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Social Vulnerability as an Analytical Perspective

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**Populations and Policies
in the Baltic Sea States**

› Table of contents

INTRODUCTION	1
1. SOCIAL VULNERABILITY	1
1.1. The External Side – New Social Risks	2
1.2. The Internal Side – Lack of Means and Resources	4
1.3. Vulnerable Populations – Some Further Characteristics	4
2. SOCIAL VULNERABILITY AND SOCIAL POLICY	5
3. OUTLOOK: THE BALTIC SEA STATES PROJECT	8
NOTES	9
REFERENCES	10

› Introduction

Europe is and further will be facing new challenges related to the consequences of demographic change. Among other socio-demographic transformations, population ageing is inevitable in most European states due to long-term demographic trends. Therefore, social and health policies are focusing more and more on the circumstances and effects of longer lives, e.g. with regard to promoting active and healthy ageing, encouraging longer working lifetimes and designing new public-private pension arrangements to ensure adequate material well-being in old age (European Commission 2010, 2011, 2012; OECD 2012). But what about those individuals who do not remain active and healthy as they age, are exposed to socio-economic disadvantages, deteriorating health conditions or other individual stress factors? Moreover, has the vulnerability of different groups changed due to the socio-economic transformations of the last decades? How have policy changes that were introduced as a response to new social and economic structures affected the social vulnerability of different groups?

This discussion paper seeks to sketch out social vulnerability as an analytical perspective to better understand the current situation and the long-term trends of social vulnerability in different welfare state regimes and under various political and historical settings. It is written within the scope of the project "On the edge of societies: New vulnerable populations, emerging challenges for social policies and future demands for social innovation. The experience of the Baltic Sea States" (Baltic Sea States Project). The project, funded by the Max Planck Society, will investigate these questions about new social vulnerabilities by considering a variety of research fields in the area of population studies.¹

› 1. Social Vulnerability

On a general level, vulnerability refers to the possibility of being physically or psychologically harmed by certain kinds of risk. According to a Google Scholar search by Oris et al. (2016), the term "vulnerability" was almost non-existent in the academic literature until the mid-1980s, then gained a marginal presence in the 1990s, followed by a sudden explosion from 2000 onwards, which intensified in more recent years. Today, vulnerability is considered a scientific term or topic in many disciplines; for example, anthropology, climate studies, demography, development studies, disaster management, economics, environmental science, health research, psychology, security studies and sociology.²

Within the context of different disciplines, the meaning of vulnerability changes in accordance to the primary focus. For example, in economics the focus is on a decline in income and consumption, while disaster management concentrates more on human and property losses (Vasta 2004). In the same way, the kind of risks considered are different, for instance environmental, economic and/or social risks. The level of analysis can also differ, ranging from the vulnerability of geographical areas, social and ecological systems, to the vulnerability of groups and individuals. Thus, the notion of vulnerability produces considerable conceptual and terminological diversity. On the one hand, this makes vulnerability an ambiguous term that requires thorough specification when being used as an analytical approach, but, on the other hand, has the advantage of being an interdisciplinary term (Spini et al. 2013).

Against this background, it is not surprising that there is not a commonly agreed upon definition of vulnerability as a scientific term. However, most definitions share some general aspects: "In its broadest sense, the notion of vulnerability [...] refers to the situation of individuals, households or communities who are exposed to potential harm from one or more risks. It also refers to the inability of these people or groups to anticipate, withstand, and recover from the damage resulting from an adverse shock" (Morrone et al. 2011: 6).

In this way, vulnerability describes the possibility of a certain harm and a kind of inability to deal with it or, as Chamber (2006: 33) points out: "Vulnerability [...] refers to exposure to contingencies and stress, and difficulty in coping with them. Vulnerability has thus two sides: An external side of risks, shocks, and stress to which an individual or household is subject; and an internal side which is defencelessness, meaning a lack of means to cope without damaging loss. Loss can take many forms – becoming or being physically weaker, economically impoverished, socially dependent, humiliated or psychologically harmed."

According to different literature reviews (e.g. Schröder-Butterfill et al. 2006; Mynarska et al. 2015), negative consequences of vulnerability can be further exemplified in the following dimensions:

- Economic difficulties/lack of financial resources: E.g. poverty, low living standards, housing problems;
- Social exclusion: Non-participation in social and political activities, limited social contacts, limited access to facilities such as shops, schools, libraries or medical services;
- Lack of social support from social networks: No

assistance from family members, friends, neighbours or colleagues (referring to practical help, as well as emotional support);

- Stigmatisation: Being a victim of stereotypes, being devalued, confronted with disgraceful behaviour because of belonging to a particular social or ethnic group;
- Health difficulties: Disadvantages resulting from poor mental health, physical health or disabilities;
- Being a victim of crime.

Vulnerability is a relative term, which requires a definition of critical levels of vulnerability, for instance as Vasta (2004: 10) writes: "An individual, a household, or a community can be considered vulnerable when there is a probability that they will experience a level of wellbeing that is below a socially accepted threshold." The threshold that is socially accepted, however, might be considerably different between countries.

In the following, we will rely on the very general definitions by Morrone et al. (2011) and Chamber (2006) to describe basic analytical domains that can be distinguished for understanding who is vulnerable, in which ways and why. Therefore, we will first shed light on the external side of vulnerabilities – social risks – and then on the internal side, which refers to the individual level of means and resources to cope with risks, shocks and stress.

› 1.1 The External Side – New Social Risks

The social security systems of traditional welfare states built after World War II aimed to protect breadwinners against the so-called "old social risks" in the form of loss of income due to unemployment, sickness, accidents, disability or old age. While these kinds of risks certainly remain, so-called "new social risks" have occurred, which are due to the major economic and socio-demographic changes of the last decades closely related to the process of deindustrialisation. Or as Bonoli (2007: 498) frames it: "[N]ew social risks are understood as situations in which individuals experience welfare losses and that have arisen as a result of the socioeconomic transformations that have taken place during the past three to four decades and that are generally subsumed under the headline of postindustrialization."

In the labour market, deindustrialisation and tertiarisation tend to tighten the link between education and employment, which weakens the labour market position of those with poor or obsolete education. Additionally, job security is decreasing in some areas because of flexibilisation and

de-standardisation, which implies an increased variety of employment relationships. The resulting risks are long-term (low-skilled) unemployment, widening earning inequalities, working poverty, job insecurity and insufficient social security coverage.

On the level of socio-demographic changes, the massive increase in female employment implies that care for children or frail relatives needs to be externalised. The inability to do so may result in important welfare loss, which makes the reconciliation of work and family life one of the new, major challenges. Related risks may accumulate because of new family formations, particularly in terms of the increasing rates of single parenthood. Furthermore, the ageing of the society – due to low fertility levels and increasing life expectancy – has far-reaching implications for social care, as well as for the cost of traditional welfare state pensions and the health system.

The main new social risks evolving from these economic and socio-demographic changes can be summarised from the discussion (Esping-Andersen 1999; Taylor-Gooby 2004a; Bonoli 2005; Ranci 2010) as:

- reconciling work and family;
- single parenthood;
- having a frail relative;
- possessing low or obsolete skills;
- temporarily or sporadically facing a situation of relative poverty;
- insufficient social security coverage due to atypical employment.

Consequently, the groups that are most affected by these new risks are children and young people, working women, families with young children, and individuals having low or obsolete skills. The reason that the above mentioned economic and socio-demographic changes have led to the occurrence of these new social risk groups is based on the interplay of the structure of the labour market, family configurations and the organisation of the welfare state. Esping-Anderson (1990) introduced "welfare regimes" as a concept for comparative welfare state research and argues that in modern welfare states, the production of welfare is based on three pillars: Labour market, family and the welfare state. All three pillars interact closely with one another and the "sum-total of societal welfare derives from how inputs from these three institutions are combined" (Esping-Andersen 1999: 4f.). He argues that the new social risks are the result of a disjuncture between the existing institutional construction and exogenous change: "Contemporary welfare states and labour market regulations have their origins in, and mirror, a society that no longer obtains: an economy dominated by industrial

production with strong demand for low-skilled workers; a relatively homogenous and undifferentiated, predominantly male, labour force (the standard production worker); stable families with high fertility; and a female population primarily devoted to housewifery. Welfare regimes are built around a set of egalitarian ideals and risk profiles that predominated when our parents and grandparents were young. If we wish to understand the travails of welfare regimes today, we must begin with the recognition that the risk structure is changing dramatically" (Esping-Andersen 1999: 5).

In a nutshell, new social risks occur because of a mismatch between new family structures and the new labour market structures in combination with a welfare state that was designed after World War II to cover social risks primarily related to factors that may lead – most often – to the unemployment of the male breadwinner. The question is then how much so-called "old social risks" differ from the new social risks?

First of all, these risks – as shown above – are typical of post-industrial societies: "During the *trente glorieuse*, the period of male full employment and sustained economic growth that characterized the postwar years, these risks were extremely marginal, if they existed at all" (Bonoli 2005: 435). In a similar manner, it is stated that these risks are new because they partly depend on factors that differ from the drivers of traditional social risks. In this regard, however, others point out that these risks are not new, but rather "newly recognized" due to changes in the normative frame (Eugster 2010).

Another characteristic of these new social risks is that the consequences are more likely to be severe, particularly because they tend to accumulate more often due to a high degree of interdependence between different risks and along the life course: "As an example, difficulties to reconcile family care and employment may force a parent to reduce working hours or exit the labour market, which does not only trigger poverty risk for low-income families in the short run, but may also hamper the degree and quality of labour market integration in the long run, heightening in turn the risk of insufficient social security coverage up until old age. This scenario, striking particularly women, can be further exacerbated by family break-up or the combination of singlehood and low retirement benefits" (Eppel and Leoni 2011: 5).

New social risks are likely to involve larger parts of the population than old social risks since they can affect any social group in any particular phase of the life course (Esping-Andersen 1999). While old social risks were connected

mostly with middle or old age, most of the new social risks affect persons at younger stages of their lives because they are primarily related to the difficulty of finding a stable position in the labour market and with care responsibilities primarily at the stage of family building (Taylor-Gooby 2004a, Ranci 2010). Or as Rovny (2014: 408) calls it: "In sum, what distinguishes new social risk groups from their old social risk counterparts is the difficulty of securing and maintaining employment – employment (not the state) being the new key means of social protection and insurance against poverty. The primary characteristic of new social risk groups is insufficient employability."

Wolleb and Daraio (2009: 7), however, warn that "rather than substituting 'traditional' social risks, new social risks tend to extend their scope and increase the likelihood of incurring 'traditional' risks, involving stronger and wealthier social groups and regions." Leoni (2015: 6f.) also emphasises that new social risks have not substituted old social risks, but rather have added a layer of complexity: "Social stratification continues to play an important role, although the degree and also direction of social stratification differs with respect to old and new risk typologies. Risks associated with the combination of work and family life, for instance, are characterized by a clearly different social stratification than (long-term) unemployment, illness or work-poverty." Therefore, new social risk groups are much less homogenous than traditional risk groups (e.g. workers). They differ in their material interests and preferences, as for example parents of young children versus unskilled young workers (Eugster 2010). This generates "new constellations of interests, which cross-cut old social risk constituencies in complex ways" (Taylor-Gooby 2004a: 8).

Ranci (2010) argues that the more risk factors diversify and the more difficult it becomes to predict the negative outcomes, the more central the dimension of social vulnerability becomes in understanding the areas of social disadvantage. The relationship between risk and vulnerability can be described as: "Risk refers to the probability of a certain event of occurring, vulnerability to the severity of the impact of a certain event, regardless of its probability of occurring" (Wolleb and Daraio 2009: 9).

As shown above, the key socio-demographic characteristics of new social risk groups are being young, possessing low skills and being a women (Bonoli 2005). However, not all individuals with one or several of these characteristics are more exposed than others to greater harm as a consequence of the same risk factors, which leads to the question of what makes some individuals and groups more vulnerable to the negative consequences of social risks than others. This question shifts the attention from the external to the

internal side of vulnerability.

› 1.2 The Internal Side – Lack of Means and Resources

The internal side of social vulnerability refers to an individual or group's difficulty to cope with contingencies and stress, which means being defenceless against negative consequences caused by social risks. Vasta (2004) argues that vulnerability explains the distribution of a negative outcome on a population in relation to more or less exposure of the population suffering from the consequences of this cause, not the risk factor or cause that determined it. According to Morrone et al. (2011), people's ability to withstand a crisis without significant or long-term losses in well-being depends to a large extent on the assets they can draw upon for support and protection. Assets – or more broadly speaking, means and resources – are considered as referring to the tangible and intangible stocks of wealth or capital used by households and individuals to generate well-being. Morrone et al. (2011: 10) define four different kinds of capital/assets as the most relevant for strengthening resilience in OECD countries, whereas the authors emphasise that the different categories are highly interrelated, as high levels of one type are likely to reinforce other types:

- **Economic capital:** The sum of financial assets and physical property that make up household wealth (e.g. earnings, savings, life insurance, pensions, housing, consumer durables, business investment, access to credits) and the size of the debt burden have an impact on the level of household vulnerability insofar as many types of risks – old and new ones – have serious financial consequences.
- **Human capital:** The central dimension of human capital is education and skills relevant for the labour market, while it can also be understood in terms of the sum of competencies and knowledge embodied in an individual, including health status. But also non-cognitive skills and personality traits (e.g. self-confidence, perseverance, adaptability or dependability) maybe just as important for maintaining personal well-being in the face of risk as the cognitive skill acquired through formal education.
- **Social capital:** The value of people's social networks and personal relations are essential for well-being. Poor households, for instance, that can rely on friends or family for financial support are much less vulnerable than those who cannot do so. Moreover, people can miss out on important information (e.g. job offers) and are unable to fully participate in society if they do not have access to social networks.
- **Collective/public assets:** The quality and availability of

public welfare support and services (e.g. unemployment and family benefits, access to public health, education and housing services) can make a huge difference to the vulnerability status of households between countries.

Moser (1998), however, stresses that the ability to avoid or reduce vulnerability does not only depend on the stock of assets, but also on the capacity to manage and transform them. Or as Schröder-Butterfill and Mariani (2006: 8) say: "In other words, what makes a person more or less vulnerable is not only the relationships and assets that she brings to an event or crisis, but also her ability to mobilise resources and support during the event. This gives coping capacities an important relational and dynamic aspect."

› 1.3 Vulnerable Populations – Some Further Characteristics

As shown in section 1.1, populations particularly vulnerable to the new social risks are children, young people, working women, families with young children and individuals with low or obsolete skills. "While it is difficult to set clear borders around the section of the population that bears most NSRs [new social risks], it is clear that the categories [...] are largely overlapping, and that it is possible to identify in every post-industrial society a fairly large minority of the population that struggles daily against the consequences of NSRs" (Bonoli 2005: 435).

Apart from the already mentioned factors, ethnicity may also play a significant role: "Increasing trends of globalization and migration have made ethnicity a more significant social division than ever. Occurring problems of successful integration in particular attract a lot of attention, given that ethnic minorities in general experience both unemployment and poverty to a larger extent than the native population [...]. The link between the new social risks and a successful labour market entry can therefore make the new risks even more pressing for ethnic and social minorities than the majority population, given that these social groups often lack both adequate training and education, as well as sufficient opportunities to draw on child and elderly care from both the state and the family" (Ervasti et al. 2012: 26).

Leoni (2016a: 835) also warns that socio-economic background, gender, ethnicity and social class are still highly relevant for numerous outcomes, including poverty duration, unemployment and health. Thus, there should be no overstating of "the case for a 'democratization' of risk or the substitution of old with new risks. [...] As we witnessed during the crisis, more vulnerable segments of society and

the workforce, such as low-skilled workers and persons with migration background, were hit asymmetrically hard.”

Another important aspect is that the vulnerability of certain groups may also differ significantly in relation to the welfare regime they live in, which is due to the strong interrelation between the structure of the labour market, family structures and the organisation of the welfare state as shown in section 1.1. In this regard, Taylor-Gooby (2004a: 23) points out that new social risks have emerged at a different pace and scope in the different European countries, which have also reacted differently to them: “In the Nordic context, the well-established care services and the active labour market policies mitigate the impact of the new risks. Citizens are well supported in balancing paid work and domestic care, and in gaining access to work. In this setting, the most pressing new social risks are likely to concern groups such as migrants who have weaker access to existing policies, or to derive from the expansion of private provision. In corporatist countries, the established compromises between social partners and government privilege the interests of core workers, and assumptions about gender roles delay the development of collective provision. New social risks are likely to emerge in an acute form and policy responses have to be deferred. The liberal model tends to offer market solutions to new social risk needs, so that access to care is unequal, and labour market policies prioritise limited and incentive-based approaches, excluding vulnerable groups. The Mediterranean context assumes a family basis for social care and more corporatist labour markets, with a large informal sector, so that new risks become pressing in relation to women’s employment and the security of those unable to gain access to established jobs.”

This shows the crucial role that social policies play in regard to the structuring of social vulnerability, not only in comparison to different population groups within a country, but also between countries, or as Ranci points out: “It is therefore hypothesized that different models of public support contribute, together with other social and economic factors, to creating different levels of social vulnerability in different geographical areas” (Ranci 2010: 22).

› 2. Social Vulnerability and Social Policy

As shown above, traditional welfare state configurations in combination with new socio-demographic and economic development have created new social risks and corresponding new social vulnerabilities. At the same time, traditional welfare states are not properly equipped

to provide adequate protection against these new social risks. In regard to the role of social policies in structuring social vulnerability, Ranci (2010) distinguishes between two aspects: Firstly, the effects of current welfare systems on social vulnerability, which relates to the fact that the diffusion and character of social vulnerability varies as a function of the degree of development and the differences in national and regional welfare systems. Secondly, the capacity of welfare systems to react to new forms of social vulnerability, which relates less to the question of the degree of cover for social vulnerability than to the capacity of current systems to innovate and adapt to current social and economic change.

The need for welfare state adjustments occurs at a time when traditional welfare systems are themselves experiencing severe pressure as a result of labour market change, economic globalisation, enhanced international competition, population ageing, and financial and economic crises, which have the general effect of increasing demand and costs for a range of services. “The pressures on the welfare states thus resolve themselves into (a) problems in ensuring that old social risk policies continue to function effectively under greater economic and demographic pressure, and (b) the emergence of NSR [new social risks] that require new policy developments” (Taylor-Gooby 2004b: 46).

In response to the fundamental changes in modern societies, the notion of “social innovation” gradually emerged as a new social policy perspective in the 1990s³ and developed into a major perspective in today’s debates about the role of social spending and the future of welfare states in Europe. The social investment perspective stresses that welfare states should focus more on the prevention of social risks by securing human capital formation and by supporting activation, rather than focusing on passive protection against risks and compensation for welfare loss. The aim is to raise human and social capital to prevent future problems that could require more costly interventions.

In the academic debate, social investment was first and most notably proposed by Esping-Andersen (1999; 2002a; 2002b) and Giddens (1998) as a strategy to address new social risks, needs and pressures arising from post-industrialisation, atypical employment and labour market insecurities, increasing female labour market participation, demographic ageing and costly maturation of social security systems. According to Kuitto (2014: 6f.), in the political arena the notion of social investment or activating the welfare state is related to new social democratic ideas put forth most notably by Tony Blair (Third Way), Gerhard

Schröder (Agenda 2010, “fordern und fördern” / “demand and support”) and Frank Vandenbroucke since the mid-1990s. These ideas appeared on the agendas of several international organisations like the World Bank (2001) and the OECD (2005), and the institutions of the European Union have also had a big influence on the development and diffusion of the social investment perspective: The paradigm of social investment became the foundation for the design and implementation of the European Employment Strategy in 1997, the Lisbon Agenda in 2000, the Strategy Europe 2020 in 2010 and finally the Social Investment Package in 2013 (Wiktorska-Świecka et al. 2015).

At the policy level, a general reorientation of social policy started in the mid-1990s in many OECD countries, characterised by an altered assessment of the objectives of social policy, where interventions should be targeted and what instruments should be used to do so (Bonoli and Natali 2012; Jenson 2012). Today, the social investment perspective represents, on the one hand, a conceptual framework for welfare state analysis and, on the other hand, a guiding paradigm for social policy (Morel et al. 2012).

From a social investment perspective, social policy is considered to be a productive factor instead of a cost factor.⁴ It is understood as a precondition for economic growth and job creation by producing returns from the labour market in terms of a highly qualified labour force and high levels of employment. Basically, the social investment perspective seeks to rebuild the welfare state around work through investment in human capital and the objective of full labour market participation. Social policy is supposed to enable individuals and families to be responsible for their own well-being, foremost through their active participation in the labour market. The aim is to strengthen peoples’ capacity to fully participate in employment and social life, to prepare them for a fast-changing society, enhance their capacity to deal with risky environments, to avoid long-term dependency on assistance and to minimise the intergenerational transfer of poverty and social disadvantages. Thus, the role of the welfare state is to prepare the population to face the conditions of the modern economy and to overcome the structural deficiencies of the welfare state caused by changing family formations and market failures.

On the level of policies, the focus of the social investment perspective consequently is on preventing and activating policies. It is common to distinguish between “old social policies” and “new social policies” (e.g. Bonoli 2005, 2007; Häusermann 2012). Old social policies deal with welfare coverage of the typical old risks of income and job loss due

to old age, unemployment, sickness or disability that were prevalent in the industrial era via passive transfers and job protection regulation. New social policies aim to cover new social risks that are typical of post-industrial societies (see section 1.1), e.g. atypical employment, long-term unemployment, working poverty, family instability and a lack of opportunities for labour participation. Therefore, some authors also use the terms “old risk policies” and “new risk policies” (e.g. Taylor-Gooby 2004a). New social policies can be divided into two groups (Häusermann 2012, Table 1): (1) Policies with an ex ante strategy that focus on employability and activation, rather than passive income replacement, and (2) policies with an ex post strategy that focus on the coverage of new social risks groups, which are neglected by the old male breadwinner welfare state and which are unable to secure their own social protection via employment (e.g. single parents, labour market outsiders). Here, the focus is on need-based social protection which is less dependent on labour market participation and previous income than the old, industrial, social insurance schemes. Obviously, social investment policies fall in the category of new social (risk) policies⁵ reflecting the emphasis on activating and capacitating strategies by offering public care facilities, supporting active employment strategies and education.

	'Old' social policies	'New' social policies	
	Income and job protection policies	Activation/social investment policies	Need-based social protection policies
Family policy	Family and child allowances (transfers)	Child and elderly care services, parental leave schemes	Subsidized childcare services for low-income earners
Labour market / unemployment policy	Passive benefits (income replacement) for insiders, employment protection	Active labour market policies, investment in training and human capital formation	Need-based income support for the (long-term) unemployed
Pension policy	Income replacement for labour market insiders	Pension insurance coverage of labour market outsiders	Pension credits for child rearing, universal minimum pensions
Disability insurance	Income replacement (transfers)	Integration policies (recommodification)	

Table 1: Old and new social policy instruments (Häusermann 2012)

Policy interventions from a social investment perspective are clustered around life course phases, acknowledging the crucial role of early interventions and the fact that risks along the life course are interdependent (Leoni 2016a): Childhood and youth (e.g. quality childcare and education, family support), prime working age and family formation (e.g. training, measure to reconcile family and work), and old age (rehabilitation and care). A social investment strategy also implies the assumption that related policies generate returns for the investor, whereas returns on investment in childhood bring the greatest returns due to

accumulation effects over the life course. Figure 1 shows which policies, in which phase of the life course and in which transition period are expected to generate which kinds of returns – although many of the policies overlap in terms of life course effects.

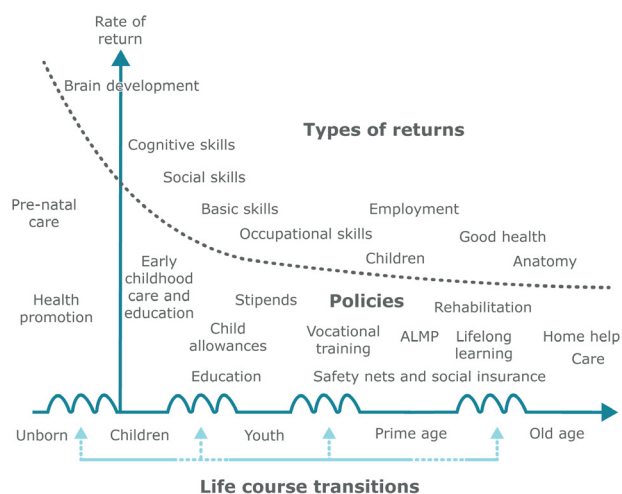


Figure 1: A life course perspective on social investment policies and their returns (Leoni 2016a; Kvist 2015)

In addition, there is a particular focus on life transitions: “Individual biographies have become more fluid and heterogeneous and as a consequence also the number of transitions – for instance, due to repeated shifts from education to work or from care to work – is on the rise. The welfare state should provide a context within which individuals are able to manage these transitions smoothly, and avoid being trapped in an adverse equilibrium (e.g. because they are not able to find employment after leaving education or because they exit the labour market too early). Overall measures to support skill formation, employment and lifelong learning play a paramount role in all life stages” (Leoni 2016a: 846f.).

Hemerijck (2015) points out that most of the literature on social investment emphasises that social investment policies are not a substitute for protection, but that adequate protection is a critical precondition for an effective social investment strategy. Accordingly, he differentiates between three interdependent and complementary welfare functions of social investment policy: (1) The “flow” function for easing the flow of contemporary labour market and life course transitions; (2) the “stock” function for raising the stock of human capital and capabilities; and (3) the “buffer” function for maintaining strong, minimum income, universal, safety nets as social protection and economic stabilisation buffers in ageing societies. In a similar way, Leoni (2016a) describes the social investment perspective

as resting on three pillars: (1) Education and human capital formation as a prerequisite for success in the economic sphere and the basis for well-being; (2) activation as support of employment and labour market integration as a cardinal point of economic independence; and (3) social protection and redistribution.

Cantillon (2011: 445) also emphasises the elementary role of protection and redistribution in the framework of a social investment perspective: “Against the background of the ongoing population ageing and the continuing impact of the recent financial crisis, welfare states must face up to the urgent challenge of increasing efficiency. Moreover, even in rich societies, living in at-risk-of-poverty remains a handicap for achieving success at school, in the workplace and within family life. Therefore, adequate social security and efficient social redistribution are part and parcel of any effective investment strategy.”

Based on the assumption that social policy has – as a productive factor – a decisive impact on the functioning of a country’s economy, it seems reasonable to involve more actors in designing social policies. Thus, ministries of finance play an increasingly important role in social policy making, the link between social and employment policies is stressed and also education is increasingly seen as a function that must be promoted by the welfare state (Bonoli and Natali 2012: 8). In this regard, Bouget et al. (2015: 5) point out that measures related to the various policy areas should be complementary and mutually reinforcing: “The development of institutional complementarities is a necessary condition for the implementation of successful social investment strategies. In particular, the availability of quality and enabling social services has a key role to play in ensuring the integration of policy measures.”

Another aspect, specifically emphasised by the European Commission as an important element of a social investment strategy, is “social innovation”, which is defined as developing new ideas, services and models to better address social issues (European Commission 2015). The crucial point is that this does not only refer to input from public actors, but puts a special emphasis on private actors, including civil society, to improve social services⁶: “Greater involvement of public authorities is key to achieving sustained outcomes from social policy innovation. Promoting broader partnerships with the private sector, civil society organisations and stakeholders operating in the social economy is also essential. Social enterprises and entrepreneurship are pivotal for catalysing innovative ideas and should complement public efforts in pursuing social policy objectives” (European Commission 2015: 4).

According to the European Commission, social innovation can play a crucial role in addressing several key questions⁷:

- How to address societal challenges effectively and efficiently within a tight budget?
- What does strategic social investment look like and how can social policy support it?
- How to support people in lifelong learning to ensure adequate livelihoods in a changing world?
- How can innovative partnerships bring private and non governmental resources to complement state funding?
- How to strengthen evidence-based knowledge in policy making and reforms?

While social investment is often seen as the most adequate and effective strategy to confine new social risks in modern welfare states, there are also a number of critics. Cantillon (2011) warns, for instance, of a “Matthew effect” arguing that too many social investment benefits accrue to middle-class citizens (e.g. increases in childcare support or favourable treatment for private pensions) and give too little weight to today’s poor risking an increase in poverty in the marginal segments of the labour force. In a similar manner, it is pointed out that social investment strategies need to take stock of the persistence of traditional stratification cleavages to avoid the creation of new forms of exclusion (Pintelon et al. 2013).

Some authors criticise the very notion of social investment for implicitly stating that some types of social spending do not generate a return and question whether the distinction between social investment and other social spending is conceptually robust, pointing to the difficulties faced in seeking to make such a distinction empirically. Moreover, it is questioned “whether highlighting that distinction is the most useful and productive way to frame the debate about the future of social spending” (Nolan 2013: 467).

From a feminist perspective, it is criticised that the main focus is on how to support women in entering and remaining in the labour market, rather than how to support a change in men’s roles within the family. From this perspective, social investment “accepts that women will retain the main responsibility for unpaid family work. In this and other ways, it also implicitly devalues all unpaid activities that are not easily included in a human capital enriching approach” (Saraceno 2015: 1f.).

Explicit proponents of the social investment perspective also point out that not everybody is able to benefit from social investment policies in the same way: “By modifying economic processes and, as a consequence, outcomes, social investment, like any other kind of social

and economic policy, creates redistributive winners and losers here and now and over time” (Hemerijck 2015:12). Saraceno (2015: 9) warns: “It may be worth noting in passing that the social investment approach says nothing about what happens to those men and women who are stuck in the many low-skilled, low-paid jobs which will still be necessary in technologically developed societies. Are they to be considered second-rate citizens because their human capital has little market value?” In a similar fashion, Crouch and Keune (2012) point out that the new welfare settlement is characterised by the preservation of post-war-like levels of economic security for insiders and by the development of a new societal segment – outsiders – who are exposed to much higher levels of economic insecurity.

To summarise, most of these critics refer to new social vulnerabilities that occur due to a rearrangement of social policies as a response to the socio-demographic and economic transformations of the last decades.

› 3. Outlook: The Baltic Sea States Project

The overview of different aspects of social vulnerability as a scientific term provided in this discussion paper makes it possible to draw some general conclusions about its characteristics as an analytical perspective in order to better understand the socio-demographic and political consequences of demographic change. This is what the Baltic Sea States Project will rely on as a general framework. The project will shed light on new social vulnerabilities and vulnerable populations in the Baltic Sea States, namely Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, the Russian Federation and Sweden. Furthermore, Iceland and Norway will also be considered, forming part of the Northern European hemisphere and the Nordic welfare model.

The first conclusion that can be drawn is that vulnerability is an **interdisciplinary term**. This means it facilitates an interdisciplinary framework for the Baltic Sea States Project. The project will bring together researchers from the Max Planck Institute for Demographic Research (Rostock) and the Max Planck Institute for Social Law and Social Policy (Munich) who have different backgrounds in demography, economics, public health, social policy and law.

Second, social vulnerability is a **complex** phenomenon that is primarily shaped by the interplay of three fundamental societal institutions: Family, labour market and welfare state. This interplay necessitates a better understanding of the shape of these three institutions and what factors shape their transformations and their interrelation whereas

socio-demographic, economic and legal aspects also play a crucial role. To do so, the Baltic Sea States Project will partially include a comparative perspective – over time and between countries – which will allow the project to explore which effect different factors have and why.

Related to its complexity, social vulnerability offers a **multidimensional** perspective on several levels. The research focus could be on different external factors by analysing in more detail specific old and new social risks that shape different forms of social vulnerability. Another approach could be directed towards internal factors and ask which means and resources are particularly important in dealing with social vulnerability and who can benefit from this. Also a better understanding of the different outcomes of social vulnerabilities – particularly in economic, social and physical terms – adds important insight to the overall picture. Within the Baltic Sea States Project, several of these dimensions will be explored, specifically in five research areas: Socio-economic background and unintentional life course events, health and care, life expectancy, working life, migration and mobility.

Finally, social vulnerability is a **dynamic** phenomenon. Risks change according to situations and circumstances. The exposition to risks and the ability to face them also does not remain stable during the life course. To cope with these dynamics, the Baltic Sea States Project will, in part, include a life course perspective. This not only helps to better understand changes over time, but also to capture the **cumulative** character of social vulnerability, which points to questions of how configurations in specific life phases influence configurations in later life phases, and also how negative conditions in one sphere of life (e.g. work) influence the conditions in other spheres (e.g. family).

The general framework, which was developed in this paper, will help to integrate the findings of the different sub-projects of the Baltic Sea States Project into a broader picture. This will serve to better understand some of the many facets of the new social vulnerabilities of our times and shed light on related social and political implications.

Notes

[1] Further information about the project is available on-line: <http://www.population-europe.eu/baltic-sea-states-project>.

[2] For overviews, see e.g. Alwang et al. (2001), Marandola and Hogan (2006) or Misztal (2011).

[3] Although early origins are traceable to the founding of the Swedish social-democratic welfare state in the 1930s (Morel et al. 2012).

[4] The following aspects of a social investment perspective are described in more detail in Jenson (2012), Morel et al. (2012), Hemerijck (2015), Leoni (2016a,b) and Prandini et al. (2016).

[5] Häusermann (2012) points out that although the literature on social investment and activation is empirically related to the concept of new social risks, it starts from a top-down instead of a bottom-up angle: "Contrary to the new social risks literature, the question is not what new needs and demands have emerged in the post-industrial society. Rather, the social investment model conceptualizes a new approach of welfare" (Häusermann 2012: 114).

[6] See also the website of the European Commission's Directorate-General for Employment, Social Affairs and Inclusion on social innovation: <http://ec.europa.eu/social/main.jsp?catId=1022>

[7] <http://ec.europa.eu/social/main.jsp?catId=1022>

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