a strong role of the state and people on the right expressing support for market solutions. The second dimension is related to new political issues that have emerged in the context of the post-materialist revolution since the 1970s, e.g. gender relations, concern for the environment, and support for social liberalism. This dimension ranges from “Green/alternative/libertarian” (GAL) values, on the one hand, to “traditional/authoritarian/nationalist” (TAN) orientations, on the other. We find this differentiation helpful because it has important implications for the study of social investment and social compensation policies (cf. also Beramendi et al. 2015; Häusermann/Kriesi 2015). We hypothesize a positive association between a left-wing position on the economic dimension and support for both compensatory and social investment policies, because both are essentially public policy programs. However, the association should be stronger in the case of compensatory policies, because these are more aligned with the classical redistributive conflict between left and right. Regarding the social (GAL-TAN) dimension, we would expect significant differences between compensatory and social investment policies. We expect that respondents with green, alternative, and libertarian (GAL) views are in favor of social investment policies but relatively opposed to compensation policies, because these citizens are more in favor of equality of opportunities, gender equality, and socio-economic upward mobility (all of which the social investment paradigm seeks to achieve). In contrast, compensatory policies are often built upon a logic of status maintenance and were established in a time when the male breadwinner model was still dominant. Thus, egalitarian, post-materialist individuals can be assumed to support future-oriented social investments, but to be relatively opposed to traditional welfare policies. In contrast, we expect citizens with more traditional, authoritarian, and nationalistic (TAN) views to favor social transfers, but to oppose social investments.

Taken together, we expect that the determinants of respondents’ preferences towards social compensation and social investment differ in important ways. Social investment and social compensation have very distinct supporting coalitions (see also the contribution by Häusermann in this collection). In the following section we explain how we study our three research questions empirically and report empirical results from an original survey.

1. **Empirical analysis**

***Data***

In order to answer our research questions and test our arguments, we need country-comparative data on people’s preferences on social investment policies and compensatory welfare policies. Unfortunately, the existing international comparative surveys (such as the ESS, the ISSP, or the Eurobarometer) do not include questions that would allow operationalizing our dependent variable in a valid and informative way[[1]](#footnote-1). Therefore, we conducted an original representative survey of public opinion about social investment policies and welfare state reform in eight Western European countries in the context of the project “Investing in Education in Europe” (INVEDUC) (for details and a more detailed discussion, see: Busemeyer et al. 2017). The eight countries were chosen to cover the entire variety of welfare state regime traditions and families of nations across Western Europe (Esping-Andersen 1990): Denmark and Sweden for the Scandinavian world of welfare, Germany and France as representatives of the conservative/corporatist welfare state regime, Spain and Italy for Southern Europe and, finally, the UK and Ireland as examples of the liberal regime type. The fieldwork for the survey was conducted by a professional survey company specializing in comparative international surveys of public opinion in April-May 2014, following a set of pretests in the countries included in the project. The total number of observations is 8,905 with about 1,000 to 1,500 cases per country, depending on population size. Interviews were conducted by native speakers, using computer-assisted telephone interviewing (CATI) techniques.

***Operationalization of the dependent variables***

In order to study respondents’ attitudes towards social investment policies, we confronted respondents with a number of potential welfare state policy reforms, which the governments in the respective countries might pursue. These reform proposals were inspired by policy instruments and solutions discussed in the literature on social investment and welfare state reform (Bonoli 2013; Hemerijck 2013; Morel et al. 2012). One of the advantages of the INVEDUC survey is that we do not have to rely on proxies such as people’s preferences towards different kinds of public spending (the common practice in other comparative surveys) to understand their policy preferences (cf. Fossati/Häusermann 2014). We have much more direct, realistic, and concrete measures of respondents’ support for social investment and other welfare policies. More specifically, respondents were asked the following question:

*“Governments and political leaders like to propose new policy reforms in order to address important social issues. Please indicate whether you would strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with the following reform proposals:*

1. *Giving the unemployed more time and opportunities to improve their qualification before they are required to accept a job.*
2. *Expanding access to early childhood education and improving its quality.*
3. *Investing more money in university education and research at universities.*
4. *Forcing unemployed to accept a job quickly, even if it is not as good as their previous job.*
5. *Increasing old age pensions to a higher degree than wages.*
6. *Lowering the statutory retirement age and facilitating early retirement.”* [[2]](#footnote-2)

In administering the survey, the order of items was randomized for each respondent in order to avoid spurious statistical artifacts. We designed the first three items to capture different key aspects of the social investment paradigm (Bonoli 2013; Hemerijck 2013; Morel et al. 2012): The first item alludes to active labor market policies (ALMPs) that put emphasis on (re-)training in order to improve the individuals’ job perspectives rather than their quick re-integration into the labor market – “upskilling” in Bonoli’s (2010) terms. Upskilling is a decisive part of the social investment agenda (Bonoli 2010) and has become a widely used policy tool in many European countries. The second item proposes the expansion of childcare (both in terms of access and quality of service), which also is a core component of investment-oriented social policy reforms (Esping-Andersen 2002). The third item proposes expanding investments in universities and research, i.e. forms of human capital that are more relevant in later stages of the life-course that are also directly related to labor market concerns (Garritzmann 2016). The first three items thus cover key aspects of the social investment approach, particularly those aspects that Hemerijck (2015) defines as “stock”, i.e. enhancing and maintaining human capital.

The fourth item also follows an activation-logic, but refers to the notion of “workfare” policies (King 1995), i.e. ALMPs that set strong incentives to force unemployed persons back into the labor market. Bonoli (2010) termed these kinds of ALMPs “incentive reinforcements”, i.e. they have a strong future- and employment-orientation, but lack a social investment component. Finally, the fifth and the sixth item are meant to capture support for more traditional, transfer-oriented social policy reforms. More concretely, the fifth item proposes to increase pensions more than wages, i.e. to shift resources to old-age pensions above and beyond what would be expected on the background of general wage increases. The sixth proposal is to allow individuals to retire earlier by lowering the statutory retirement age and expanding opportunities for early retirement. These aspects thus focus on social transfer policies and – more importantly – do not contain any social investment aspects.[[3]](#footnote-3)

***Findings: The multidimensionality of welfare policy preferences***

Addressing the first research question, we performed a principal component factor analysis in order to ascertain whether our presumed classification of policy reforms is borne out in the data. We find three factors with an *Eigenvalue* greater than 1, which is commonly used as a cut-off point for identifying factors. Table 1 displays the *Eigenvalues* and the rotated factor loadings. The results clearly reveal that citizens’ welfare policy preferences cluster along three dimensions. The factor loadings indicate how strongly the individual variables/items correlate with the respective factor. The analysis shows that as expected respondents’ preferences towards the labor market training, expansion of early childcare, and higher education policies are strongly associated, loading on the same factor, which we as a latent “social investment” dimension. Secondly, we find that preferences towards policies supporting pension increases and towards early retirement strongly load on a second factor, labeled “passive transfers”. Finally, we also identify a third factor (“workfare”), which is associated very strongly with the “incentive reinforcement” policy proposal, as well as – negatively – with the “upskilling” proposal. This shows that the supporters of the positively activating social investment approach are different from the ones that support negative incentive structures in labor market policies. In sum, the factor analysis shows that – as hypothesized – respondents seem to have rather coherent preferences towards social investment policies on the one hand and towards passive transfer-oriented consumption policies on the other. Country-specific factor analyses (reported in the Supplementary Material) show that this finding does not only hold for the pooled sample, but also for each individual country[[4]](#footnote-4).

**Table 1:** Rotated factor loadings and Eigenvalues after principal-component factor analysis, pooled sample.

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Factor 1:“Social investment” | Factor 2:“Passive transfers” | Factor 3:“Workfare” |
| Labor market training | **0.4179** | 0.1502 | **-0.5922** |
| Expand early childcare | **0.7657** | 0.0799 | 0.0796 |
| Universities and research | **0.7623** | 0.0094 | -0.0662 |
| Accept job quickly | 0.0808 | 0.0257 | **0.8807** |
| Pension increase | 0.0828 | **0.7891** | 0.1015 |
| Early retirement | 0.0111 | **0.7660** | -0.1424 |
| Eigenvalues | 1.5900 | 1.1092 | 1.0631 |

***How popular is social investment?***

Our second research questions regard the overall popularity of the social investment model. Figure 1 displays levels of overall support for social investment, passive transfers, and workfare policies, respectively, across the eight countries included in our study as well as for the pooled sample. For this figure, we calculate the share of respondents who “agree” or “strongly agree” with the respective reforms and take the average values of support of the items included in each dimension. The figure clearly shows that across all countries expanding social investment is the most popular reform proposal. In the pooled sample about 75 percent of respondent “agree” or “strongly agree” with these reforms, whereas policy reforms aimed at expanding passive transfers receive much less support (about 48 percent). Reforms to strengthen (negative) incentives for unemployed persons to accept jobs actually receives higher levels of support (59 percent) than expanding passive transfer policies. Figure 1 reveals some variation in the levels of support across countries, but overall we observe the same pattern: We find the highest popular support for reforms that expand social investment and the lowest support for expanding social transfers; workfare policies take an intermediate position.

**Figure 1:** Support for social investment, passive transfers, and workfare policy reform proposals across countries.



***Determinants of the multidimensional welfare policy preferences***

Finally, our third research question focuses on the determinants of welfare state preferences on the micro level. As explained above, the goal of this exercise is to identify potential differences in supporting coalitions for these different policy approaches. The dependent variables in the following analyses are the three rotated factor loadings identified in the first part of the empirical analysis. Since the factor analysis transforms the initial variables coded in a five-point scale into a continuous variable with a mean of zero and a standard deviation of 1, it is possible to apply OLS analyses. In order to take into account the multi-level nature of the data (individuals nested within countries), we include country dummies in the regression model and calculate country-clustered robust standard errors.[[5]](#footnote-5)

We include several independent variables in the analysis. First, we control for *educational background*, for which we use a variable that indicates the highest achieved level of education for the respective respondent from basic to tertiary higher education. Second, we include individuals’ net monthly household income (using individual net income yields the same results; see Online Appendix), given in county-specific income quintiles. Third, we control for the individual’s gender (being female is coded as “1”) and, fourth, whether the respondent has small children living in his/her household (small children is here defined as children below the age of 10, since this is the age when children usually finish primary school). Fifth, we take into account respondents´ age and include different categorical age categories, with those aged 30-39 being the reference category. Those aged 60 and above are further separated into a retired and a non-retired group. This allows us to assess whether retirement status has an influence on preferences that is independent of age. Finally, we include two variables measuring the two dimensional left-right positions laid out above. Both of these scales are derived from a factor analysis of responses to a set of items asked in the survey (see Online Appendix for details). Higher values on the economic left-right scale indicate a more right-leaning position, expressing support for a strong role of the market. Higher values on the social values scale imply a more positive orientation towards traditional, authoritarian and nationalist values.

Figure 2 graphically shows our regression results by plotting point estimates and confidence bands (the full models are available in Table A.2, Models 1-3 in the Online Appendix).[[6]](#footnote-6) Most importantly, the analysis reveals clear differences in the determinants of public support across these different models, which indicates that – in line with our expectations – the supporting coalitions for these policy reform proposals indeed vary. First of all, social investment policies are supported by individuals with higher levels of education, who also subscribe to economically leftwing and to more egalitarian social values. Neither the individuals’ income position, nor her gender or having small children at home are associated with support for social investment policies, which – together with the descriptive evidence displayed above – can be interpreted as indicating a broad base of support less affected by the traditional redistributive class conflict. Surprisingly, we also find a strong and robust positive association between being retired and support for social investment policies. This is clearly at odds with conceptions of the elderly being opposed to welfare state reforms that might benefit the young. Because this effect is limited to those in retirement, it might be that the transition from being a net taxpayer to becoming a welfare recipient leads to less concerns about taxes that need to be raised to finance social investment policies or that the elderly do in fact care about working conditions of younger generations and the provision of high-quality childcare for their grandchildren.

Secondly, the supporting coalition of policy reforms expanding passive transfers is more reminiscent of the classic class cleavage about redistribution: We find evidence for strong negative effects of income, educational background, and male gender as well as a positive association between support and an economically leftwing ideological orientation. Different from social investment, but in line with our expectation, supporters of passive transfers tend more towards the right on the social values dimension. Again, the effect of age on support is puzzling, since retired respondents oppose more generous passive transfers, but support is highest in the age group of those in their 50s. Analyses disaggregated by policy proposal, which we present in the Online Appendix (Figure A.2), reveal that this effect is driven by the item of early retirement. Contrary to the proposal of pension increases (where we observe a positive linear effect of age), those in retirement would not benefit from more generous early retirement regulation. Furthermore, they might be concerned about negative side effects on the sustainability of pension payments. Support is highest among those that are close to reach the statutory retirement age.

Finally, support for “incentive reinforcement”/“workfare” policies is concentrated among those with higher incomes (educational background seems to matter less in this case), who also tend towards more traditional social values and subscribe to a right-leaning ideology in economic terms. This confirms that the supporting coalition for workfare reforms – while also being smaller in size compared to social investment policies – is different, as it tends to be more concentrated in the “upscale” groups. Since labor market risk is partly correlated with income, these groups are less likely to experience unemployment spells themselves and therefore more supportive of reforms promoting a more efficient and stringent usage of “their” tax moneys. This is also reflected by the effects of age. The reference group of those in their 30s are in their prime labor market age and probably find it relatively easy to change jobs and therefore more in favor of workfare compared to the other age groups.

**Figure 2:** Determinants of social investment, passive transfer, and workfare policy proposals. Coefficients and 95% confidence bands are plotted; OLS regressions, pooled sample, country fixed effects.



Summing up, our analysis reveals three distinct coalitions supporting different policy reforms: First, supporting the existing literature on compensatory social policies and redistribution more generally, we find that passive transfer policies are most supported by low-income and low-educated people and individuals leaning towards traditional values, while also subscribing to left-wing economic attitudes. In contrast, we find that social investment policies are supported by individuals with a higher educational background and expressing left-libertarian views. This coalition is also relatively broad in terms of size and includes individuals from different socio-economic backgrounds (captured by income) and, surprisingly, also the elderly. Finally, incentive reinforcement/workfare policies are most popular with high-income individuals as well as those subscribing to economically conservative positions and traditional authoritarian values. In the Online Appendix, we present a number of robustness checks and tests, which demonstrate that the findings hold across model specifications and different variable operationalizations.

1. **Conclusion**

Until now, the debate about the social investment model remains a rather elite-centered discourse as most of the existing literature has focused on politics and policy-making on the macro level. This contribution expands this perspective significantly by paying more attention to individual-level preferences and attitudes. Using a new comparative survey of public opinion on social investment and welfare state policies, we found that peoples’ welfare state preferences indeed cluster along three dimensions, related to social investment, passive transfers and workfare policies. We found that social investment policies are by far the most popular policies across countries, and we identified different and distinct supporting coalitions for the individual policy “packages”.

Our findings have important implications for the social investment debate: Contrasting the somewhat mixed assessments of the success of the social investment model on the level of policy-making (see the contribution by de la Porte and Natali and Ferrera (2016)), our analysis shows that from the citizens’ perspective, social investment policies remain highly attractive. This is because they appeal both normatively as well as economically to large parts of the electorate in the well-educated and wealthy middle classes. But the analysis also revealed that the supporting coalitions for new kinds of social investment policies and more traditional social policies are distinct and different, hinting at potential trade-offs, political struggles and conflicts over the transformation of existing welfare states. These struggles have already been apparent in the fate of social democratic parties in the last decades as they are torn between the interests of their erstwhile core electoral constituencies in the working classes and new left-libertarian constituencies in the well-educated middle classes. The same can increasingly be said about right-wing parties trying to appeal to the urban middle classes by expanding social services such as childcare. From the perspective of public opinion, there is considerable potential for centrist policies focusing on human capital and social investment, reminiscent of Giddens’ (1998) by-now classical argument about the “third way”. Much more contested is the question to what extent social investment policies are in fact effective in mitigating socio-economic inequality (Busemeyer 2015).

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1. To be sure, the ESS includes some questions on childcare policies and the ISSP Role of Government modules include a question on public education spending. But so far these surveys do not cover a broader range of social investment policies that would allow studying public opinion not only single issue categories, but on a broader range of social investment policies. [↑](#footnote-ref-1)
2. We also want to emphasize that whereas the wording of some of the items is relatively complex (in particular the fifth item), our pretests indicated that respondents understood the logic of the reform proposal sufficiently well. We thus believe that they provide valid measures. The first and the fourth item are replications from the Eurobarometer 56.1 from 2001 (see e.g. Kananen et al. 2006). [↑](#footnote-ref-2)
3. It is important to point out that the items do not specifically refer to potential trade-offs. We explore this issue in different, but related work in greater detail (Busemeyer/Garritzmann 2017). Nevertheless, and to some extent this is unavoidable, the wording of some of the items might contain implicit trade-offs. In particular, the item on pension increases implies a potential shift of resources from younger to older generations. Given the fact that an expansion of childcare also would have to be financed somehow, this implicit trade-off is also present in other cases, albeit to a lesser extent. [↑](#footnote-ref-3)
4. The partial exception is the third, “workfare”-dimension, where we detect some country-variation (see Table A.1 in the Online Appendix). In Denmark and the UK, this item loads negatively on the social investment dimension. In Sweden, workfare is subsumed under the label of passive transfers. Sweden also stands out because early retirement loads *negatively* on the “passive transfers”-dimension. We discuss the particularities of the issue of early retirement in more detail below. More importantly, however, the country-wise factor analyses confirm the existence of a social investment and a social compensation dimension. [↑](#footnote-ref-4)
5. As an alternative, one could run multi-level/hierarchical random effects models. These models yield the same coefficient estimates as the specification we use, but slightly larger standard errors. As the number of level-2 observations is relatively small (Nj=8), we chose the common standard. [↑](#footnote-ref-5)
6. In Online Appendix Figure A.1-A.2 and Table A.2, Models 4-9 we present additional models estimated separately for each policy proposal. [↑](#footnote-ref-6)