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Social investment as a (child) poverty-fighting tool. Evidences from the U.K. and Chile

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Introduction

Long-lasting changes in the political, economic and social sphere such as aging populations, transaction to a knowledge-based and service-based economy, tax bases erosion, financial markets deregulation, mobile global capital, environmental concerns, and climate change risks resulted in a time of turmoil which put into question past policy paradigms, be they neo-Keynesian or neoliberal. (Palier B. and Morel N., 2009)

The persistent and intensified downturn, further exacerbated by the 2008 global economic crisis, which effects persist today, has pushed policymakers, scholars and experts to reconsider these past policy models, starting a debate on what strategies to adopt in order to overcome this situation and restore stronger growth, more and better jobs, greater equality and social cohesion.

The solution must not look only at the present but embrace a wider period of time, which involves the medium and long term in order not to replicate the shortcomings of the recent past.

Hence, increasing attention was always more laid on a new paradigm that has begun to emerge already in the early 1990s: social investment.

The term was firstly used by Anthony Giddens in his manifesto *The Third Way and its critics*, in which the British sociologist promoted a paradigmatic shift in the welfare state. (Palier B. and Morel N., 2009; Costa G., 2012)

This new model was proposed, on one side, as an effort to renovate social democracy’s underlying principles. Model characterized by a welfare based on rights and redistribution of resources, poor incentives to work and little responsibility assigned to citizens (First Way). On the other to counterbalance the neo-liberal welfare (Second Way), considered by the British author to be inadequate where experienced because of rising unemployment and growing inequality and social divisions.

As well as, an alternative to the attempts of welfare state’s retrenchment pursued in the 1980s. (Costa G., 2012; Starke P., 2006)

The key principle of this paradigm is to develop a “positive welfare”, i.e. a welfare that does not protect individuals from the market by “decommodifying” them (Esping- Andersen G., 1990) but that strengthens and enables them to remain in the job market, providing them the ability to protect themselves from insecurities and face the “new risks”. (Bonoli G. 2005; Taylor-Gooby P. 2004; Costa G., 2012; Hemerijck A., 2017, 2018)

Hence, this model no longer sees welfare recipients as passive. They are active and able to deal with their problems, shortcomings and difficulties, as they are the “investment” of the state and they have the responsibility to make this investment yield. (Hemerijck A., 2017)

Social investment's declared purposes are to increase social inclusion and reduce the intergenerational transfer of poverty, to eradicate child poverty (Hemerijck A., 2017) and ensure that the population is well prepared for the possible conditions of employment of contemporary economies. In political terms, this means increased attention and investment in children, human capital and making work pay. (Jenson J., 2009)

The greatest embrace of the social investment approach has been by the European Union, firstly in the 2000 Lisbon Agenda and then in 2013, with the launch of the Social Investment Package for Growth and Social Cohesion. (Hemerijck A., 2017)

One of the states that took the lead in the implementation of these policies was the United Kingdom at the end of the 90s.

Shortly after his entrance into office in March 1999, the former British Prime Minister Tony Blair committed himself by proclaiming its intention to end child poverty within a generation. (Tony Blair, Beveridge Lecture, March 18, 1999) To achieve this goal, the center-left Governments, led first by Blair (1997 – 2007), then by Brown (1997 - 2010) pledged for a general reform of the British welfare state by introducing typical social investment policies such as promoting work and making work pay; increasing financial support for families with children and investing in children. (Piachaud D. and Sutherland H., 2001)

These new polices have transcended the borders of the old continent and have been adopted by other countries, particularly in South America, having Chile as its champion.

Inspired by New Labour's policies, the first Michelle Bachelet's Government (2006 - 2010) introduced a program called Chile Crece Contigo (ChCC) targeting children from 0 to 4 years old, with a special focus on underprivileged ones. Having the objective to empower them and to help poor households to grow a generation capable to face the changing global environment, to break the intergenerational chain of poverty and finally reduce the long-lasting country's inequality.

The goal of this thesis is to assess if social investment policies are capable to reduce (child) poverty, as well as inequalities in the society.

In order to do so, this work will provide a panoramic overview of social investment policies, their "birth" and development, their positive features and critics.

Following, it will examine a practical implementation of such policies, analyzing in-depth the ones enacted both in the United Kingdom and in Chile and to assess whether they were successful or not in achieving this ambitious goal.

In order to do so, this work will be divided into five chapters.

In the first one, it will be provided a general overview of poverty, providing definitions of what it is meant with this term and global statistics about this phenomenon, with a special focus on child and youth poverty. This latter will be examined both in a developed continent, Europe and in a developing one, South America.

In the second chapter, supported by a broad literature review, the concept of social investment will theoretically explored under several aspects.

Chapters three and four explore in detail the policies implemented in the U.K. and Chile and assess their performances both under a statistical and a political point of view.

Finally, chapter five will compare the results these policies had in the two countries.

Chapter 1 – Poverty and child poverty

1.1. Welfare and new social risks

Poverty reduction is among the core goal of the welfare state. (Marx I., Nolan B. and Olivera J., 2014)

It is, in fact, indisputable that the main objective of a welfare system is to provide social protection and help to reduce inequality in the society. (Chowdhury F., Desai S., Audretsch D. B., 2018; ILO, 2019 p. 2)

As a matter of fact, Ruggie defines it as the state committed to modifying the play of social or market forces in order to achieve greater equality. (Ruggie 1984 p. 11) A similar definition is provided by Orlof (1991): *the welfare state is the one that does intervene in civil society to alter the play of social and market forces*. (Orlof, 1991 p. 1)

Modern welfare state, that saw its origin in Germany in 1871 when the Chancellor Otto von Bismarck introduced the first industrial accident insurance, (Pierson, 2006) experienced a broad expansion in almost all industrialized countries during the thirty years that followed the end of World War II. (Pierson, 2006; Leoni, 2015) During these three decades known also under the name of the “Golden Age” or “Les Trente Glorieuses” governments created social protection programs in order to assist those in need and to reduce and prevent poverty and vulnerability across the life cycle, providing child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors’ benefits. (ILO, 2019 p. 2) The outcome was a market-based economy in which governments managed to promote full employment and organize social provision for needs which market and family did not meet. (Taylor-Gooby P., 2004 p. 2)

Things started evolving during the second half of the 1970s caused by the aftermath of the second oil-shock crisis and changes in both internal and external social and economic conditions. (Leoni T., 2015)

Low economic growth, rapid demographic aging, changes in gender roles and female labor force participation, break-up of traditional household structures as well as increased economic and financial internationalization, that led to a stricter competition among states, provoked structural changes in labor markets increasing the flexibilization and precariousness of employment. (Rodrik D., 2011; Leoni T., 2015; Chowdhury F., Desai S., Audretsch D., 2018; Dahl M., 2012)

This situation has reinforced old risk dynamics, such as inequality and poverty and generated new ones. (Leoni T, 2015 p. 4; Norton A., Conway T., Foster M., 2001; Taylor-Gooby P., 2004)

These new social risks, defined by the British professor Peter Taylor-Gooby as “*the risks that people face in the course of their lives as a result of the economic and social changes associated with the transition to a post-industrial society*”, (Taylor-Gooby P., 2004 p. 2) tend to affect mostly people at new stages of their lives, since they mostly act on people's entrance in the labor market and establishing a position within it.

As confirmed by international organizations' data, they bear particularly on younger workers. The number of unemployed among those whose age is between 15 and 24[1] has risen to 71 million (16% of the total share)[2] in 2016. (ILO, 2016) Highly alarming is also the number of NEETs (not in employment, education, or training), as well as 169 million young people are trapped in conditions of working poverty across developed and developing countries. (ILO, 2016) The burden is posed also on minorities and on those without relevant skills or without access to adequate training or education, and finally on women, as well as on children. (Jenson, 2005) In many countries, parents experience difficulties in finding adequate childcare facilities, resulting in a reduction of parent's working hours. This inability to reconcile work and family life, can, especially for low-income parents, be associated with poverty risk, (Bonoli G., 2006 p. 5) hindering children in achieving an adequate level of social integration and personal development. Children growing up in poor conditions have, therefore, less chances to realize their full potential. (Jenson J., 2005)

This is particularly due to the fact that children and young adults who live in monetary poor households are required to give up on education at a very early stage, to enter the labor market prematurely, in order to contribute to household incomes. Resulting in a negative impact on the long-term well-being of children, particularly if they remain in this situation for a protracted period of time. (Petmesidou M., Delamónica E., Papatheodorou E., Henry-Lee A., 2016) Furthermore, a precarious

[1] Within the United Nations system, and in all its statistics and indicators, young people are identified as those between 15 and 24 years of age

[2] There are 1.2 billion young people between the ages of 15 and 24 in the world today, comprising 18% of the global population (Youth population trends and sustainable development, UN Department of Economic and Social Affairs, 2015)

entry into labor market is one of the channels through which socioeconomic difficulties extend through life, causing a vicious cycle, in which the disadvantages faced in the early stages undoubtedly limit the possibilities of obtaining a decent job that would provide young people with sufficient incomes to escape poverty, marginalization, and exclusion. (Petmesidou M., Delamónica E., Papatheodorou E., Henry-Lee A., 2016)

As the XX century welfare state seemed slow in responding to these challenges, at the beginning of the 1990s, a new paradigm started emerging. This new paradigm, called social investment, claimed to be able to tackle modern world challenges and to reduce poverty, inequality and disparities within the society, as well as, to grow a new skilled, qualified generation able to work and successfully compete in a globalized world.

Social investment has been particularly embraced by the European Union and adopted by some of its Member States.

The United Kingdom was one of the first (already in 1997) to implement these new types of policies with the proclaimed goal to tackle the country's rising poverty.

Nevertheless, social investment paradigm did not stop in the Old Continent. It travelled across the Atlantic, reaching the shores of South America, where some countries, (foremost Chile, inspired by the U.K.'s child policy), started adopting it in order to put an end to the long-lasting continent's poverty and inequality.

Therefore, this thesis will explore the types of polices adopted by these two countries and it will examine their effects on the population.

The subsequent sections will provide a definition of poverty and it will explore this phenomenon, first globally, and then in the two aforementioned continents.

1.2. What is poverty

Poverty can be defined as the lack of necessary goods and services. Families and individuals are considered to be poor if the resources they possess are not enough to meet their needs. (Kathleen M., 2016)

In purely economic terms, income poverty, which according to the external affairs director of the UK Children's Society, Peter Grigg, is the heart of the problem, is when the income of a family does not meet the national established threshold, which differs from country to country. Typically, it is measured in terms of families, not individuals, and it is adjusted for the number of persons in the family. (Smelser N. J. and Baltes P. B., 2001)

However, today it is widely held that not only the economic parts are to be considered.

Already in 2001, the World Bank provided a more holistic definition of poverty which encompasses all the characteristics of this human condition: "*Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom*." (World Bank, 2001)

The International Food Study Institute evaluated the causes of poverty, analyzing household information and reviewing empirical research in 20 nations. They discovered that some of the main causes of poverty were poor households' inability to invest in property and education, restricted access to credit, the systematic discrimination and exclusion of ethnic minorities, women and people with disabilities and health issues. (Akhter U. A., Vargas Hill R., Smith L.C. and Frankenberger T., 2007)

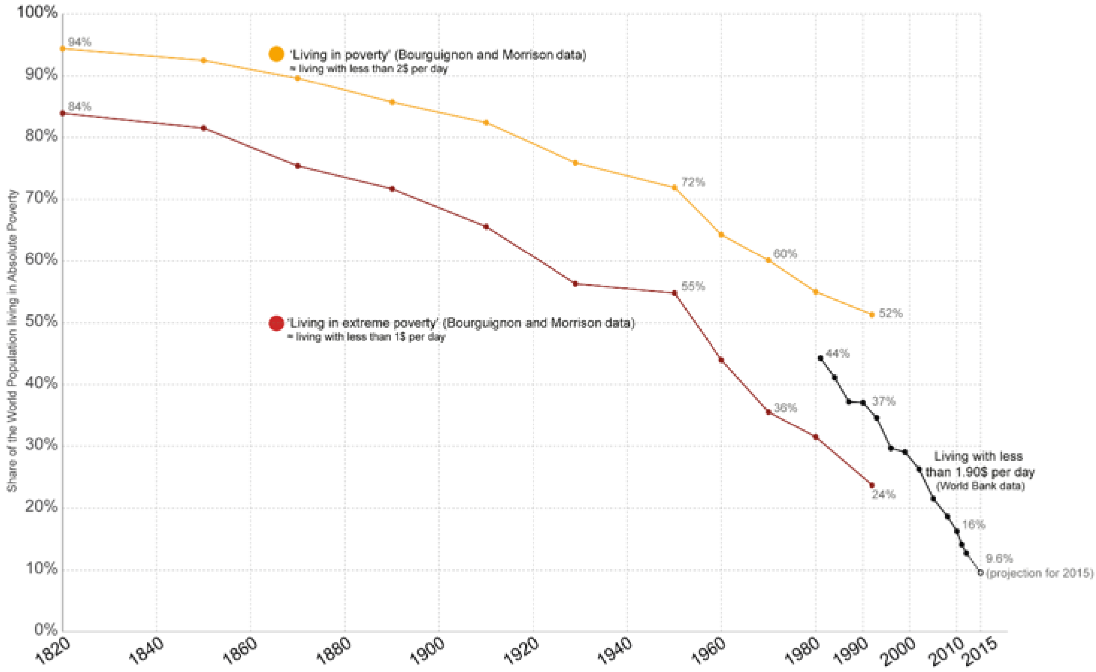
1.3. How to measure poverty

The two most common ways to measure poverty are either in absolute or relative terms.

In 1995, the UN World Summit for Social Development defined absolute poverty as *"a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services."* (UN, 1995)

Absolute poverty is when a household income is below a certain level, which makes it impossible for the person or the family to meet the basic needs of life. This level varies from country to country.

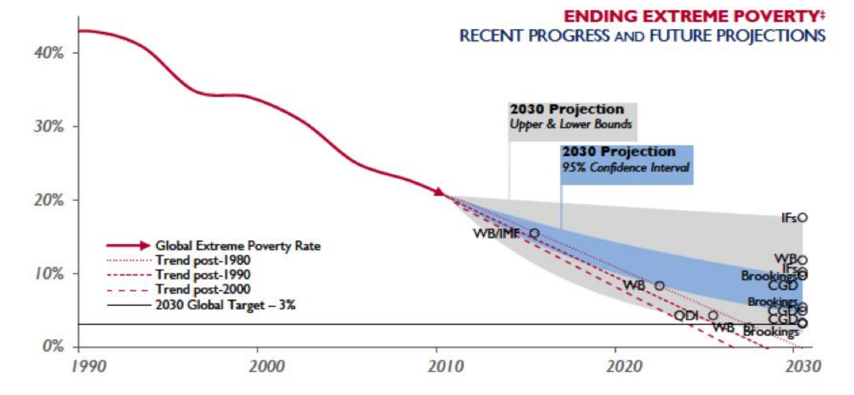
According to the latest international organizations data, the share of the world's population living in absolute poverty fell from over 80% in 1820 to 10% in 2015, roughly 734 million people (graph 1). (World Bank, 2018)



Graph 1: World absolute poverty (1820 - 2015). Data source: worldbank.org; OurWorldinData.org

Previously, the figure was 1.9 billion in 1990 and 1.2 billion in 2008. Over the last decades, the number of people living in extreme poverty has decreased from 1.9 billion to 766 million. (World Bank, 2014)

If this current trajectory continues, many economists predict that it will be possible to end extreme poverty by 2030 - 2035, reaching the so-called global zero, i.e. a world where less than 3% of the world's population lives in this condition, estimated to be less than 200 million individuals (graph 2). (World Bank, 2014; USAID, 2013)



Graph 2: Data Source: USAID. Discussion paper, 2013. Getting to Zero A discussion paper on ending extreme poverty

However, in the last years, the reduction pace decreased. World Bank figures show that poverty contraction rates are expected to keep slowing down considerably over the next decade, especially in those areas where the concentration of extreme poverty is more prominent. (World Bank, 2018)

A series of factors can strengthen or encourage extreme poverty, i.e. weak institutions, civil conflicts, cycles of violence, and low growth.

Over the previous twenty years, most of the decrease in extreme poverty has occurred in nations that have not experienced a civil conflict or had governing institutions with an ability to effectively govern.

A research by the World Bank shows that some countries can be caught in a “fragility trap” in which self-reinforcing factors, such as the aforementioned ones, prevent the poorest nations from emerging from a low-level balance in the long run.

Relative poverty occurs when a household earns 60% (or 50%)[3] less than the median income. Therefore, this type of poverty depends on the social and economic context of the country. It is a measure of income inequality in a specific country and it is also known as “relative deprivation” because people in this category do not live in total poverty, but they do not enjoy the same standard of living as anybody else in the country. (Townsend P., 1979)

It can be permanent, meaning that certain households are basically “trapped” in a low relative income box, having no chance of enjoying the same standards of living as other people in the same society.

Relative poverty is the most useful measure for the determination of poverty rates in developed countries. Thus, this measure is used mainly by the European Union and the OECD. These two institutions use a main poverty line based on “economic distance”, a level of income set at 60% (for the EU) or 50% (for the OECD) of the median household income. (OECD, 2008; Save the Children, 2014)

Several developed nations have experienced a surge in relative poverty rates ever since the Great Recession, in specific children from low-income families who often live in poor housing and find educational possibilities out of reach, as well as young people who find hinders in successfully entering the labour market. (Natali L., Martorano B., Handa S., Holmqvist G., Chzhen Y., 2014)

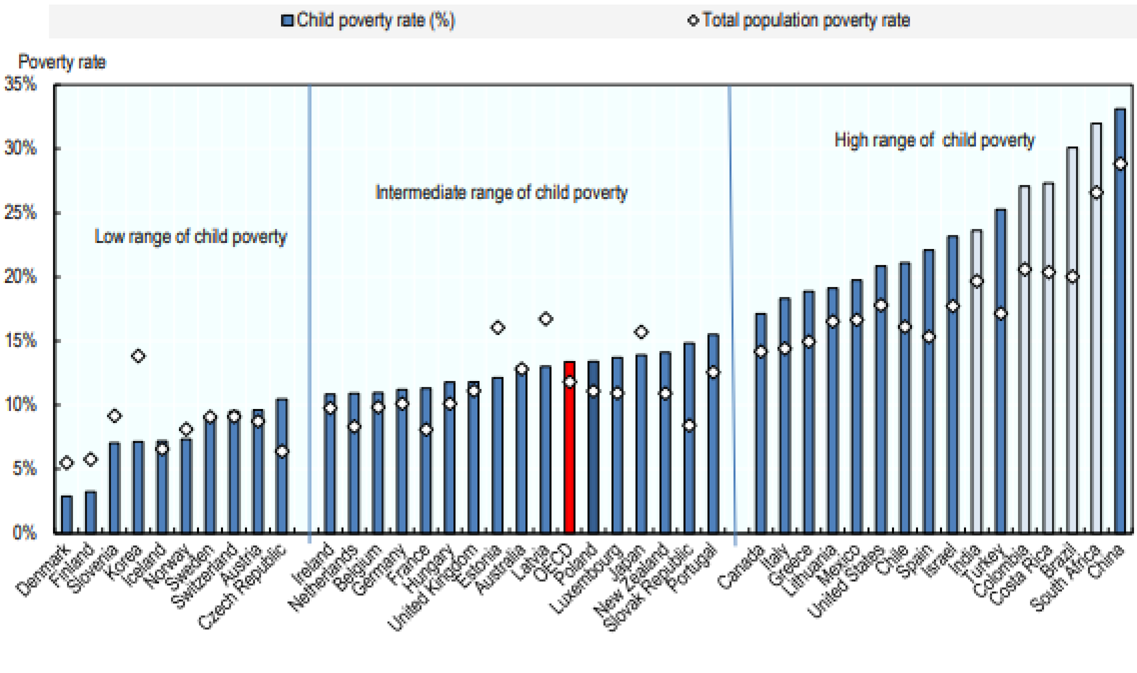
[3] The percentage varies according to the institution that evaluates relative poverty. EU uses a level of income set at 60%, while OECD at 50%

1.4. Child and youth poverty

Extreme poverty disproportionately affects children. 387 million, or 19.5% of the world’s children live in extreme poverty compared to just 9.2% of adults. (UNICEF, 2018)

About half of the children in developing countries are poor (UNDP and OPHI, 2018), whereas in developed countries 20% of them live in poverty. (UNICEF, 2018)

As shown by the graph below, child relative poverty is high in many OECD counties (graph 3). On average, nearly one child in seven is currently living in relative income poverty. The figures are particularly grim for Chile, Israel, Spain, Turkey, and the United States, where poverty affects more than one child in five, rates that are seven times larger compared to Denmark. (OECD, 2018)



Graph 3: Child poverty rates in OECD countries (2015 – 2016). Data source: OECD Income Distribution Database, http://oe.cd/idd.

Children in single-parent families represent a growing proportion of poor children. If in 2007, they accounted for 35% of the total, the percentage in 2014 rose up to 39% across the OECD countries. (OECD, 2018) As a matter of fact, separation between parents often leads to a loss of income. The risk of poverty for individuals living in single-parent families is three times higher (31%), than that of those living in two-parent families (10%). (Treanor M. C., 2018) This is due to the fact that child custody is on numerous occasions with a mother who has a lower personal income than her former partner and often is not in paid employment. Living with a single parent increases the risk of multiple deprivation for the child. Limiting its access to essential goods and opportunities such as good quality accommodation, healthy food, or childcare and education. Thus, low income prevents a household's capacity to buy or produce significant "inputs" for healthy child development, including a supportive home environment to learn well e.g., through books, educational toys and quiet study room. (Treanor M. C., 2018) Moreover, as mentioned at the beginning of this chapter, it forces children and young adults to prematurely join the labour market, to contribute to family income. (Petmesidou M., Delamónica E., Papatheodorou C. and Henry-Lee A., 2016) This situation creates two negative outcomes: first, it hinders their possibility to attend school, as they have limited study and homework time, which increases the likelihood of repetition and ultimately dropping out. Second, it affects also the family that will not manage to escape poverty. Lack of education is one of the main obstacles to get decent, well-paid employment. Hence, while family earnings may rise in the short term, maybe even lifting the household from monetary poverty, it is at the expense of child rights who will surely have a low paid and unqualified job. (Petmesidou M., Delamónica E., Papatheodorou C and Henry-Lee A., 2016) Consequently, family income's opportunities in the medium- to long-term are limited and lower than the average of the rest of the population. Child labor, therefore, involves a double risk for children: first, it robs them of their childhood and the chance of an education; second, it hinders their potential future income. (Petmesidou M., Delamónica E., Papatheodorou C. and Henry-Lee A., 2016)

As well as children, young adults of poor households constitute a high-risk group as they face the greatest difficulties to get a job.

The most significant challenge for youth labor market integration is the quality of employment, as the jobs given to a big percentage of youth hardly provide them with a livelihood revenue. A large number of youngsters, in fact, in the absence of alternatives, opts for informal employment which offer low pay, lack of social protection coverage, such as unemployment benefits or transfer programs to poor households, creating a vicious circle between low pay, insecurity, and lack of income. (ILO, 2018)

Particularly delicate for young adults is the transition from school to work. Youth are three times more likely to be unemployed than prime-age workers (people aged 25 to 54). (OECD, 2019)

This fact highly contributes to the creation of the so-called NEET, i.e. (Young people) Neither in Employment nor in Education or Training. The countries where their number is higher are those who have also the highest level of youth unemployment. (OECD, 2019)

In Italy, Spain and Greece, the EU countries that suffered the most from the financial crisis, the number of NEET stand stable over 25%. While in Northern EU counties, these figures are lower: U.K. 11.5% (Office of National Statistics, 2019), 8.0% in

Sweden, 9.2% in Germany, 10.8% in Denmark (OECD, 2019). Latin American countries have similar levels to the South European ones: Chile 21:0%, Colombia 22.7%, Brazil 24.9%. (OECD, 2019)

1.5. Poverty in the EU

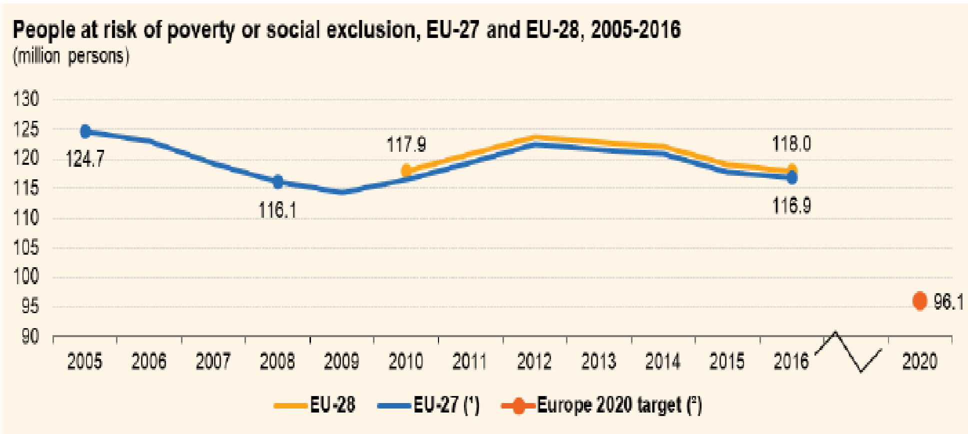
In its Europe 2020 strategy, the European Union adopted a composite indicator to assess the risk of poverty or social exclusion, the AROPE, which aims to integrate other dimensions of poverty with monetary measurement. (Save the Children, 2014 p. 29)

The population living at-risk-of-poverty-or-social-exclusion is identified as being included in at least one of the following categories:

1. People at-risk-of-poverty after social transfers: people living in households with equivalent disposable income below the poverty line set at 60% of the national median disposable income (after social transfers).
2. Severely materially deprived people: those who are strongly constrained in their living conditions, experiencing at least 4 out of 9 aspects of deprivation. (To analyze material deprivation Eurostat considers the following 9 indicators: people cannot afford to pay their rent, mortgage or utility bills; to keep their home adequately warm; to face unexpected expenses; to eat meat or proteins every second day; to go on weekly holiday away from home; to buy a color television set; to buy a washing machine; to buy a car; and to buy a telephone).

3. People living in households with very low work intensity: people between 0 and 59 years of age (students excluded) living in a household where adults worked less than 20% of their potential working time during the previous year. (Bastos A., 2017 p. 55)

In 2016, 118.0 million people, or 23.5% of the EU population, were at risk of poverty or social exclusion (graph 4). (Eurostat, 2018) This means that one in four people in the EU experienced at least one of the three aforementioned forms of poverty.



Graph 4: People at risk of poverty or social exclusion, EU-27 and EU-28 (2005-2016). Data source: Eurostat, 2018

According to Eurostat data, in 2016, monetary was the most widespread form of poverty with 86.9 million people (17.3% of the EU population) living at risk of poverty after social transfers. This number doubled the ones of those with very low work intensity, 39.1 million people (10.5%) of the EU population (aged 0 to 59) and of those suffering from severe material deprivation (37.8 million people or 7.5% of the EU population). (Eurostat, 2018)

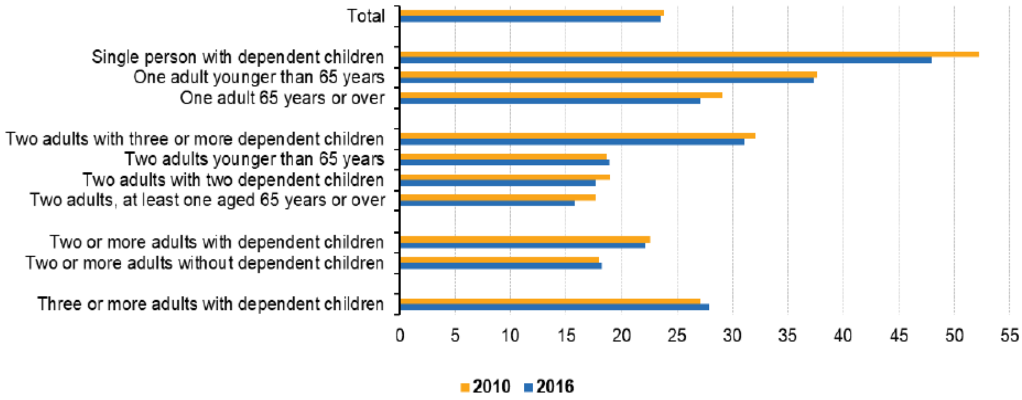
One-third (37 million people, 31.7%) of the EU population was suffering by more than one dimension of poverty, whereas 8.4 million people (7.1%) were affected by all three forms. (Eurostat, 2018)

Children, particularly, are the population group that suffer a higher risk of poverty or social exclusion. In 2017, 24.9% of children in the EU-28 were in this situation. (Eurostat, 2018) The main factors affecting child poverty are the composition of the household in which the children live and the labor market situation of their parents, also linked to their level of education.

In 2016, in the case of single-person households with dependent children, 48.0% were at risk of poverty or social exclusion. This was twice as much the average rate and higher than other types of households (graph 5).

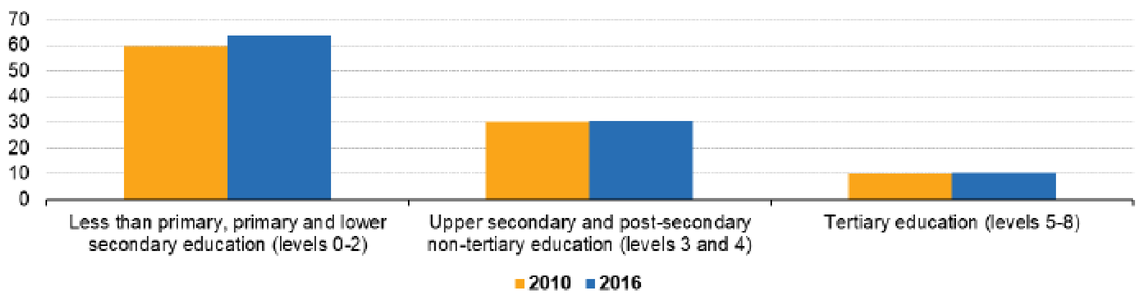
Many of these households consist of young unemployed or retired people with a higher than average risk of poverty or social exclusion. A European Parliament workshop for internal policies pointed out that one reason for this is that single-parent households which often tend to be headed by women are more likely to have very low work intensities compared with other households with children. (Van Lacker, 2015)

Another important aspect of child poverty and exclusion is inadequate housing conditions. As already stated, an adequate living environment that is safe, clean and healthy is crucial to children's development, health, education and social life. However, families living in or at risk of poverty are more likely to live in areas where conditions are unhealthy and unsafe. The percentage of children in EU member countries, living in households affected by housing deprivation is 17%. (Eurostat, 2018)



Graph 5: People at risk of poverty or social exclusion by household types (%), EU-28, 2010 and 2016. Data Source: Eurostat, 2018

Moreover, between 2010 and 2016, the increased risk of poverty or social exclusion for children of parents with the lowest educational achievement (pre-primary and lower secondary) was almost six times higher than for children of parents with first or second stage tertiary education (graph 6). Meaning that the risk of poverty or social exclusion particularly affects families where parents could not benefit from extensive schooling. Therefore, education, which is a major determinant of adults' social status, also has a strong influence on whether children are at risk of poverty or social exclusion.



Graph 6: Children at risk of poverty or social exclusion by educational attainment level of their parents (%), EU-28, 2010 and 2016. Data source: Eurostat, 2018

In order to break the poverty cycle that this may generate, equal access to affordable and inclusive childcare and free, high-quality education is central to securing equal opportunities. (UNICEF, 2016) Early years are crucial to the development of a child as they are the years when life-long capabilities and skills begin to form. Therefore, access to formal childcare and education is essential to secure children's rights and income security opportunities in later life. Furthermore, access to accessible and inclusive childcare and free, high-quality schooling also allows parents to take part in the labor market. (UNICEF, 2016)

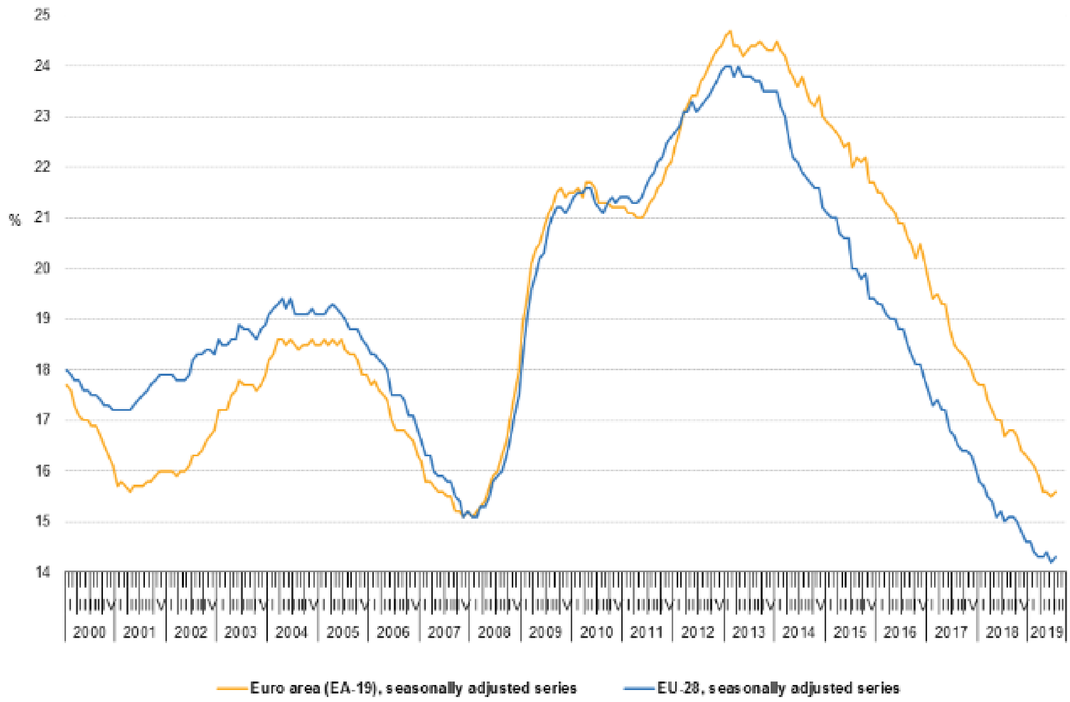
In order to make childcare more easily accessible and open to a greater number of people, in 2002, the European Council, agreed on the Barcelona targets, aiming to provide childcare for at least 33% of children under three years of age and at least 90% of children between three years old and the mandatory school age by 2010. (European Commission, 2019) Nevertheless, these goals are far from being met in most European countries. Only 13 countries (Portugal, U.K., Finland, Ireland, Malta, Slovenia, Belgium, Spain, France, Luxembourg, Sweden, Netherlands and Denmark) have rates above the 33% target for children aged under three years. Only 5% of children in these countries are enrolled in childcare services of 30 hours per week or more, which obviously has an impact on the employment of parents and therefore earning opportunities. (European Commission, 2019)

Children from poorer households are less likely to benefit from childcare services in many European countries. This includes those whose parents have little or no work, migrant or minority ethnic families (e.g. Roma), or those whose parents only have primary or lower secondary education. Children enrolled in early childhood education and care prior to compulsory schooling are generally less likely to drop out of school, and more likely to gain skills that will enable them to access better jobs and earn higher wages as adults. (European Union Agency for Fundamental Rights, 2018) Hence, increasing the quantity and the quality of childcare may have a direct effect on the future employment possibilities of young adults.

The at-risk of poverty or social exclusion rate for youth aged in the EU-28 in 2017 was 27.7%, corresponding to approximately 21.8 million people. (Eurostat, 2019) This data is mainly due to two factors: youth unemployment and in-work poverty.

3,195 million young adults were unemployed in the EU-28 (2,245 million in the euro area) in July 2019. In July 2019, the youth unemployment rate was 14.3% in the EU-28 and 15.6% in the euro area. The lowest rates were recorded in Germany (5.6%), the Netherlands (6.7%) and Czech Republic (7.0%), while the highest in the Southern countries: Greece (39.6%), Spain (32.1%) and Italy (28.9%). (Eurostat, 2019)

Youth unemployment rates show the difficulties that young people encounter in the transition from education to the labor market. As shown in graph 7, the economic crisis severely hit the young, especially in the euro area.

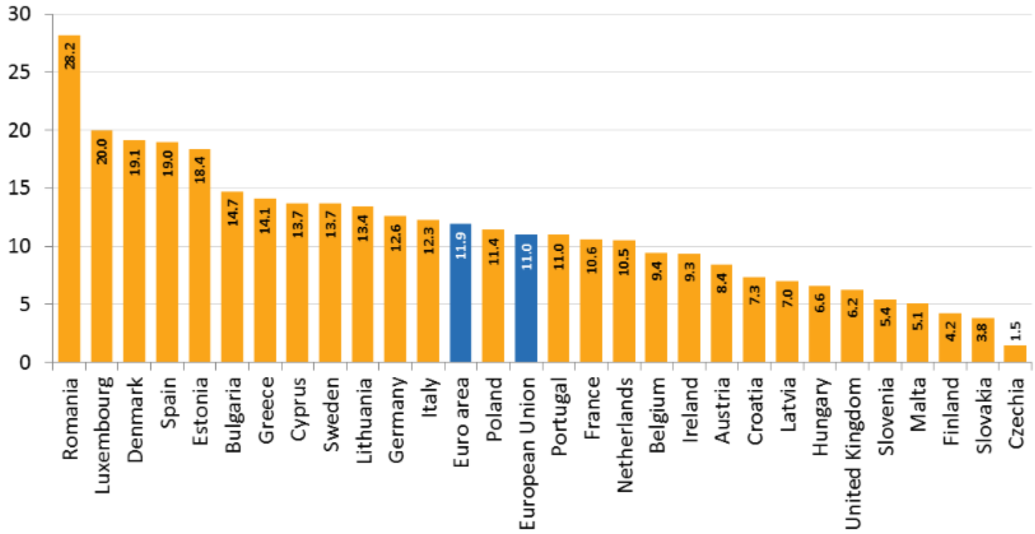


Graph 7: youth unemployment rates EU-28 and EA-19 (Jan 2000 - Jul 2019). Data source: Eurostat, 2019

The youth unemployment rate in the EU-28 fell sharply between 2005 and 2007, reaching 15.1% in the first quarter of 2008. From the second quarter of 2008, the youth unemployment rate rose to 23.9% in the first quarter of 2013 before falling to 14.8% at the end of 2018.

The EU-28 youth unemployment rate between 2000 and mid-2007 was systematically higher than in the euro area. However, since the end of 2011 and up to 2012, it is possible to see a surge in the unemployment rates in the EA-19 compared with the EU-28. The gap became even larger in the second half of 2013 and kept on increasing during 2014 and 2015, remaining at a relatively high level during 2018 and 2019.

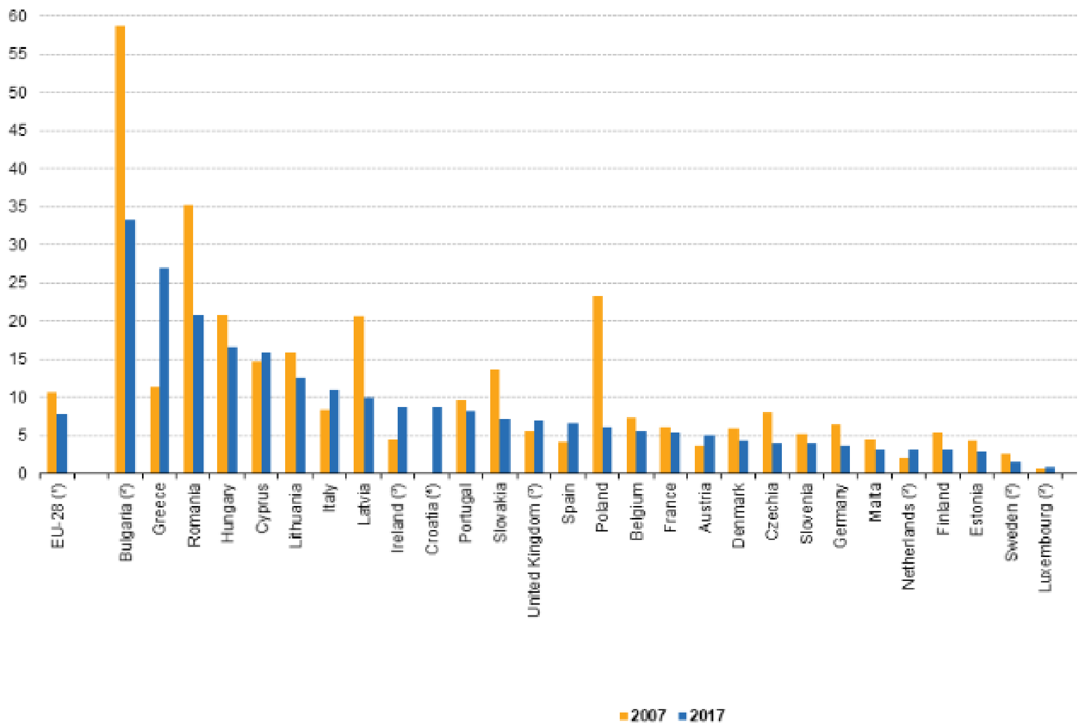
Over these unemployment figures, it is to be considered the number of young people aged 18-24 in-work and at risk of poverty[4] in the European Union (graph 8), which stood at 11.0% in 2017. The highest proportion was in Romania (28.2 %), followed by Luxembourg (20.0%), Denmark (19.1%), Spain (19.0%) and Estonia (18.4%). Whereas, the lowest rates are to be found in the Czech Republic (1.5%), Slovakia (3.8%) and Finland (4.2%). (European Commission, 2019)



Graph 8: Young adults (18-24) in work and at risk of poverty (%), 2017. Data source: Eurostat, 2019

In 2017, the severe material deprivation rate for young people show a substantial improvement passing form the relative high number of 11.7% in 2012, down to 7.8%, with exceptions for Cyprus, the United Kingdom, Austria, Spain, Italy, Ireland, Greece, Luxembourg and the Netherlands where there were increases (graph 9). The largest increase was in Greece, where the rate has more than doubled from 11.4% to 27.0%. In contrast, the most significant decrease is to be found in Bulgaria (down over 20 percentage points).

[4] Individuals are identified as being at risk of poverty if their equivalized disposable income is less than 60 % of the median equivalized disposable income after social transfers have been taken into account. (EC, Eurostat, 2019)



Graph 9: Severe material deprivation young people in EU-28, 2007 and 2017. Data source: Eurostat, 2019

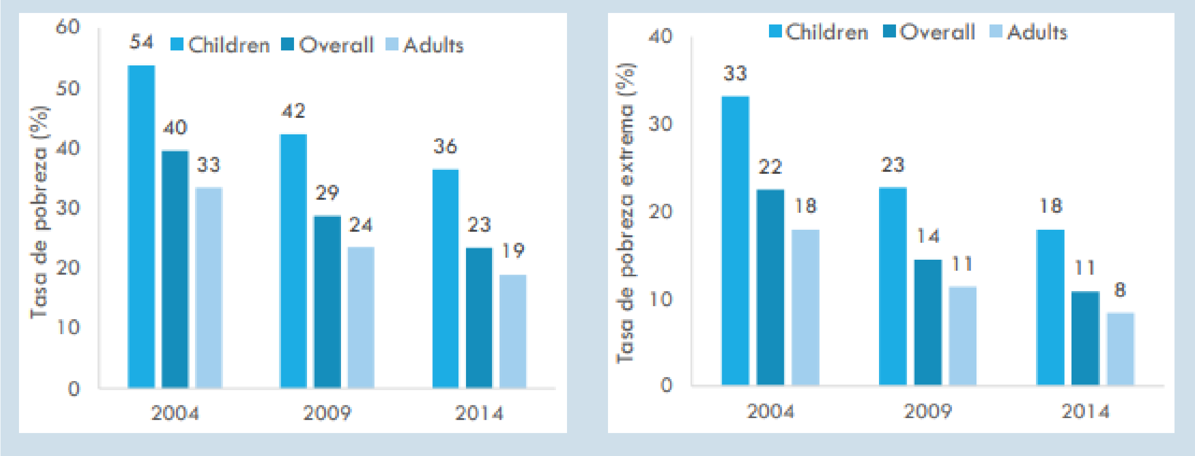
Finally, in 2017, 7.6 million young people (10.0% of the considered population) in the EU-28 lived in households with very low work intensity, hence facing the risk to be more likely exposed to social exclusion. This ratio was slightly higher than in 2007 (9.2%) and as well as other indicators this percentage rose to a peak of 11.8% in 2014 in the EU-28 and then declined in the last years. (Eurostat, 2019)

1.6. Poverty in Latin America

Latin America is well known to be the most unequal continent in the world. The Gini index, a measurement of inequality in income distribution[5], shows that despite some improvements, inequality continues to prevail in the region. For example, in 2017 Brazil, the most unequal country in Latin America had a Gini coefficient of 0.513, followed by Colombia with 0.508. Chile shows a coefficient of 0.477, while the best-performing country was Uruguay with 0.397. (UNDP, 2017) However, in the latest years, Latin America and the Caribbean (LAC) experienced a considerable reduction in poverty rates. In a decade, child poverty fell of 18 percentage points, from 54% in 2004 to 36% in 2014. Similarly, the rate of extreme child poverty was reduced by 15% (from 33% in 2004 to 18% in 2014). (Graph 10) A large contribution of this achievement was given by the expansion and the strengthening of the social protection programs, which from the beginning of the 2000s, played a fundamental role to contain distributional impairments and avoid further setbacks in the levels of poverty, extreme poverty and income inequality. (ECLAC, 2018)

However, social spending levels in the region are significantly lower than the OECD average or in the European Union and the number of children in poverty remains very high. 70 million children, i.e. 4 out of 10 live in poverty in Latin America and the Caribbean, and 28.3 million of them are in extreme poverty. (UNICEF, 2016; World Bank, 2016)

[5] The Gini coefficient measures the deviation of the distribution of income (or consumption) among individuals or households in a given country from a perfectly equal distribution. A value of 0 represents absolute equality, whereas 1 would be the highest possible degree of inequality.



Graph 10: Poverty reduction and extreme poverty reduction rates in LAC (2004 - 2014). Data source: World Bank, 2016

As shown by the graphs, children in LAC have seen slower reductions in poverty than the general population and are more likely to be affected by it than adults.

The highest rate of child poverty in the region are to be found in Central America and the Caribbean. Haiti leads this ranking with an impressive figure of 91%, followed by Guatemala and Honduras with 70.7% and 65.3%, respectively. The only exception is represented by Costa Rica with 21.6%.

On the other hand, the countries in the Southern Cone showed the lower levels of child poverty: Chile, with 11.6% and Uruguay with 15.5%, have the lowest rates in the region. (World Bank, 2016)

Country	Children in poverty (%)	Children in extreme poverty (%)
Argentina	21.4	9.3
Bolivia	33.7	19.0
Brazil	32.7	14.9
Chile	11.6	3.4
Colombia	42.2	22.3
Costa Rica	21.6	8.6
Dominican Republic	46.2	21.5
Ecuador	33.0	13.5
Guatemala	70.7	46.4
Haiti	91.0	82.1
Honduras	65.3	43.9
Mexico	38.3	17.7
Nicaragua	50.3	25.9
Panama	30.0	17.5
Peru	29.8	14.7
Paraguay	28.2	14.5
Salvador, El	41.9	17.6
Uruguay	15.5	5.1

Table 1: Rate of child poverty and extreme poverty by country in LAC (2014). Data source: World Bank, 2016

Behind these high rates and the slow gains in reducing child poverty are important socioeconomic and demographic factors.

Households with more children are more likely to be poor simply because there are more dependents per worker in the home. Moreover, the poorest households have a greater probability of having more children. In 2014, households living in poverty had an average of 1.7 children, while this indicator was 0.9 for the well-off ones.

For example, fertility in adolescents is higher in situations where the household has a lack of resources, with negative implications for the education and the job opportunity of the parent (usually the mother) in the short and long term. (World Bank, 2016)

In LAC women experience more hinders than men to enter the job market, first because of the lack of childcare that forces them to attend to family situations.

Therefore, female participation remains lower than that of men: 50.2% and 74.4%, respectively, in 2017. (ECLAC, 2018)

As it already seen in the European Union, this generates negative outcomes both on the family's resources and on the child future education, thus perpetuating the cycle of poverty in the next generation.

A major problem in Latin American and Caribbean countries is work and the job market, (ECLAC, 2018) keys to equality and the main roads that enable people to gain the adequate income to ensure adequate living standards for themselves and their families.

Despite some improvements in labor market indicators registered between 2002 and 2014 that have played an important role in reducing poverty and inequality, important labor inclusion challenges persist. (ECLAC, 2018 p. 56)

The main characteristic of the job market in the region is the high level of informality. This generally implies the lack of access to social security coverage in health and pensions, to defined working hours (including weekly rest and holiday's annual remunerated), to insurance for unemployment, accidents and occupational diseases, as well as the protection of maternity and paternity, among other rights provided in the labor legislation.

Furthermore, labor markets in the region are characterized by their insufficient supply of jobs, by their significant low quality, and a scarce labor income, which in a high proportion are lower than the legal minimum wages and what is required to overcome poverty and achieve adequate levels of well-being. As a result of which a significant proportion of employed people work long hours.

On average, around 40% of the employed population earn less than the minimum wage established by each country. This proportion is much higher among young people, and women throughout the life cycle (table 2). (ECLAC, 2018)

15 - 24 years old	Men	53.2
	Women	60.3
	Both genders	55.9
25- 44 years old	Men	28.8
	Women	42.3
	Both genders	34.6
45 - 64 years old	Men	33.7
	Women	49.7
	Both genders	40.4
Total	Men	36.7
	Women	48.7
	Both genders	41.7

Table 2: Latin America - 18 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela): employed people aged 15 years and over whose average labor income is lower than the national minimum wage, by sex and age bracket, 2016. Data source: Comisión Económica para América Latina y el Caribe (CEPAL)

The unemployment rate for young people (14-25 years old) is close to 20% in Latin America and the Caribbean, and triples that of the rest of the worker. One in five young people in the region are unsuccessfully looking for work. Likewise, the employment rate of the first is more than twenty percentage points lower than that of adults (table 3).

Between 2018 and 2017 youth unemployment fell in some countries such as Brazil, Honduras, the Dominican Republic, Jamaica and Saint Lucia, but increased in

Argentina, Belize, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Panama, Peru and Uruguay. (ILO, 2018)

	2015	2016	2017	2018
Unemployment rate	6.6	7.8	8.1	8.4
15 - 24 years old	**15.2**	**18.3**	**18.8**	**19.6**
25 +	5.0	5.8	6.1	6.3
Employment rate	57.9	57.2	57.3	56.7
15 - 24 years old	**40.1**	**38.8**	**38.8**	**38.9**
25 +	64.0	63.5	63.3	62.6

Table 3: LAC (26 countries): employment and unemployment rates by age (2015-2018). Data source: ILO, 2018

The lack of opportunities in the labor market for young people generated a large number of NEETs (Nì-Nì in Spanish, Nem-Nem in Portuguese). ILO estimated that currently there are 20 million young people in Latin America that fall in this category. (ILO, 2018)

Hence, the development of a long-term strategy to address the intergenerational transmission of disadvantages requires new approaches and the articulation of a broad and comprehensive set of policies aimed at reducing the structural causes of child poverty. By promoting sustainable development, that offers decent and productive employment, enhancing youth education and abilities, and ensuring universal access for all citizens to fundamental social services. These strategies will be explained in the next chapter.

Chapter 2 – The Social Investment paradigm

2.1. Birth and development of Social Investment

Over the last two decades, the concept of social investment has acquired considerable value in academic discussions and policy-making environments. (Hemerijck A., 2017)

This idea started to take shape during the early 1990s in the Social democratic welfare regimes. It lays its foundation in the dissatisfaction with both the traditional passive state and the neo-liberal vision of social policy. As well as, in the will to stabilize and modernize the welfare state. (Wiktorska-Świecka A., Klimowicz M., Michalewska-Pawlak M., Moroń D., 2015)

The core of this Scandinavian-born paradigm is that social policy can defuse the trade-off between equity and efficiency, concentrating on the development of human capital and jobs. Therefore, shifting resources from protective and passive to preventive and activating policies, (Leoni T., 2015 p. 2) emphasizing the ability of individuals to protect themselves from insecurities and adversities that can occur during the life course, to make them stronger and more capable of being in the market. (ESPN, 2015)

During the 2000s it has been adopted as a new approach to social policy by the European Union institution and later by some of its member states (namely, Austria, Germany, the Netherlands, Slovenia, Sweden, Finland, Belgium, Denmark, France and the United Kingdom), which were looking for a new model that would enable them to address modern problems such as population ageing, de-industrialization, and changing family roles. (Bonoli G., 2005)

At the same time, governments were triggered by the need of limiting the deficit and the cost of the public budget, and introduce more active labor market policies, to compete in the new globalized environment. (Hemerijck A. and Vandenbroucke F., 2012)

In particular, social investment became part of the EU political agenda in 1997, when the Dutch Presidency of the EU coined the locution *"social policy as a productive factor"*. This concept was then adopted in the EU's 2000 Lisbon Agenda, which was built around the concept of social investment with the ambition to turn Europe into the "*most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth and more and better jobs and greater social cohesion*". (European Council, 2000)

The next year, the Belgian presidency of the EU commissioned the scholar Gøsta Esping-Andersen and other colleagues, to reflect on the evolution of European welfare state architecture. This resulted in the publication of his book *Why we need a new welfare state* (2002) which gave a definitive impetus to the social investment approach. (Hemerijck A., 2017) According to the scholars, welfare reform should contribute to mobilize citizen's productivity potential to mitigate the novel risks of atypical employment, long-term unemployment, in-work poverty, family instability and labor market exclusion consistent with widely normative aspirations to decent work for everyone, gender equality (with the eradication of the male-breadwinner welfare model) and capacitating service provision as the foundations of solidarity in a competitive knowledge economy.

The idea that surged from the book is that social investment is strongly linked to the individual's life course. The approach favors policies that intervene early on in life. As early interventions are meant to have a significant impact on mitigating socio-economic inequalities and improving equal opportunities.

Indeed, social investment interventions play a role even before birth to prevent detrimental prenatal factors that could have a lasting negative impact on individual development. (Leoni T., 2015 p. 16)

The EU institutions fully adopted this concept on 20 February 2013 with the launch of its *"Social Investment Package"* (SIP). (ESPN, 2015) To address the growing risk of poverty and social exclusion arising from the crisis and to achieve the "Europe 2020" social targets, (EuroWork, 2013; Dhéret C. and Fransen L., 2017) by "*empowering people from an early age, strengthening their capabilities to adapt to risks such as changing career patterns, new working conditions or an aging population and enhance their opportunities to participate in society across the life course*." (László Andor, former Commissioner for Employment, Social Affairs and Inclusion, speech held at Eurofound's Foundation Forum 2013)

The SIP addressed proactive social policy interventions that can avoid life drawbacks, such as policies to promote early childhood development, active labor market strategies, education and lifelong learning, health care, long-term care programs and housing assistance. Furthermore, it emphasized the importance to tackle social and critical challenges in an integrated way in order to make policies related to the various areas complementary and mutually reinforcing. (ESPN, 2015)

The social investment approach received further support in 2015 firstly by the OECD report "*In It Together. Why Less Inequality Benefits All*" (Hemerijck A., 2017; Cantillon and van Lancker, 2013) and then by President Obama who in the State of the Union address, promised middle-class American families, better access to high-quality early care and education (Hemerijck A., 2018)

In the second half of the 1990s, it began to spread also in the less developed welfare regions such as in Latin America and the Caribbean. (Hemerijck A., 2017 p. 3) In the last two decades, almost all countries of the area destinated a larger share of their GDP on social spending: on average from 13.8% in the early 1990s to 19.1% in 2013. (ECLAC, 2018) As they were forced to confront the negative social circumstances of recession and systemic adjustment that occurred (Fonseca A., 2006) during the privatization of the 1980s and early 1990s. When public employment dropped dramatically and 70% of the new jobs were produced in the informal sector, leaving large segments of the population without social protection, and over 40% of the population in poverty.

Therefore, the adoption of social investment by these states came from ad-hoc reactions to socio-economic crises, with a stronger emphasis on the rupture of the inter-generational transmission of poverty through the accumulation of human capital between children and adolescents. (Sandberg and Nelson, 2017 p. 280)

2.2. Defining Social Investment

Social investment can be seen as a mean to deal with new social risks triggered by general environmental changes. The concept lies in the assumption that, in the course of their lives, people face challenges of typical contemporary societies e.g. aging society, unemployment periods, changing household structures, due to a transition to a knowledge-based economy.

This results in more frequent labor-market and family changes and in an increasing uncertainty in the life-course dynamics. Therefore, individuals face a multi-faceted risk of damaging their human capital base, potentially causing scarring effects on successive life-course levels. People are particularly vulnerable: (1) moving from schooling to their first job; (2) having children; (3) suffering, almost inevitably, periods of inactivity in the labor market; and, eventually, (4) moving to retirement. (Hemerijck, 2017 p. 10)

In order to help individuals in these life moments, the state should "activate" to enable individuals not only to face these situations but also to prevent them. Therefore, according to Esping-Andersen, Hemerjick et al., a shift in the welfare system from "compensating income equality" towards "capacitating fairness" is necessary. (Hemerjick A., 2013) The "active welfare state" is, therefore, a new paradigm of a society in which citizens are to be enabled and motivated rather than "passively" protected.

Social investment perspective specifically focuses on helping both men and women to reconcile employment and private life with a clear preventive emphasis on "early detection" and "early action" for disadvantaged risk groups. It strongly advocates the regenerative and promotional side of social policy, including education, health, childcare, parenting and family services, lifelong learning, and long-term and elderly care. (Hemerjick A., 2017)

The EU is on the same wavelength by affirming that *"Social investment is about investing in people. It means policies designed to strengthen people's skills and capacities and support them to participate fully in employment and social life. Key policy areas include education, quality childcare, healthcare, training, job-search assistance and rehabilitation."* (European Commission, www.ec.europa.eu)

The viewpoint of social investment recognizes the importance of market failure, the need for state intervention and market forces control to enhance the economic and social effects of social policy actions. Social investment needs to respond rapidly and flexibly to different groups of beneficiaries' changing needs, playing a key role in fostering the development of human resources and in delivering vital services and benefits to facilitate the productive use of human and social capital.

Several social scientists, who highlight the importance of social investment focus on social integration rather than financial advantage. (Wiktorska-Świecka A., Klimowicz M., Michalewska-Pawlak M., Moroń D., 2015) Meaning that the concept of "activating" and "investing in the future", rather than spending and protecting, includes cutbacks in passive benefits and a re-channelling of social expenditures into welfare programs perceived to be "social investments", namely education, training and family policy. (Brettschneider A., 2008)

Therefore, the social security system has to move from passive redistribution to trigger policies for public investments in order to generate long-term social and economic benefits, setting certain standards of perception of social policy efficacy. (van Kersbergen K. and Hemerijck A., 2012)

This is because social investment programs rely on the effects of the return on investment. Meaning that to be effective and worthwhile, these kind of policy must not only be consumed in the present in order to meet current needs, but it must be an expenditure that will pay off and produce future returns, showing also its subsequent impact on the economy. (Morel N., Palier B. and Palme J., 2012; Esping-Andersen G., 2002)

In this framework, the "return" should not be considered from a strictly monetary point of view but it can be expressed primarily in social values such as subjective well-being, improved quality of life, the degree of inclusion of hard-to-reach and marginalized population groups, the frequency and intensity of regional collective and participatory action, and increased levels of social cohesion.

In this sense, the social investment paradigm can be seen also as an endeavor to reconcile economic growth and social justice. (Keating M. and McCrone D., 2015) Combining rights (and responsibilities) with social protection, flexible working with civil and human rights and access to available, affordable and quality services within an enabling environment, right to social inclusion for the most disadvantaged, access to decent wages, citizenship, family reunification, regularized jobs and protection from discrimination for migrant workers. (Evers A. and Guillemard A. M., 2012)

It is possible to assert that on one side the idea of social investment provides better approaches to deal with human needs and, on the other, strengthens ties of loyalty and solidarity within the society. (Evers A. and Ewert B., 2015)

Thus, social investment is a holistic strategy for the development, employment, and protection of human capital throughout the life course for the benefit and the profit of individuals, families, society, and economy. (Hemerijck A., 2017 p. 22)

As it emerges from various Anton Hemerijck's works (2012, 2013, 2015, 2017, 2018), three central interdependent social investment policy functions can be distinguished: *(1) raising the quality of the "stock" of human capital and capabilities over the life course; (2) easing the "flow" of contemporary labour-market and life-course transitions; and (3) maintaining strong minimum-income universal safety nets as income protection and economic stabilization "buffers" in ageing societies*. (Hemerijck A., 2017 p. 19)

The "stock" function is the social investment archetype, as it aims to construct and fortify high-quality human capital and to reinforce the skills and capacities of individuals in order to prepare them to tackle life-course contingencies and enhance their future life possibilities and perspectives. Therefore, it is related to present and future competitiveness and aims at "capacitating" measures that improve and sustain human capital or skills in aging societies over the course of life. (Hemerijck A., 2017)

This means increasing the quality, access and affordability of Early childhood education and care (ECEC), primary and secondary educational, post-secondary vocational training, university and lifelong learning. (ESPN, 2015) Supporting better education and affordable childcare will eventually promote higher levels of productivity and jobs. Furthermore, investing in ECEC for working families is important both to support parents in gaining and preserving jobs and to contribute to quality early childhood development, which in turn makes children better prepared for success in school. (Moodie-Dyer A., 2011) It has been shown that ECEC has a significant positive effect on increasing the likelihood of children completing their studies and finding employment and reducing risks such as delinquency and drug abuse. (OECD, 2018)

As well as, labor market activation programs and high-quality training, education and lifelong learning services best ensure long-term employability and high engagement in jobs. (Hemerijck A., 2017)

The aim of the "flow" function is to allow the most effective use and allocation of labor resources over the course of life in support of high employment participation of both genders, (Hemerijck A., 2017) through schemes that promote employment for women and single parents, active labor market policies and initiatives that facilitate access to the labor market throughout life. (ESPN, 2015)

It is a mean of bridging critical life transitions: e.g. the passage from education to the first job, the difficult times of building a career while raising children or caring for frail elders, unemployment periods, etc. Hence, the reintegration into the labor market of school leavers, unemployed, parents, elderly and the disabled in the main concern of this feature as well as the provision of assistance during vulnerable transitions. (Hemerijck A., 2017)

The job market is going towards a direction where the majority of workers will change their position more frequently than in the past. Adding to this, many will have to combine their career with parenting, further studies and training and experience joblessness. Therefore, there will be a higher amount of transitions in life. A good transition results in better future transitions, while the failure of the bridge raises the strain on subsequent transitions. (Hemerijck A., 2017)

The objective of the social investment "flow" is to make "transition pay" (Gazier B, 2007; Hemerijck A., 2018) by offering "active securities" in order to address more uncertain job transactions and life-long changes as the best means of achieving a stable and long career and potentially sufficient retirement pensions. In order to do so, part-time work and informal jobs should be regulated with basic pension rights attached. (Hemerijck A., 2018; Schmidt G., 2007)

The “buffer” function is to protect people during risky transitions, secure their income and financial situation, through adequate and activating unemployment and minimum income support schemes. (ESPN, 2015)

Adequate minimum income coverage is a crucial for an effective social investment strategy, as it helps to compensate the loss of earnings, reduce micro-level social inequity and thus provide people with the financial security they need to grow their human capital, while stabilizing the business cycle at the macro-level and buffering economic shocks. (Hemerijck A., 2018 p. 817)

Usually, unemployment benefits provide people with an income when they seek employment, and social assistance provides the same when they are unemployed for an extended period of time, while also helping those who are unable to compete in the labor market for whatever cause.

Generous short-term universal benefits, backed by a strong incentive to improve activation mechanisms and services, provide the most suitable encouragement and income support during job search.

Universal social security fit perfectly in the social investment paradigm as it promotes labor-market transitions increases human capital and ensures effective social protection. (Hemerijck A., 2017)

There is a broad correlation between the roles of “stocks”, “flows” and “buffers” in daily policy practice. These should be incorporated as a package of policy measures to be implemented consistently and coherently in order to be fully successful. Proposals should be formulated from the viewpoint of a life course, that means they should be a series of initiatives that follow people throughout the main stages of their lives: childhood, youth, work-age and parenthood, old age. At the same time, to be effective, these measures must relate to the different policy areas, be complement and strengthen each other. (ESPN, 2015; Hemerijck A., 2017, 2018)

2.3. Critics to Social Investment

As the idea of social investment has played, in the recent years, a major role in the debate on the nature of social spending and the future of welfare states, particularly in Europe, a substantial flow of critical studies has attempted to pose a number of limitations in the debate. (Nolan B., 2013)

First of all, it has been questioning whether “active” social spending is actually preferable over the “passive” and whether social investment is a “trojan horse” to undermine and finally destroy the foundation of the universalistic welfare state. Second, feminist theorists disapproved of the possible “economization” of female labor force participation and dual-wage families on the basis of a strongly discriminatory normative goal of gender equality. The third critique, and probably the most important one, is that social investment policies are threatened by the “Matthew Effects”, with the middle class benefiting disproportionately from it at the expense of the worst off. Finally, there is the thesis that social investment reforms will be left aside and irrevocably overwhelmed, particularly in Europe, by the austerity.

Regarding the first issue, the critics distinguish between two forms of the new paradigm: Social Investment (SI) and Social Impact Investment (SII) (Barbier J. C., 2016 p. 52). The first is the one thought and inspired by Esping-Andersen and colleagues in *Why we need a new welfare state*, which argues that social investment and traditional social protection are both indispensable and actually the first cannot exist without the latter. (Cantillon B. and van Lancker W., 2013 p. 554) Whereas, the Social Impact Investment, prosed by Giddens (1998), it is seen as a strategy, that has roots in neoliberalism, to destroy social protection systems by splitting up their universalistic feature into targeted, conditional, simple, and temporary programs which should be individually evaluated on the basis of their social impact. (Barbier J. C., 2016 p. 55; Cantillon B. and van Lancker W., 2013) Bringing with it a very serious potential to destroy complex and highly advanced social protection structures with their traditional foundations in the family, politics and economics. (Barbier J. C., 2016) Nolan (2013) raises similar doubts by claiming that social investment has a narrow view of social policy, as it considers it only on the economic level of "returns". This could have sociological drawbacks on traditional social policy legitimation based on social justice, fairness, need, equality, and social citizenship. (Nolan B., 2013)

According to the Irish professor, unemployment benefits cannot necessarily be viewed as "passive" or "compensation" as they act as an essential condition for successful job search and thus protect valuable human resources. (Nolan B., 2013)

Moreover, over the same issue, Canitllon and van Lancker argue that social investment, putting the emphasis on "inclusion through work", will automatically exclude those who cannot be integrated in the labour market because mentally or physically impaired, referring not only to disabled people but also to longer-term ill, the frail elderly, in short to anyone who is in dire need of care. (Cantillon B. and van Lancker W., 2013 p. 555)

The authors fear that the new paradigm's aim to strengthen employment opportunities by offering in-work benefits and incentivizing productivity labor will lead to a reduction of benefits such as the sickness and the disability ones, by making them less generous and more restricted. Additionally, "work-first imperative" will affect also non-employed persons taking care of dependent persons, therefore increasing the poverty risk of this category. (Cantillon B. and van Lancker W., 2013)

Finally, the same authors accuse social investment not to take account of the circumstances as it implements disciplinary measures driven by the concept of individual responsibility. This is the case of the Conditional Cash Transfer (CCT), e.g. a household receives school allowances if its child attends school regularly. In the case of truancy, the financial assistance would be withdrawn. Cantillon and van Lancker question this method as it does not consider the family and the social context in which this happens, arguing that the removal of these benefits will only cause further household problems. (Cantillon B. and van Lancker W., 2013)

The second critic comes from feminist scholars.

They argue that social investment would "masculinize" women's life course (Saraceno C., 2017 p. 60) as the reconciliation of work and family, and the investment in ECEC and in education in general, it enables the selective defamiliarization of women and children as it promotes a stereotypical male-worker model. (Saraceno C., 2017)

Simultaneously, it diminishes the value of all the family-caring unpaid activities, leaving, however, this responsibility on women. (Jenson J., 2009; Palier B. and Orloff A. S., 2009)

Furthermore, the pro-family policies such as childcare, parental leave for fathers and so on, are seen by these critics as instrumental to abide to the "employment first" imperative. In this sense, as C. Saraceno writes "*Social Investment frames family policies mainly as labour-market policies*" and view the family as "*a constraint on* (mainly) *women's labour force*." (Saraceno C., 2017 p. 61) Therefore, investments in ECEC and education would merely serve to "free" the parents (especially the mother) from their caring activities.

This would spill in important sociological repercussions as it sees the family caring activities left aside, to be done only after work, therefore fading the value of the "right to care".

Jenson declares that an important characteristic of social investment is declining the focus on gender parities, as it is retained that many of the jobs offered to women will be unskilled and underpaid. Moreover, women will remain the main responsible for unpaid family work, thereby continuing to be concentrated in part-time jobs and discontinuous occupation, therefore, continuing to earn less than men. (Jenson J., 2009; Saraceno C., 2017; Esping-Andersen G., 2009) Thus, concluding that social investment is much more useful to young girls rather than to adult women. (Jenson J., 2009)

The third and probably the fiercest critic moved to this paradigm is that it is plagued by the so-called "Matthew Effects". An unintended consequence, of social spending on human capital and active labour policy that first and the foremost benefit mid- and high-income groups, at the expense of lower-income groups. (Bonoli G., Cantillon B., and Van Lancker W., 2017) The term "Matthew Effects", was coined in 1968 by the sociologist Robert Merton, in reference to a verse in the Gospel of Matthew: "For unto every one that hath shall be given, and he shall have abundance: but from him that hath not shall be taken away even that which he hath." (Matthew 25:29)

This drawback of social investment is dangerous because it could increase the gap between rich and poor and lead to an adverse distribution of public expenditure.

This mechanism can affect especially policies such as social housing, pensions, health care and education. It is precisely in this latter field that the consequences are the most detrimental.

It has been seen that ensuring an equal start for all children alike is the flagship of social investment. The cornerstone of such a strategy is to provide universal, high-quality early childhood education and care. The assumption is that childcare programs, on one side, promote social inclusion through the labor market, encouraging young children's mothers to participate in paid employment and manage their work and family responsibilities, on the other by providing children with high-quality and stimulating atmosphere to build their human capital. (Bonoli G., Cantillon B., and Van Lancker W., 2017) This should be of particular benefit to disadvantaged children, as they usually live in households with low work intensity and they have the most to gain in terms of child development. Eventually breaking the intergenerational chain of poverty. Nonetheless, expectations about the effects of early human capital investment policies to reduce poverty and inequality may be too ambitious, as government investment in childcare facilities can be expected to favor higher-income groups in the first place due to its underlying employment logic. (Cantillon B. and Van Lancker W., 2013) Hence, it is quite clear that demand among employed parents (i.e. the wealthiest households) will be higher. In this case, investment in childcare not only fails to reduce social inequalities but can also intensify them, as better-off children can improve their current advantage through childcare benefits, while children who would gain most are excluded. (Bonoli G., Cantillon B., and Van Lancker W., 2017)

Researches conducted by Bea Cantillon, Wim Van Lancker et al. (2011, 2013) show that there is a huge disparity in the overall use of childcare services among under three years old children across Europe, ranging from over 60% in Denmark and Sweden to less than 5% in the Czech Republic and the Slovak Republic, meaning that there is actually no significant proportion of young children benefiting from childcare facilities. Furthermore, among those who participate in ECEC, children from high-income families are overrepresented in comparison with low-income households' children. And while Denmark and Sweden have the most equal distribution of childcare in all European countries, the trend is also socially stratified. (Cantillon B. and Van Lancker W., 2013 p. 560)

The "Matthew Effects", however, does not only affect childcare but it continues during the life course of individuals. In a further study, Bea Cantillon, Wim Van Lancker and Giuliano Bonoli discovered that the access to higher education is greater among those who have high-educated parents and lower among those who do not and that while Active Labour Market Policies' (ALMPs) intention is to reach the most disadvantaged, in reality, this purpose is severely limited by Matthew Effects, which keeps out of these programs especially migrants and uneducated individuals. (Bonoli G., Cantillon B., and Van Lancker W., 2017)

The final critic that will be explored is that the social investment approach is affected by the austerity measures that followed the Great Financial Crisis and that without any turn, they will eventually undermine and put an end to it.

Since the year of the Lisbon strategy, the EU institution focused much of its debate on social investment schemes. Nevertheless, after the crisis began, the constraints on national economic policies were tightened by austerity, further reducing the budget space for recalibration of the welfare state. Hence, the debate focused on the concern of whether social investment would be capable of withstanding the economic upheaval. Today's scarce resource context potentially exacerbates the trade-off between old protection-oriented spending and new investment-oriented initiatives. It also makes it harder to catch up for those countries that had not previously invested in new policies. (Ronchi S., 2018)

The central point is that governments, which must deal with declining tax revenues and immovable objects in the budget, such as pensions and debt services, have limited fiscal space for maneuver and thus reduced opportunities to address new social challenges with ambitious spending programs. (Mertens D., 2017 p. 78)

In the time of austerity, the whole welfare structure is vulnerable to retrenchment. However, although social investment programs burden the budget much less than generous old-social protection ones, they appear as easier and less-visible targets for cutbacks. (Ronchi S., 2018) This trend is confirmed by the work of some researchers (Streeck and Mertens, 2011; Breunig and Busemeyer, 2012) which claim that harsh fiscal pressure hinders the progress of social investment policies.

In his work, Ronchi (2018) shows that, on average, the development of the new approach slowed significantly after 2009, nearly stagnating. This is true especially in countries where the austerity hit harder (e.g. in Southern Europe), while in Northern and Central Europe, welfare states kept slowly shifting towards the new paradigm. (Ronchi S., 2018)

The social investment strategy, according to a growing academic advocacy, should serve to overcome the fiscal pressures placed on welfare states by the crisis. (Ronchi S., 2018) Nevertheless, in order to be increasingly successful, it should express a stronger criticism of the fiscal ideology underlying the current austerity consensus, countering any neoliberal appropriation of the approach that makes it easily compatible with a leaner state and with the legitimization of the traditional social expenditure reduction. (Mertens D., 2017)

Besides all this, the prevailing drive of fiscal austerity increases the chances of privatizing the risks of social investment. Due to budgetary restrictions, governments need to find ways to implement these policies, without burdening the public coffers. One solution, for its promotion, would be growing the share of private funding in services or by providing private spending loans.

Currently, private-funded policies account for a tiny portion in Europe, but as long as austerity and budget consolidation rule supreme, they may continue to serve as viable policy alternatives. (Mertens D., 2017)

Nevertheless, the “privatization” of social investment would eventually result into shifting costs and risks from the state on to households that are not ready and equipped to handle them. (Mertens D., 2017)

After these considerations, a question surge spontaneously: which is the prospective of social investment?

2.4. Social Investment prospective

In the latest years of social and economic crisis and global turmoil, governments and international institutions have been searching for a new solution to achieve stronger growth, more and better employment opportunities, fairness and social cohesion.

Threats to the established system such as ageing populations, the shift to a knowledge-based and service economy, changing family structures, deregulation of financial markets, mobile global capital and environmental concerns, have been rising since three decades, challenging the old paradigms whether they be neo-Keynesian or neo-liberal (Morel N., Palier B. and Palme J., 2009)

Furthermore, the global financial crisis has brought problems and implications hard to estimate, and which the social agenda urgently needs to address.

The old social security system is no longer an effective means of fighting inequality and reducing poverty, as policymakers encounter increasing difficulties in raising new funds for long-term investment programs. This is due to an erosion of the tax base but also to an increase in the spending on social protection, especially of the pension system and unemployment insurance.

It is in this context that the Social Investment paradigm has emerged, with the purpose to create social inclusion and minimize the intergenerational transfer of deprivation and ensuring that people are well prepared for the possible conditions of employment in contemporary economies. (Jenson J., 2009)

This will allow individuals and families to retain responsibility for their well-being through market income and intra-family transactions, as well as to reduce the threats of aging communities and high dependency ratios to social protection regimes. (Morel N., Palier B. and Palme J., 2009)

This means, in policy terms, increased attention and investment in children, human capital and in “making transition pay”.

The European Union institutions embraced this concept first in 2000 with the Lisbon Strategy, then, in 2013 with the “Social Investment Package” (SIP).

In adopting a social investment policies, some countries were more involved than others, and the very substance and effect of this strategy varied considerably from one to another. (Morel N., Palier B. and Palme J., 2009)

This scheme has a longer history in the Nordic European countries than elsewhere and has translated into investment in high-quality, affordable childcare and supportive and egalitarian family policies; significant investment in education and training for all; lifelong learning; promotion of job opportunities and justice for men and women; income support services and high levels of minimum income. Thanks to these policies, they have experienced high levels of growth during the last period and are known as one of the most competitive economies, displaying high employment rates and low levels of unemployment while retaining the lowest levels of inequality.

Others, such as UK, with the “Third Way” and the Netherlands, with the adoption of the flexicurity, are also examples of countries that redesigned their welfare state in order to adapt it to the new economic environment by reorienting their spending to “prepare” rather than “repair”.

Continental Europe countries, with few exceptions, have been more resilient to the social investment approach, as governments policies were directed more to keep their old age and healthcare budgets rather than reforming the social protection structure.

A look outside the European continent shows that countries such as Australia, New Zealand and Canada are moving always more towards investment-oriented policies, while others e.g. Japan refused them preferring to continue the path of compensatory social policies. (Nikolai R., 2009 p. 109 - 111) While, Latin American countries are trying to defeat their long-lasting poverty situation, by slowly and jaggedly opting always more for social investment (e.g. CCTs, investments in childcare and so on). (Sandberg J., 2017)

Despite this global expansion of the new social paradigm, it is undoubted that the financial crisis has left governments with fewer resources. Therefore, the future implementation of social investment policies depends on whether or not it is possible to extract the necessary taxes. (Palmer J., 2009) This is particularly true if states, in addition to recalibrating social policies, wish to keep up part of the old welfare systems. (Kenworthy L., 2017) Making, therefore, their modernization a democratic problem with national as well as international dimensions. (Morel N., Palier B. and Palme J., 2009 p. 20)

2.5. Social investment in the European Union and in Latin America

Europe and South America have been the two most eager continents in introducing the social investment approach. At the beginning of the 2000s, investing in children and their families from a life course perspective have been an urgent call for those countries that enacted these new policies. (European Commission, 2019; Velázquez Leyer R. and Papadopoulos T., 2016)

Having, as their main objectives, the development of children to break the intergenerational cycle of poverty, the reduction of (child) poverty, as well as, ensuring widespread access to adequate and affordable quality services and the protection and guarantee of basic rights. (European Commission, 2019; Bedregal P., Torres A. and Camila Carvallo C., 2014)

Beyond the goals, they all share at least three common elements: the focus on poor or extremely poor families with children and adolescents; the principle of conditionality and the focus on women, seen as the central target of the schemes. (Mendoza A., Oliva J. A., Parra G., 2014)

As already stated, social investment was firstly born and developed in the Scandinavian countries and then adopted and embraced by the EU with the 2000 Lisbon agenda and the 2013 Social Investment Package.

The core of the European approach resides in the “life course multiplier”, with investment at a young age in order to gain higher returns at later stages. (European Commission, 2019)

Therefore, it starts by providing affordable and quality early childhood education and care, as well as adequate income support through social transfer such as family and children benefits, adapting tax and benefit system to remove disincentives for the second earner to work. Finally, it aims to distribute in a more balanced wa,y paid family related leave between men and women. (European Commission, 2019 p. 126)

As already stated in the first chapter, improving the availability and affordability of childcare services has been paramount for the EU since 2002 when the Barcelona Summit took place.

Nevertheless, the goals stated in this summit: childcare for at least 33% of children under three years of age and at least 90% of children between three years old and the mandatory school age have been missed by 15 Member states. (European Commission, 2019)

In particular, the use of childcare across all the EU countries is lower for children from low-income families. Data from the European Commission show that in 2016, 42% of under 3 years old children from wealthy households used childcare services, compared to 21% of the poorest. In general, the use of formal childcare is positively correlated with mothers' employment rate. (European Commission, 2019)

Regarding family benefits, the Commission report a strong positive effects on child poverty reduction and child protection where they were provided. (ESPN, 2015)

In Latin America, since the early 2000s Conditional Cash Transfers (CCTs) have been at the core of continent's social investment policy, reaching more than 22 million families across the country in 18 countries. (Sandberg J. and Nelson M., 2017) These programs are presented as an innovation in the field of the fight against poverty and are considered unique for establishing co-responsibilities with the objective of improving educational levels, preventing school evasion, child labor and also to support nutrition through increased food consumption and increase health care. (Fonseca A., 2006)

Thanks to the development of those programs, the region has decreased poverty (Helwege A. and Birch M. B. L., 2007) and also improved access to Early Childhood

Education and Care (ECEC), primary and secondary education, through infrastructure investments and the recruitment of teachers. (Sandberg J. and Nelson M., 2017)

After the spread of the CCTs, some countries of the region started focusing always more on children education. Introducing several programs such as Chile Crece Contigo, which inspired similar ones in Uruguay, Colombia and Peru. (World Bank, 2018)

The evidences show that thanks to these policies, the share of people between 15 and 29 years old who completed primary education rose from about 60.5% in 1990 to 94% in 2016, the one of those who completed secondary school surged from 25.8% in 1990 to 59.4% in 2016 and the proportion of persons who have completed tertiary education increased from about 4.4% in 1990 to 18.1% in 2016. (ECLAC, 2018 p. 193) Nevertheless, the number of children between 0 and 3 years old in day-care facilities is still small: varying from 1.2% in Guatemala to 26.1% in Chile and 35.1% in Uruguay.

The next two chapter will explore the introduction of social investment policies in the United Kingdom and in Chile. They will provide evidences of their effect on the overall population, particularly on children and finally, they will assess whether these polices managed to achieve their goals.

Chapter 3 – Social investment in practice: The New Labour's "Third Way" and the war on child poverty

3.1. Introduction

In the 1997 U.K. general election, the New Labour Party obtained a landslide majority, which took its leader, Tony Blair to the number 10 of Downing Street after 18 years of conservative governments. The new Prime Minister, inspired by the ideas of Anthony Giddens, pledged for a general reform of the British welfare state, aiming at introducing social investment policies in his country.

Therefore, the U.K. New Labour Government greatly supported the 2000 Lisbon Strategy, an action and development EU plan, with the goal of *"making the EU the most competitive and dynamic knowledge-based economy in the world capable of* *sustainable economic growth with more and better jobs and greater social cohesion by 2010*". (Lisbon European Council, 2000).

Alongside the Portuguese Presidency, the British Government played an active role in its conception, drafting and development. Although, by that time, Downing Street had already conceived and on the way to implement a series of new, successful, and inclusive social investment schemes, the then-new EU political agenda had a positive effect in creating and shaping social, political and intellectual consensus around the policy change and reform. (Liddle R., 2009)

From 1997 to 2007, U.K. public spending surged in real terms by 42%; whereas in the previous decade (1987-1997) it increased with a marginal 15%. (Institute for Fiscal Studies, 2018)

The majority of the spending was directed on the NHS, doubling the funds from £35 to £89 billion in real terms, and on education as the share of GDP allocation increased from 4.8% to 5.5%, with funding for schools increasing by 60% in real terms. (Institute for Fiscal Studies, 2018).

New Labour's reason behind this public expenditure surge, lied in the will to "catch up" (Liddle R., 2009) after two decades of public service retrenchment, which followed the 1970s oil crisis and to pose a clear distinction with the Tories era.

In particular, in order to address the Thatcher model's perceived main shortcomings, Labours advocated open markets to drive innovation, growth and performance, but with their stability complemented by increased public investment in infrastructure, training, education and research. Stressing the pivotal role of active labor market policies and activation, i.e. "Welfare to Work" and a variety of government initiatives to counter social exclusion and child poverty.

The concept that the benefits of prosperity should be redistributed to the bottom without destroying opportunities at the top, hence a model of market flexibility combined with social investment, was key of New Labour’s governing strategy. (Liddle R., 2009 p. 169)

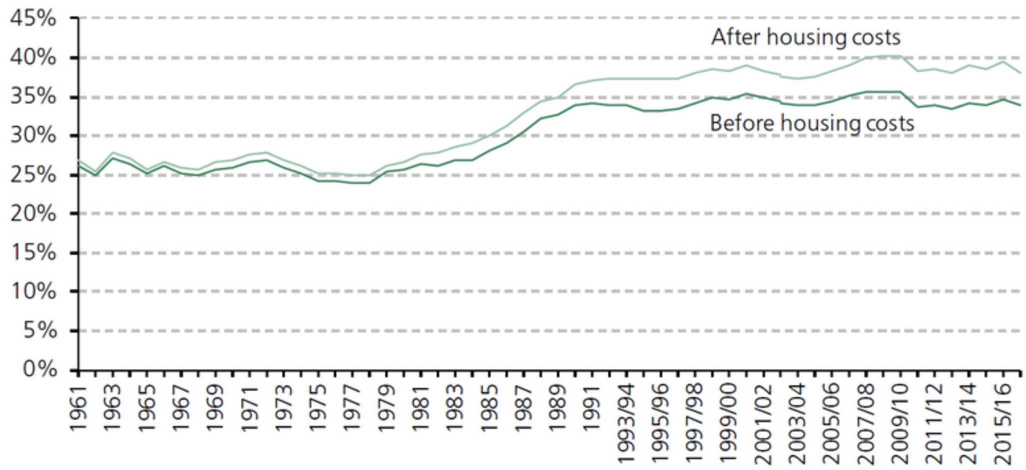
3.2. Background

Alongside with all other industrialized countries, the United Kingdom has experienced significant economic and social changes since the 1970s.

A redistribution of work from older men to women of all ages, from heavy industry and manufacturing to service industry jobs (many of them low-paid and precarious), from old industrial regions to new areas of growth and from full-time to part-time jobs. (Macnicol J., 2010 p. 1) Together with a set of interconnected social changes, foremost increased marital instability, which deteriorated the conditions for a growing minority.

These trends, alongside with the policies implemented by conservative governments (Margaret Thatcher, 1979 - 1990 and John Major, 1990 – 1996) over almost two decades left the country in a grim situation, widening the social polarization and inequality income.

During this period, as shown by the Gini index in the graph below (11), income inequality surged of over 6%, as well as, due to a peak in unemployment, the number of poor households rose from 9% to 24%.



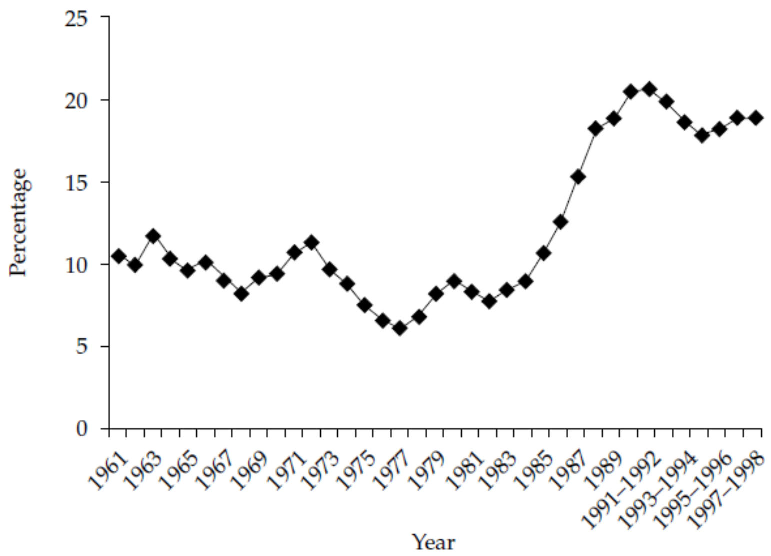
Graph 11: UK Gini Index (1961 – 2016) Data source: Institute for Fiscal Studies

While, 9% of working-age households did not have a representative in paid work in 1979, by 1997 over 20% had been in this position. (Hills J. and Waldfogel J., 2004)

The proportion of single-parent families with children increased from 13% to 23%. The majority of them were involved in low-intensity employment as about one out of six had a full-time contract and less than half had a paid job. Women who had never been married led an increasing proportion of these families (40%) and 60% of them earned means-tested cash assistance, a higher share than in other European economies. (Hills J. and Waldfogel J., 2004)

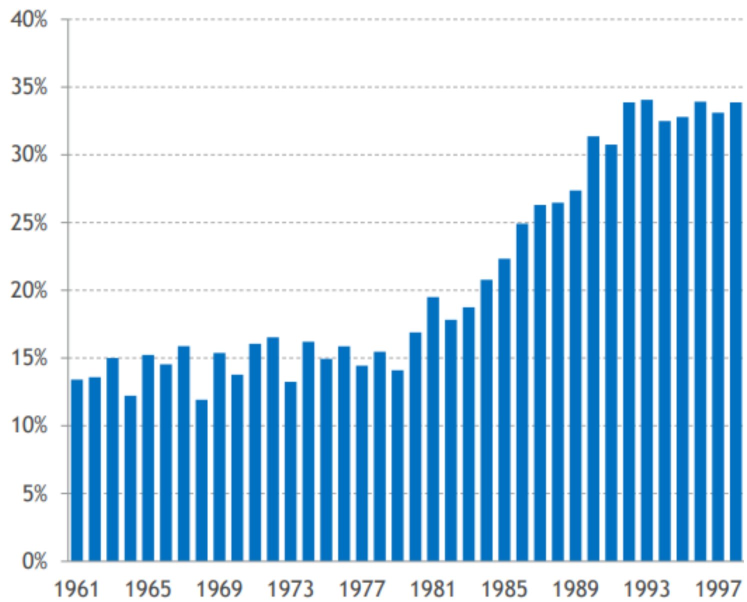
According to the U.K. Parliament, a person is considered to be relatively poor if living in a household with an income below 60% of the median in that year; while is considered to be in absolute poverty if living in a household with income below 60% of (inflation-adjusted) median income in a base year. (UK Parliament statistics, 2019)

Overall, in 1997, about 14 million people were in relative poverty, roughly 18% of the total population (graph 12). (Piachaud D. and Sutherland H., 2001)



Graph 12: Share of British Population in Relative Poverty, 1961 to 1997–1998. Data source: Waldfogel (2010). Based on data from Goodman and Webb (1994) and Department for Work and Pensions (2004).

4.4 of these were children (after housing cost), accounting for 34% of the total under-18 population[6] (graph 13). (Department for Work and Pensions, 2018)

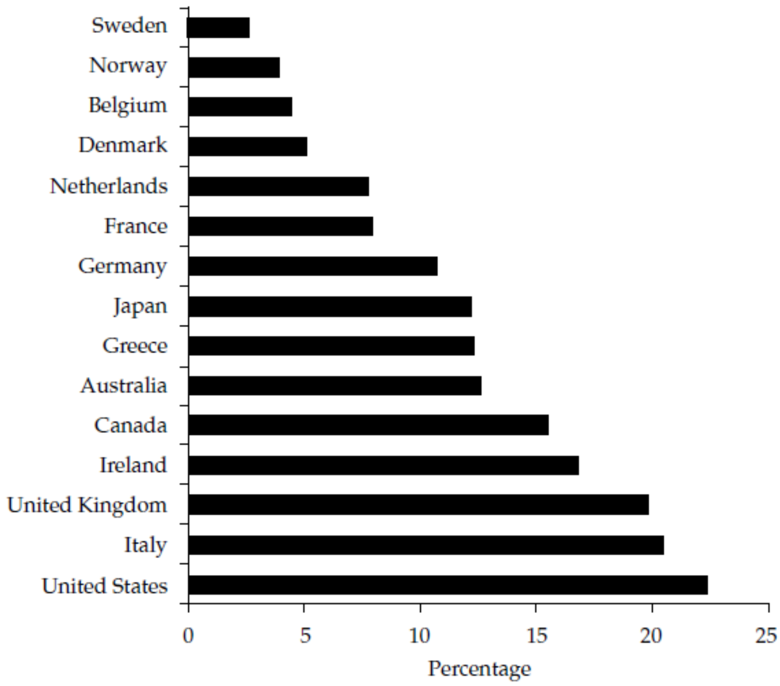


Graph 13: Share of British Children in Relative Poverty, 1961 to 1997. Data source: Department for Work and Pension, 2019.

[6] 26% before housing cost. Data of the Department for Work and Pensions

Whereas, the children suffering from absolute poverty were accounting for the 46% after housing cost (roughly 5.6 million) and for the 41% before housing cost. (UK Parliament statistics, 2019)

These impressive figures led Britain to have, in the mid-1990s a higher child poverty rate than any other peer country except for the United States and Italy. (Graph 14) (Waldfogel, 2010)



Graph 14: Child Poverty Rate in Britain Versus Other Countries in the Mid-1990s. Data source: UNICEF, 2000

During these decades, the United Kingdom went from being a country with a distribution of income that was among the most equal of the OECD countries in the 1970s to one of the most unequal ones and therefore, one of the highest relative poverty rates in the mid-1990s. (Hills J. and Waldfogel J., 2004)

The U.K. Labour party repeatedly raised its voice from the opposition in order to denounce the deterioration of the situation. Poverty growth and the widening of inequality were constant themes of center-left-wing politicians. (Piachaud D. and Sutherland H., 2001)

A major concern was children's position in low-income communities, with broad differences between areas based on means-tested benefits, employment rates, crime rates, exclusion from education, school performances and attendance, mortality rates, and housing conditions. Along with youth unemployment, drug addiction problems and crime levels, ethnic minorities, teenage mothers, unemployed households and adult analphabetism. (Hills J. and Waldfogel J., 2004)

Before becoming Prime Minister, the back then shadow-Minister of Interior, Tony Blair affirmed that unless a Labour government succeeded in raising the incomes of the poorest it would have failed.

A couple of years later, after winning the May 1997 election under the "New Labour" banner and with the clear aim to "make welfare popular again" (Hills J. and Waldfogel J., 2004) during a speech in March 1999, he committed himself, to this goal by proclaiming in front of a surprised audience gathered at Toynbee Hall, London: *"Our historic aim will be for ours to be the first generation to end child poverty. It will take a generation. It is a 20-year mission. But I believe that it can be done if we reform the welfare state and build it around the needs of families and children."* (Tony Blair, Beveridge Lecture, March 18, 1999)

In order to do so, New Labour followed a new political path, called the "Third Way", which according to his inspirer Antony Giddens (1998) *"rejects top down socialism as it rejects traditional neo liberalism."* (Amin A., Cameron A. and Hudson R., 2002)

The ideas that underpin it try to reconcile the two old models, promoting economic growth, entrepreneurship, production and wealth creation as well as favoring greater social justice.

The core of this welfare reform is the concept of mutual responsibility, well depicted by the sentence "work for those who can, security for those who cannot". (Hyde M., Dixon J. and Joyner M., 2002) Individuals have a duty to participate in society and, to the extent possible, to support themselves, but the state also has an obligation to support those who cannot support themselves. (Hillls J. and Waldfogel J., 2004)

3.3. The policies

New Labour government's idea, launched in 2000, was a general reform of the British welfare state that had its core in ending child poverty in twenty years, to cut it in half in ten and by one quarter in five. (Branosky N. and Mansour J., 2015)

This pledge was taken seriously by members of the executive, particularly by the then Chancellor of the Exchequer Gordon Brown, as the Treasury implemented a broad program to tackle child poverty and monitor its success. (Waldfogel J., 2010)

The British antipoverty strategy was divided into three distinct but interrelated parts that resemble the Hemerijck's "stock", "flow" and "buffer" function of social investment, discussed in the previous chapter: (1) investing in children, by promoting childcare and measures to tackle long-term disadvantage. (2) Promoting work and making work pay, ensuring that parents have the support and resources they need to find a suitable job. (3) Increasing financial support for families with children through the tax and benefit system, with the goal to provide all families with direct financial aid, acknowledging children's extra costs, while directing additional resources on those who most need it. (Table 4) (Piachaud D. and Sutherland H., 2001)

Features	Policies
Stock	Sure Start Program
	Extended school program
	Education Maintenance Allowances
	Education and Skills Act
Flow	New Deal for Lone Parents (NDLP)
Buffer	National minimum wage
	Working Families Tax Credit (WFTC)
	Strengthening of the Child Benefit
	Child Tax Credit (CTC)

Table 4: Hemerijck's features and correlated social investment policies implemented by the British Governments.

The first set of reform, i.e. the "stock" function of investing in children, was already formulated by the government in 1998 in the Green Paper "Meeting the Childcare Challenge", with the purpose to develop a new national childcare strategy. (Minoff E., 2006)

These measures were particularly designed to reduce next generation's dependence on welfare and enhancing employment opportunities, increasing outcomes for children whose parents are either on welfare or out of work. (Hills J. and Waldfogel J., 2004) Thus, directly tackling the issue of intergenerational child poverty. Moreover, the provision of services for pre-school children served, also, to promote parents (especially mothers) employment. (Piachaud D. and Sutherland H., 2001)

For children aged 0 to 3 years old, the Blair's government set up the "Sure Start Local Programs" (SSLPs), community-based programs targeted at low-income families in the most 20% disadvantaged areas. Establishing one-stop service delivery that focuses on early intervention and the incorporation of a wide range of services, including early education, childcare, health services and family support. These measures aim, in particular, to improve health and well-being in early years, and "*to increase the chances that children will enter school ready to learn and prove to be academically successful in school, socially successful in their communities and occupationally successful when grown up*" (National Evaluation of Sure Start, 2004) but also to decrease the number of children living in workless households. (Hills J. and Waldfogel J., 2004)

SSLPs retained considerable local autonomy by design, and the offered services differed according to local needs from one SSLP to the next.

The initial plan foresaw the construction of 500 the Sure Start Children's Center by 2004 to reach one-third of all children under 4 in poverty and 3,500 by 2010, in order to have one center in every community. (HM Treasury, 2001)

The program sought to increase childcare provision for both pre-school and school-age children, providing at least a part-time nursery place for all 4 years old and later by 2004 to all 3 years old and to improve the quality of childcare through the establishment of Early Excellence Centers and funding for home-based providers through childcare networks. By 2008, the government begun the provision of free part-time ECEC for 12,000 2 years old living in disadvantaged areas. (Minoff E., 2006)

This was possible due to an increase of public spending in early care from £2.1 billion in 1997/98 to £3.6 billion in 2002/3, that led Britain from having one of the lowest preschool enrollment rates in Europe to being on a par with its European peers, most of whom had universal or near-universal participation in publicly provided preschool in the year or two prior to school entry. (Waldfogel J., 2010 p. 8)

Whereas, school-aged children benefited from an increasing in public spending on education of 0.6% of the GDP (from 4.5% in 1999-2000 to 5.6% in 2005-2006). (Hills J. and Waldfogel J., 2004)

This enabled the transformation of schools into "extended schools", opening their doors to provide pre- and post-school care, in order to help older students and their families through study support, lifelong learning, and parenting support, access to sports and arts facilities. (Minoff E., 2006 p. 11) Moreover, it reduced the size of primary school classes (to not more than 30 thirty students) and funded other educational improvements, such as literacy and numeracy programs in primary schools, and supported the fight against truancy in secondary schools. (Piachaud D. and Sutherland H., 2001)

To tackle this latter issue, the New Labour government introduced in 2004 the "Education Maintenance Allowances" (EMAs), cash grants, between £5 and £40 per week, for low-income households' young adults between 16 and 17 years old to encourage them to remain in school. (Waldfogel J., 2010; Hills J. and Waldfogel J., 2004; Minoff E., 2006)

Furthermore, it created a system of connections, with the main objective to reduce the number of NEETs, tailored for young adults between 13 and 19 years old, offering personal consultants and customized services to assist them in a smooth transition to adult life. Also, providing advices that go beyond career services, i.e. on issues such as family relationships and substance abuse. (Hills J. and Waldfogel J., 2004; Minoff E., 2006)

Nevertheless, the U.K. still maintained relatively high rates of young people leaving school compared to other European countries. (NEET Quarterly Brief, 2015) Therefore, further reforms became necessary. In 2008, the British Parliament approved the Education and Skills Act with the purpose to raise minimum school leaving age. When it came into force required school leavers to participate in some form of education or training up to the age of 17. A subsequent act (of the Conservative government) elevated the age to 18 in 2015. (Her Majesty's Stationery Office - HMSO, 2015)

In addition, parental rights were also enhanced by the Employment Act (2002). Paid maternity leave period rose from the previous four to six months, followed by additional six months of unpaid leave.
Whereas, it was instituted the right for parents of under six years old to request part-time or flexible work hours. A subsequent reform included, among the beneficiaries, parents of under sixteen years old.
The 2004 Britain's ten-year childcare strategy further extended these reforms. Paid maternity leave was expanded to nine months, with the pledge to reach out twelve. (Waldfogel J., 2010)

The second set of reform, the "flow" function, constituted in a series of welfare-to-work programs, aiming at *"helping parents into work as the most sustainable way to tackle child poverty and give children better opportunities to succeed in later life."* (HM Government, 2011)

In recognition of the importance of work, Blair's government has adopted many job-oriented policies. (Minoff E., 2006) The most important of which became collectively known as the New Deal for Lone Parents (NDLP). Introduced in three phases and aimed to return lone parents (in particular single mothers) to work. (Millar J., 2000)

However, at its introduction in 1997 it was an essentially voluntary scheme that reflected more traditional attitudes about the question of whether mothers should work, particularly when their children are young. (Waldfogel J., 2010)

Lone parents receiving income support were invited to an interview with a Personal Advisor to discuss job search, employment opportunities, benefits and tax credits to improve their incomes, especially for those who worked 16 hours or more a week. (Hills J. and Waldfogel J., 2004)

Changes start occurring only after the reform of 2001, when lone parents were just required to attend work-focused interviews, whereas it was only after 2008 that some of them, those whose youngest child turned twelve years old, were required to work or actively look for a job as a condition for receiving benefits. (Dolton P. and Smith J., 2011)

The program, a basic three-leg structure, was composed by: The Work-Based Learning for Adults and Training for Work, which offers a wide selection of training for single parents and an allowance of £15 per week to engage in learning.

The Childcare Subsidy, helping parents who work less than 16 hours a week pay for childcare and covers the cost of childcare for single parents who have found a job through the New Deal, for up to a week before starting work.

The Work Search Premium, which offers £20 per week to single parents who engage in the New Deal for Lone Parent and consent to actively and intensively search for work. (Minoff E., 2006 p. 7)

Part of the reform, also, foresaw the merge of independent unemployment and job search offices, into “Job Center Plus” where new applicants could receive job advices and to start a work-focused interview followed by an assisted job search. (Hills J. and Waldfogel J., 2004)

In order to strength the efficiency of these measures, they have been accompanied by several “buffer” policies.

In April 1999, Tony Blair’s government introduced Britain’s first national minimum wage. Initially set at 45% of median hourly full-time earnings corresponding, for adult workers over the age of 22, to £3.60 per hour. This value was yearly adjusted with the result that today it is considerably more generous: £7.83 per hour for those aged more than 25. (Eurostat, 2018)

Furthermore, low-income workers and their employers, especially couples with children or lone parents who were working sixteen or more hours per week, benefited from a tax cut and from the introduction of a new tax credit the so-called Working Families Tax Credit (WFTC).

On the same direction, was heading the third set of policies (still to be placed under the “buffer” function), which were aiming to increase financial support for families with children.

The government implemented a major reform in this field, by changing the tax and benefit system to increase households’ incomes, foremost of those in which parents were out of the labor market. (Waldfogel J., 2010)

The first step was the strengthening of the Child Benefit (firstly introduced in the1970s) an universal cash grant for all families with minors, conceived in order to help parents to cover the costs of children and it practically consists in a regular payment to the mother throughout the year (the amount is today of £20.70 per week plus £13.70 per any additional child. Data of the UK government, last update 2017).

Furthermore, in April 2003 the U.K. Government introduced the Child Tax Credit (CTC), directed to all families with children, whether or not the adults in the household are working. To be qualified for it, family income must be less than £58,000 or £66,000 with a child under the age of 1, although maximum awards are only available to families with income below £13,910.57 and is paid to the primary caregiver either weekly or monthly. (Hills J. and Waldfogel J., 2004; Minoff E., 2006)

At the moment of its introduction more than 6 million families and 10 million children were supported by this credit. (HM Government, 2011)

The CTC integrates several earlier benefits such as the tax credit for all taxpayers with children except those with the highest income, in-work tax credits for low-income working families with children, and Income Support for younger children in non-working families, into a single income-related support system.

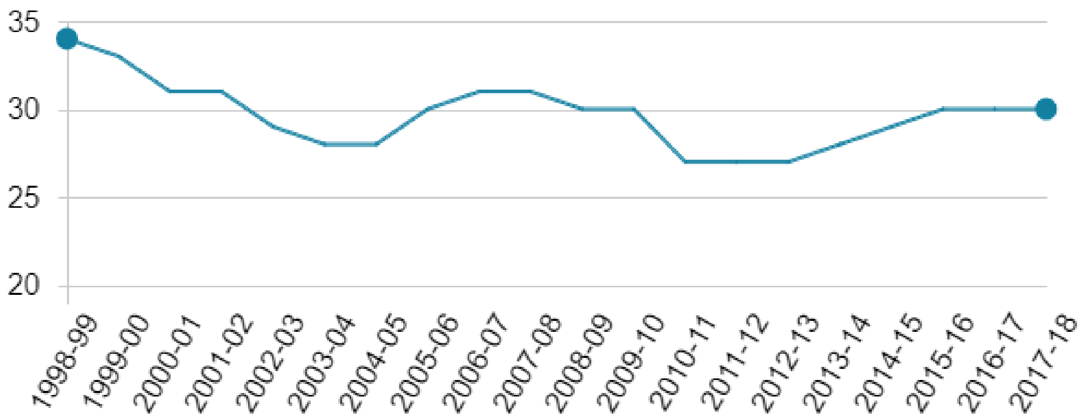
The CTC is composed by a family and a child element. In 2003, the family element was worth up to £545 per year (same as in 2019/2020), while the child element was up to £1,443 (in 2019/2020 is £2,780). Additionally, it has been instituted an allowance for each disable child that today amounts up to £3,355 and an addition of £1,360, for severely disabled child element.

3.4. Policy effect and evaluation

In the previous section, it was explored the social investment strategy implemented by the New Labour administration. In this last part, its effect and impact will be assessed.

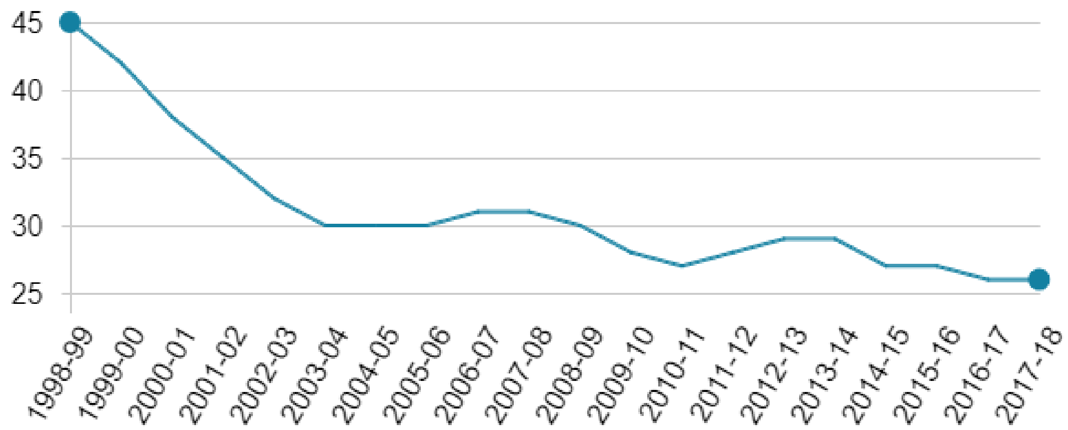
When the Prime Minister Tony Blair declared his government's ambitious goal, 34% of the British children were relatively poor and 46% were in absolute poverty.

The latest official data tell us that 4.1 million children are living in relative poverty in the UK in 2017-18. That's 30% of them. This was up from a low of 27.1% in 2011-12, but below the highs of the 1990s. (Graph 15)



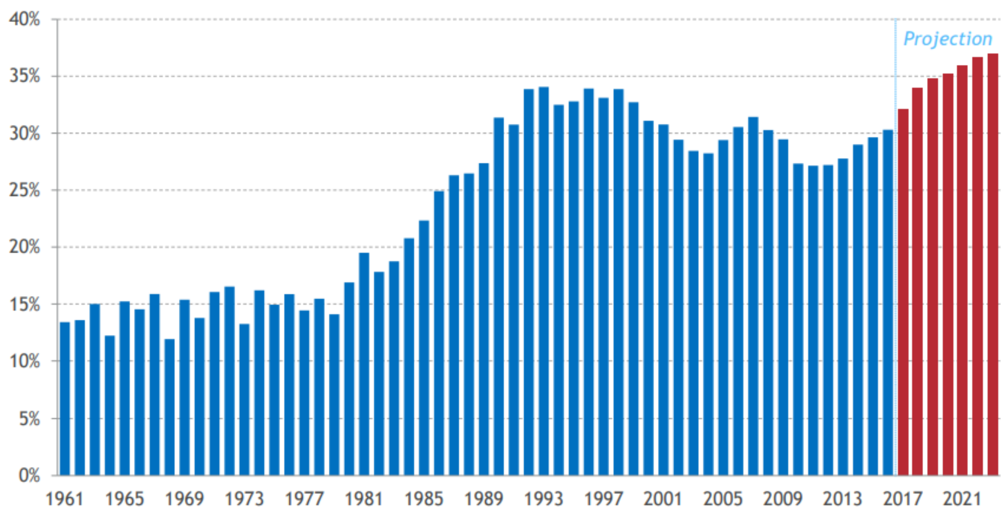
Graph 15: % of children in relative poverty after housing costs. Data source: Department for Work and Pensions, 2019

While, those living in absolute poverty are the 26%, the lowest point ever recorded in the last twenty years. (Graph 16)



Graph 16: % of children in absolute poverty after housing costs. Data source: Department for Work and Pensions, 2019

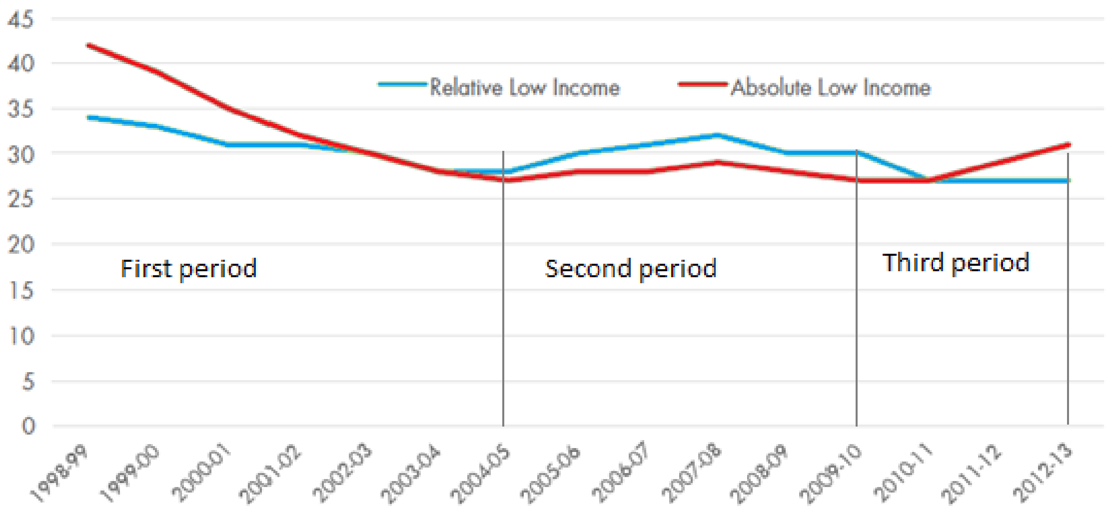
According to a 2019 study made by the research group, The Resolution Foundation, the proportion of children in poverty is on track to hit a record high, possibly as soon as 2019-20 (at 34.8%) exactly twenty years after Blair's pledge. It is then estimated that by 2023-24 it will reach 37%. This would represent an increase from 4.1 million children in 2016-17 to 5.2 million by 2023-24: an additional 1.1 million poor children (graph 17). (Resolution Foundation, 2019)



Graph 17: Proportion of children living in relative poverty (after housing costs). Data source: Resolution Foundation, 2019

Therefore, it is clear that U.K. did not manage to end child poverty in a generation. However, does this mean that the social investment policies implemented by New Labour governments failed their attempt?

If we have a closer look it is possible to see that it is not so. The graph 18 shows that considering the period of 15 years (1998-2013) three different performances can be detected.

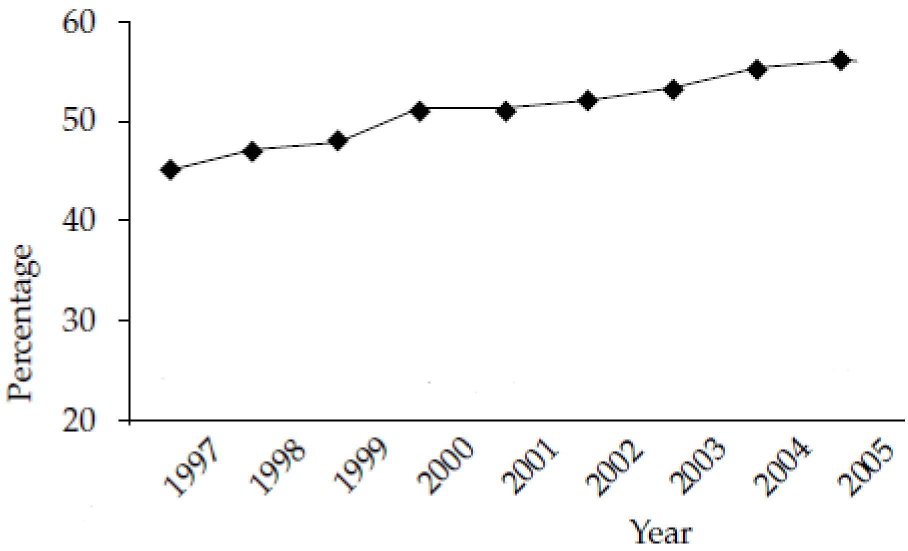


Graph 18: % of Children in Relative/Absolute poverty in the U.K. (AHC). Data source: Centre for Economic & Social Inclusion, 2015.

In the **first period**, from 1998/1999 to 2004/2005, child poverty rates declined at a steady rate and the target of reducing child poverty by a quarter in 5 years was narrowly missed.

This period was characterized by a growing economy (U.K. GDP growth ranged between 2.6% and 6.2%, World Bank data) and by the first implementations of the New Labour government. In particular, through the New Deal for Lone Parents, there was considerable political effort to increase employment support and job placement for single parents.

Between 1997 and 2005, lone-parent employment impressively increased by 9 percentage points: from 45% to 54%. (Poverty Site, 2009) While it is difficult to separate the causal effects of policies from the effects of a strong economy, evidence suggests that UK reform initiatives are responsible for at least half of the increase in lone parent jobs, with the greatest effect on growing the share of lone parents working at least 16 hours a week. (Waldfogel J., 2010)



Graph 19: Lone-Parent Employment Rate, 1997 to 2005. Data source: Poverty Site, 2009.

Furthermore, the minimum wage and the more generous supports in-work, especially the tax benefits and reduced taxes, significantly increased the income that the most vulnerable families could expect from jobs, with particularly large increases for single parents.

For example, a lone- parent working at the minimum wage 30 hours a week and receiving the benefits and tax credits available would have had a net income of

£163.73 per week in 1998, ten years later this figure rose to £348.04 per week under the same scenario. (Waldfogel J., 2010)

This has not only brought about an improvement in the household's economic condition, but also on the general family's well-being, as shown by the table below (5).

	1999	2002	2005	2006
Lone parents with financial stress				
Almost always worries about money	45%	30%	27%	29%
Always runs out of money before end of week	27	19	19	18
Problems with debt almost all the time	15	12	14	n.a.
Lone parent who cannot afford:				
Going away for one-week holiday	74	58	53	53
Having company over for a meal	34	20	18	16
Celebrating special occasions	27	14	11	10
Toys and sports gear for children	24	12	7	7
Best outfit for children	20	13	10	n.a.
Fresh fruit on most days	17	8	6	n.a.

Table 5: Changes in financial stress and material deprivation among British Lone-Parents. Data source: U.K. Families and Children Survey, 2009

Overall, the increase in employment, or the "work for those who can" philosophy alongside with the tax and benefit measures reduced child poverty of almost 1.3 million in the considered period. The largest absolute decline was experienced among children with no parent at work, from 58.3% to 38.9%. The policy significantly reduced the proportion of children living in lone-parents households compared to two-parent ones, both absolutely and relatively. (Sutherland H., Sefton T. and Piachaud D., 2003)

In families with younger children, the reduction was even greater thanks to the higher rises in the mean-tested benefit and credit levels for children under 11 years of age. (Sutherland H., Sefton T. and Piachaud D., 2003)

On the contrary, the implementation of the Sure Start Programs did not have the desired effects, due to the presence of the “Matthew Effects”.

The first SSLPs began in 1999, and a total of 524 centers existed by 2004 and intended to provide essential services and home visiting programs; family support; high-quality play, learning and childcare experiences; primary and community health care; child and family health and development advice; and help for people with special needs, including assistance in obtaining specialized services. (Belsky J., Melhuish E., Barnes J., Leyland A. H. and Romaniuk H., 2006)

A number of studies (Belsky J., Melhuish E., Barnes J., Leyland A. H. and Romaniuk H., 2006; Meadows P., 2006; Love J., Kisker E. E., Ross C. M., Schochet P. Z., Brooks-Gunn J., Paulsell D., et al., 2002) showed that children from relatively less socially deprived families, i.e. those living in non-teenage mothers households, benefited more from living in SSLP communities than children from more socially deprived families (teenage mothers, lone parents, working households) which have been adversely affected by living in SSLP areas.

The first ones might have been better able to take advantage of SSLP services and resources, leaving the most disadvantaged households with less access to these services.

The studies also show that the extra attention of service providers in SSLP areas was found to be more frustrating and invasive by the more socially deprived families.

Overall, more children and families were beneficially impacted than negatively, as teenage mothers, lone-parent families and those living in homes where no one worked form a sample minority. Nevertheless, because the most socially deprived groups disproportionately account for many social problems (such as school problems and crime), the perceived adverse effects of SSLPs may have greater social implications than the beneficial effects. (Belsky J., Melhuish E., Barnes J., Leyland A. H. and Romaniuk H., 2006)

For the children who benefitted from these programs, however, the outcomes are surely positive as other studies suggest. (Kamerman S. B., Neuman M., Waldfogel J. & Brooks-Gunn J., 2003; Dahlberg G. and Moss P., 2005) The programs, in fact, managed to enhance vulnerable children's school-related achievement and behavior, have long-lasting effects that continued in late primary school and developed children in both the cognitive and social-behavioral dimensions. The length of experience and quality were also important, as the number of months attended by a child had a greater impact on academic skills.

Finally, findings suggest that overall SSLPs had a more positive impact on health than on education. (Meadows P., 2006; Belsky J., Melhuish E., Barnes J., Leyland A. H. and Romaniuk H., 2006) Health-led SSLPs were more successful than other SSLPs, suggesting that better access and better integration of health visitors as part of a ready-made home-visiting program can promote SSLPs' success.

The **second period** between 2004/2005 and 2009/2010 is characterized by a less straightforward pace. Child poverty at the beginning of this phase started to drift upwards, but from 2008/09, it began to decline. Analysis suggests that these patterns are closely linked to two trends. First, a rise in indirect taxes and duties, which have been increasing since 1997. These have disproportionately affected poorer families, as most of the indirect taxes are regressive. (Sutherland H., Sefton T. and Piachaud D., 2003)

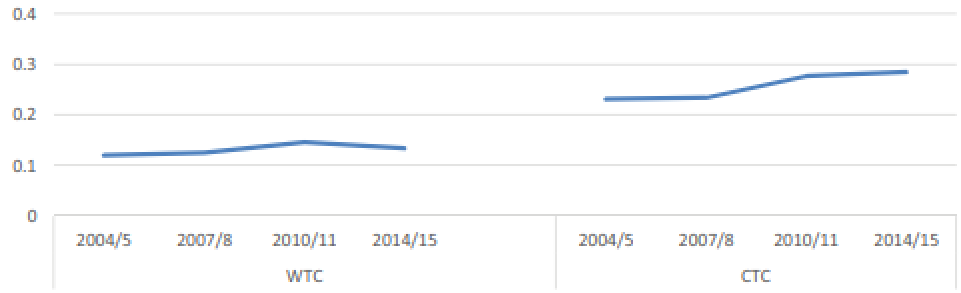
Second, shifts in the tax and benefit system: a significant decrease in child poverty corresponds to a government expansion in investments in social security for families. (Branosky N. and Mansour J., 2015)

During this time, the British administration tried to continue raising employment rates for lone parents while introducing new tax credits such as the 2003 Working Tax Credit and Child Tax Credit.

Their provision increased between 2004/5 and 2010/11, especially among working poor households. More than two-thirds of these households with children receive tax credits, while only 10% of households without children receive them. (Hick R. and Lanau A., 2018)

In the time considered, on average, working poor families gained about two-thirds of their income from employment, while the rest (between 25% and 30%) from social security, included tax credit. This figure is more than two and a half times higher than the average rate for all working households. (Hick R. and Lanau A., 2018)

As illustrated by graph 20, to reduce poverty among working families, Child Tax Credit tends to be more successful than Working Tax Credit. In the considered period (2004/5-2009/10), the reduction in the poverty gap among all working households due to the Working Tax Credit was between the 10% and 15%, while the Child Tax Credit figures ranged from 20% to 30%.



Graph 20: Poverty reduction effectiveness of Working Tax Credit (WTC) and Child Tax Credit (CTC) between 2004/5 and 2014/15. Data source: Households below average income (HBAI) statistics. U.K. government, 2018

The effectiveness of tax credits in poverty reduction varies from family to household structure and number of children as it is lower for households with fewer parents and more children (table 6). (Hick R. and Lanau A., 2018)

	2004/5	2007/8	2010/11
Family Composition			
single parent HH	0.74	0.74	0.79
couple, children	0.46	0.45	0.52
other family, children	0.32	0.31	0.41
Number of Children			
none	0.04	0.05	0.07
one	0.44	0.44	0.51
two	0.51	0.52	0.57
three or more	0.58	0.53	0.64

Table 6: Poverty reduction effectiveness of tax credits between 2004/5 and 2010/11, selected family characteristics, all working households. Data source: Households below average income (HBAI) statistics. U.K. government, 2018

The **third considered period**, between 2010/2011 and 2012/2013, shows a surge of children absolute poverty, while the number of children in relative poverty remains substantially unaltered.

This period was characterized by the effect of the financial crisis, which led to a rise of unemployment figures.

Furthermore, in 2010, New Labours were defeated in the general election and the Tories managed to regain the majority in the Parliament. On 11 May 2010, the Queen Elizabeth II invited David Cameron to form a government, following the resignation of Gordon Brown as Prime Minister.

Even if the Conservatives supported New Labour's war on child poverty (in 2010 the Child Poverty Act, which imposed a legal obligation on governments to develop a strategy for child poverty reduction, passed also with conservatives' votes) they started reversing previous governments policies.

In particular, after 2010-2011, Working Tax Credit and Child Tax Credit have been cut and the funds for the SSLPs have been reduced, leading to the closure of many centers. In April 2010, there were 3,632 Sure Start centers in U.K., while in June 2015, these were reduced to 2,677 main centers and peripherical 705 sites. (Bate A. and Foster D., 2017)

While, the New Deal for Lone Parents was also canceled and replaced by the Work Programme (WP) in June 2011.

As illustrated in graph 22, these policy changes led to an overall increase of poverty, in particular of child poverty.

According to the below estimation carried out by Landman Economics consultancy firm for The Research for the Trades Union Congress (TUC), the number of children growing up in poverty in working households in 2018 is one million higher than in 2010.

Number of children in a working household in poverty 2010	Number of children in a working household in poverty 2018	Extra children in working households in poverty 2018	Extra children in poverty 2018 (%)
2.1m	3.1m	1m	50%

Table 7: Number of children growing up in poverty in working households. Comparison between 2010 and 2018. Source: The Research for the Trades Union Congress (TUC), 2018.

The report further claims that the government's benefit cuts, and public sector pay restrictions has pushed some 600,000 children with working parents into poverty.

Hence, if the objective to reduce child poverty by a quarter in 5 years was narrowly missed and halve child poverty by 2010 has been barely touched. The 2020 goal of child poverty eradication will be greatly missed, as data show that the situation returned to the starting point and it is worsening.

To conclude, it is possible to state that the social investment policies implemented by the New Labour government in U.K. partially worked as they managed to reduce child poverty. Nevertheless, the effect of the financial crisis and the policy changes occurred in the 2010s have frustrated their effects.

3.5. Conclusions

At the beginning of the New Labour's decade, poverty was particularly high in the United Kingdom. About 14 million people were living under the poverty line, roughly 18% of the total population. 34% of them were children. Whereas, the children in absolute poverty were 46% after housing cost.

Prime Minister Tony Blair in 1997 and later by Prime Minister Gordon Brown, stewarded the first 10 years of the U.K.'s Child Poverty target.

Government's strategy was to introduce a full package of social investment policies particularly focusing on rising incomes through benefits and in-work tax credits; increasing incentives for parents to work; improving earnings from employment and supporting child growth and development through Early education and early years programs (such as the national Sure Start program).

During this period, the U.K. child poverty rate decreased significantly. By 2005, it reduced by 6 percentage points for relative poverty and 15 point for absolute poverty.

The Institute of Fiscal Studies (IFS) asserted that over 900,000 children (7% of all children in the UK) were lifted out of poverty between 2000 and 2010 and a further 600,000 (4.6%) were prevented from falling into it. (IFS, 2010)

In 2010, there was the attempt to enshrine this successful welfare reform in the Child Poverty Act, which have obliged future governments to continue this fight.

However, only 6 years later the 2016 Welfare Reform and Work Act abolished it, together with the goal to reduce child poverty.

Chapter 4 – Social investment in practice: Chile and the investment on children development

4.1. Introduction

The Integral Child Protection Subsystem Chile Crece Contigo, ChCC (Chile Grows with You) is the first intersectoral policy in Chile that addresses the problem of early childhood development and aims to create more equality among children.

It was created under the first Bachelet administration (2006-2010), its initial phase begun in 2007, it was then institutionalized in 2009 through the Law 20,379.

Firstly directed only to children from gestation to 4 years of age, (Bedregal P., Torres A. and Camila Carvallo C., 2014) since 2016, it was extended to those until 5 years with the creation of the Comprehensive Learning Support Program (Programa de Apoyo al Aprendizaje Integral, PAAI) (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

The purpose of this strategy is to enable all children to reach their full development potential, meeting their needs at their earliest phase of life. By promoting comprehensive basic conditions for a multidimensional development, in the biological, physical, psychic and social aspects to break the intergenerational cycle of poverty. (Consejo Asesor para la Reforma de las Políticas de Infancia, 2006)

The policy was designed as multi-dimensional, involving several sectors: health, education, social protection, justice and work. As it aims to tackle poverty not only under the economic point of view, through a set of programs that seek to pay attention to a series of risks and vulnerabilities faced by people, families and communities. (Saavedra C., 2015)

Recognizing that children's growth and wellbeing depends on various factors that can only be tackled in an interconnected way, through a structured service delivery process, sharing common goals and objectives.

4.2. Background

On 14 August 1990, five months after the end of the dictatorship (11th March), Chile ratified the UN Convention on the Rights of the Child. (UNICEF, 2014)

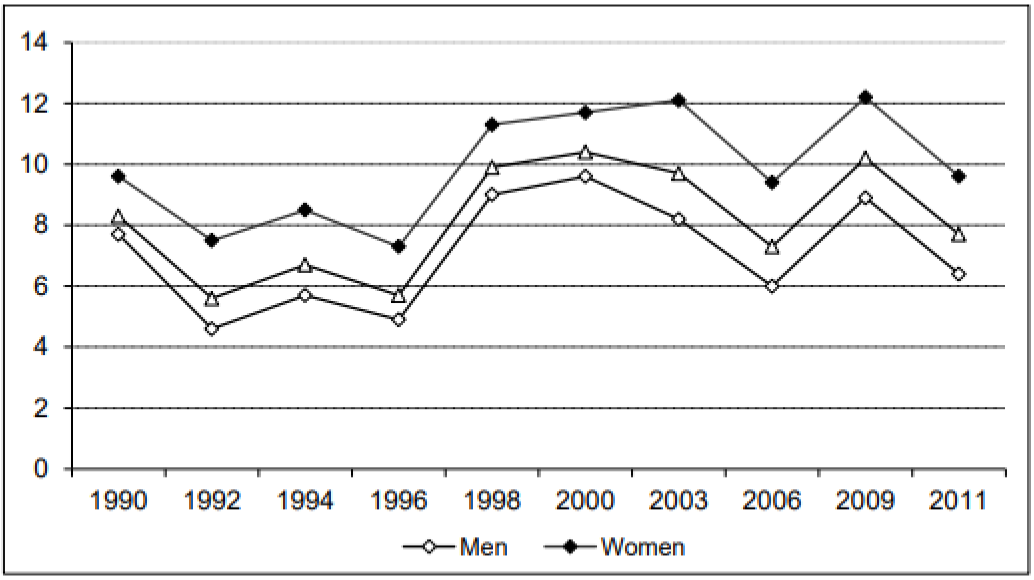
Based on this initiative, the South American state, under the Ricardo Lagos (2000-2006) and Michelle Bachelet (2006-2010) presidency, started elaborating plans for the protection and the development of children and young adults. Firstly, in 2001 the National Children and Adolescents Policy (Política Nacional a favor de la Infancia y Adolescencia) was approved, containing the operational guidelines for an active intersectoral planning method that enables a new form of public policy that would address and guarantee the full exercise of the fundamental rights of the children and adolescents. Recognizing them to be the fundamental base of the human capital of the country, and the need of enhancing foremost their knowledge and learning throughout life in order to live in a globalized and competitive world. (Bedregal P., Torres A. and Camila Carvallo C., 2014)

These guidelines converged in the 2001-2010 Action Plan (Plan de Acción) which set the framework for the creation of the subsequent childcare program.

Under President Ricardo Lagos's government, the process of developing public policy to protect children began. The then Ministry of Planning (Ministerio de Planificación y Cooperación, Mideplan) (today renamed Ministerio de Desarrollo Social y Familia, Ministry of Social Development and Family) advanced the initiative, by gathering a group of experts, to create a child protection system using the same networks that were used to install Chile Solidario, a public social protection system, created by Ricardo Lagos's Government in 2004, aimed at extreme poor households, with the objective to encourage their participation in communities and their access to better living conditions.

Furthermore, in 2005 and 2006, it carried out several pre-investment studies across the country aimed at redesigning childhood policy.

At the same time, the Ministry of Finance raised concerns about the high female unemployment rates (graph 21) and their low participation in the job market, advising to increase the funding in early childhood and care. (Herrera C., Vives A., Carvallo C. and Molina H., 2017)



Graph 21: Women and Men Unemployment rate in Chile (1990-2011). Data source: ILO, 2014

These ideas of policy reform (a welfare for children) received a greater impulse in 2006, with the advent of the Bachelet presidency.

Pediatrician and highly aware of children and parents' problems and issue, at the birth of her mandate, she formed a presidential commission, The Presidential Advisory Council for the Reform of Childhood Policy (Consejo Asesor Presidencial para la Reforma de las Políticas de Infancia), with the aim to develop a comprehensive policy for children between the ages of zero and eight. The work of the commission started at the Presidential palace "La Moneda" on 30 March 2006 and lasted for a total of three months, with the publishing of the report "*El futuro de los niños es siempre hoy*" (2006).

The Council was headed by the Budget Directorate (Dirección de Presupuestos) economist Jaime Crispi and composed of 14 both right- and left-wing experts of childhood and women's topic, mainly doctors, psychologists and economists.

The work of the Council consisted of collecting and exchanging scientific information on child development, especially on health and education aspects. In order to do so, the counselors traveled across the different regions of the state, holding public forums as well as meetings and hearings. Furthermore, it was created an open forum web page that gave the possibilities to children and adults to express their suggestions, complaints and advice.

This work highlighted the poverty in which a large number of the country's children lived, how it impacted and eroded their development opportunities and how it produced inequalities that remain in adulthood. (Torres A., Lopez Boo F., Parra V., Vazquez C., Segura-Pérez S., Cetin Z. and Pérez-Escamilla R., 2017)

In order to tackle the situation, the counselors agreed to create a social, inclusive, cross-sectoral (health, education, social protection, justice and work) strategy, assigning to the State the directive function and the role of guaranteeing the fulfillment of children's rights, leaving to the municipality the power to provide the services. (Bedregal P., Torres A. and Camila Carvallo C., 2014)

In particular, the report, inspired by the Child Convention's principles of equal rights and opportunities for all, regardless of their personal, family or social conditions; agreeing with the scientific evidence available, which found that the most effective interventions are those that focus on children, beginning from or before pregnancy; suggested the Government to apply a rights perspective in the generation of childhood policies. Ensuring access for everyone to universal services and assuming the integrity of the policies, their transversely, and their adaptability to the specific needs depending on the different situations of life.

The work of the Council, together with a review by an interagency technical team that examined each of the Council's proposals, enabled the specifics of the design and implementation of the Chile Crece Contigo (ChCC) comprehensive child protection subsystem to be ready by the next year.

In 2007, it entered into effect in 159 municipalities and in 2008, it was expanded to the remaining 188.[7] (Torres A., Lopez Boo F., Parra V., Vazquez C., Segura-Pérez S., Cetin Z. and Pérez-Escamilla R., 2017) Differently, form the council's proposal, which suggested to target children until 8 years old, the policy addressed only those until 4 years of age.

In 2009, President Michelle Bachelet signed Law 20,379, officially institutionalizing the creation of Chile Crece Contigo.

The main aim of the policy is to tackle Chile's the grimmest plague, inequality and to interrupt the intergenerational cycle of poverty, (Herrera C., Vives A., Carvallo C. and Molina H., 2017) by investing in infants, toddlers, and children and promoting early childhood development. (Torres A., Lopez Boo F., Parra V., Vazquez C., Segura-Pérez S., Cetin Z. and Pérez-Escamilla R., 2017)

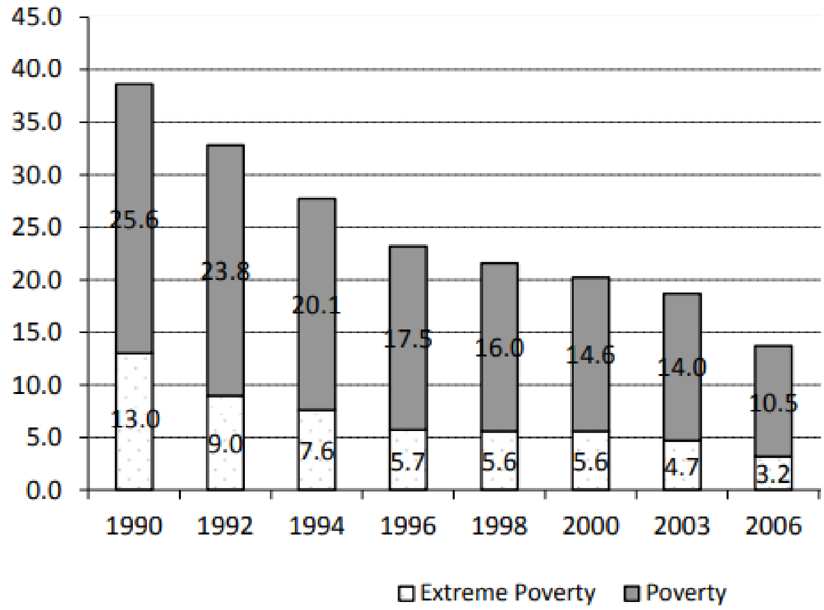
Since the return to democracy, the Chilean political situation has been stable, and although suffering from the effect of some financial crises, the country's economy remained strong enough to withstand these uncertainties. (Graph 22)

[7] Chile has a total of 347 municipalities

Graph 22: Chile's GDP Growth Rate (1990-2006). Data Source: IMF, 2012

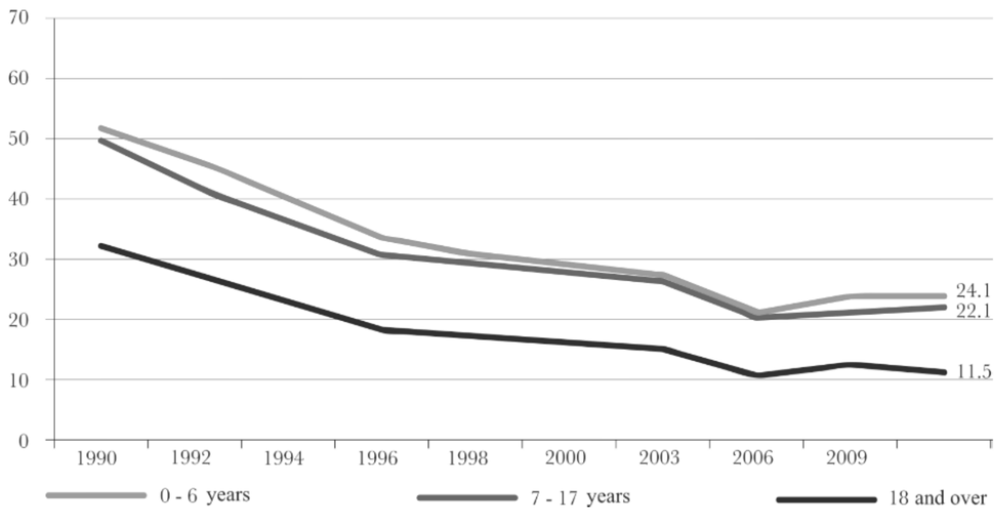
During these years, economic growth, combined with higher social spending targeting lower-income households, led to a robust poverty decrease.

Between 1990 and 2006, relative poverty declined from 38.6% to 10.5% and extreme poverty from 13% to 3.2% (graph 23). (UNPD, 2014)



Graph 23: Relative and extreme poverty in Chile (1990-2006). Data source: UNPD, 2014

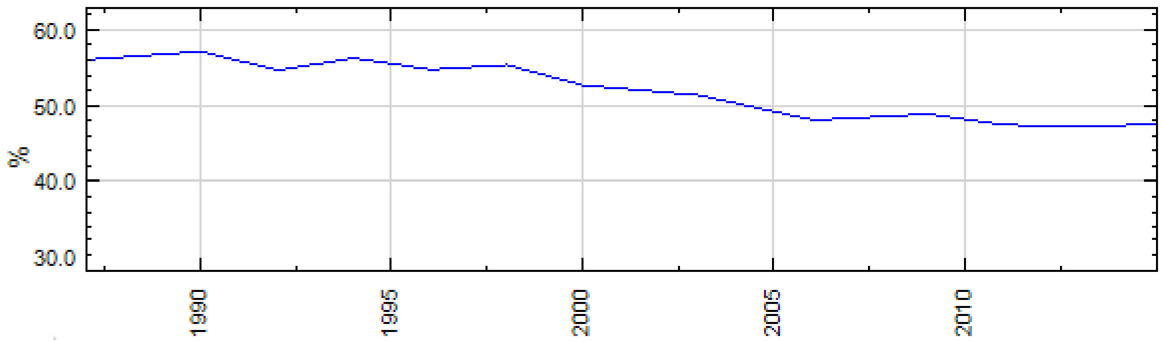
Poverty rates declined similarly among all the age bands. Among the adults (18 and over) poverty reduction was of 21.8 percentage points, while the decline among children, and was also robust: roughly by 30%. (Graph 24)



Graph 24: Trends of poverty (%) among children, teenagers, and adults in Chile (1990–2011). Data source: Social Development Ministry, 2012.

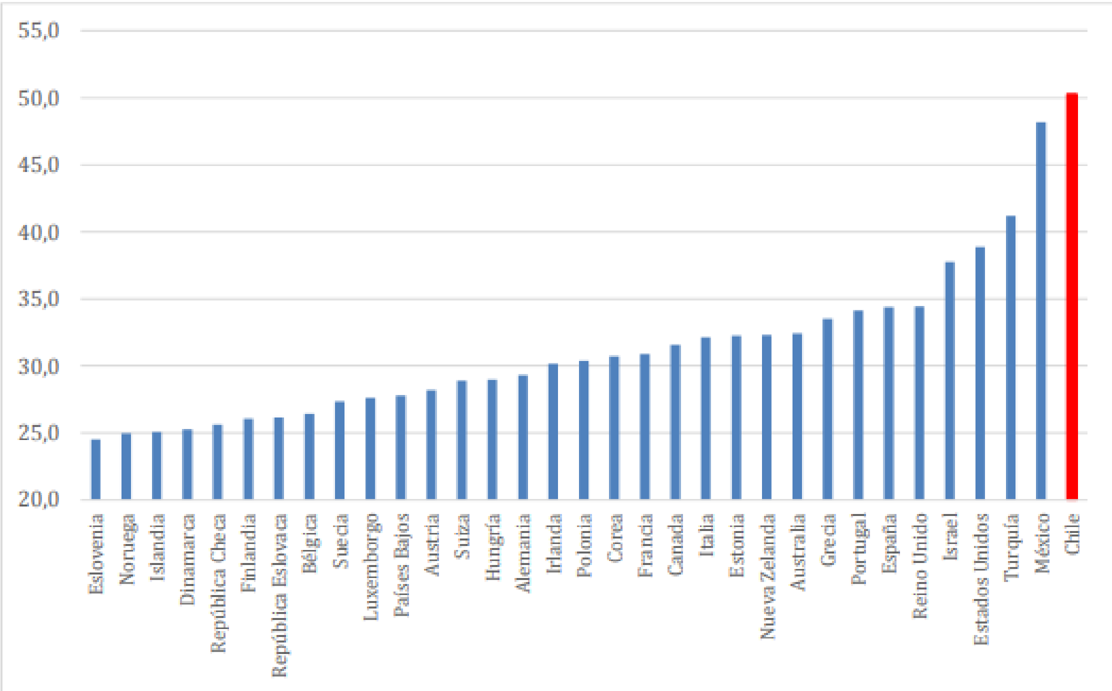
GDP per capita also rose from around 3,000 USD (PPP) in 1982 to 14,600 USD in 2009. (UNDP, 2014)

Nevertheless, these positive statistics were stained by the fact that many global reports described Chile as one of the most unequal countries. Its high Gini index remained largely steady at around 0.57 in the 1990s, decreased to 0.48 in 2006 and marginally rose again to 0.49 in 2009. (UNDP, 2014; Rodríguez Weber J. E., 2015; ILO, 2014; World Bank, 2016)



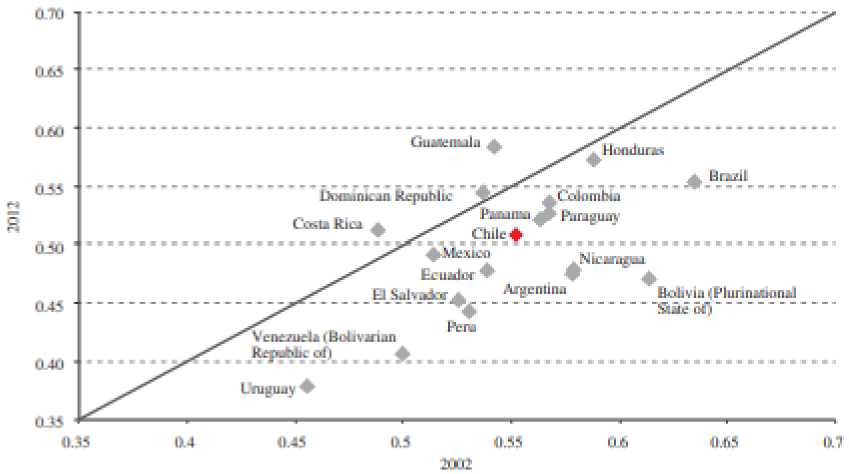
Graph 25: Chile - GINI index (1989-2012). Data source: World Bank, 2016

This figure appears to be high, particularly in comparison with other developed countries. All OECD members present a Gini coefficient of less than 0.35, and in half of the cases below 0.30. Chile results to be the first in the OECD members' income inequality ranking, followed by Mexico and Turkey (graph 26).



Graph 26: Income inequality in OECD countries, measured by the Gini coefficient, 2011. Data source OECD, 2013

In comparison with other countries in Latin American (average Gini index of 0.52 in 2006), according to CEPAL data, Chile occupied an intermediate position in the inequality ranking (graph 27). (CEPAL, 2012)



Graph 27: Latin America (18 countries): Gini coefficient, around 2002 and 2012. Data source: CEPAL, 2012

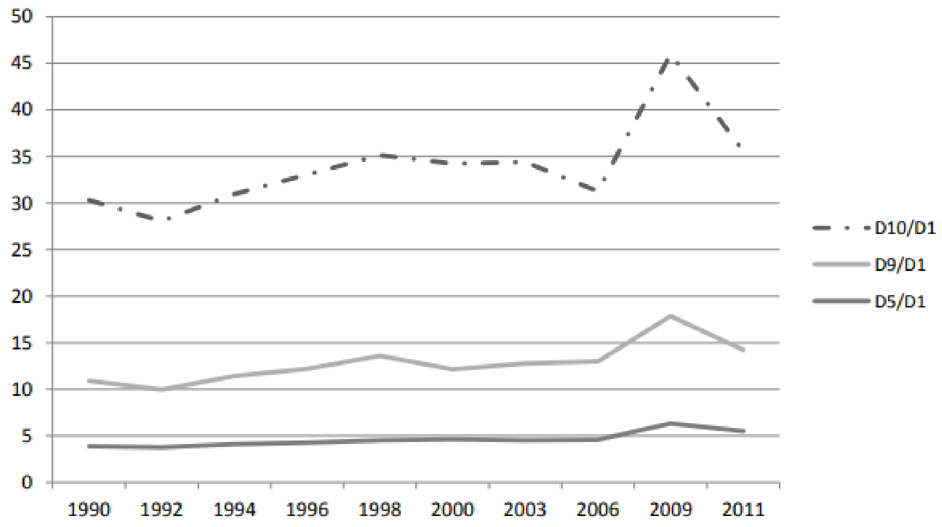
Chile's inequality is highlighted also by another indicator: the decile dispersion ratio, which consists in dividing the population in deciles and confronting the average income ratio of the wealthiest *x*% (D10) of the population to the one of the poorest *x*% (D1). D5 represents the median of the earnings distribution. (UN Development Strategy and Policy Analysis Unit, 2015)

This indicator reveals that in the considered period, inequality in Chile has risen (graph 34). In 2006, the wealthiest decile's income was roughly 32 times the poorest one, in 2011 was 35.6 times the poorest one. During the peak of the financial crisis (2009) this figure rose up to 45.

The ratio of income earned in D9 to that of D1 was to 13.6 times in 2006, 17.8 in 2009 and 14.2 in 2011.

The median decile (D5) confronted to the poorest (D1) reveals a more equal situation, as in 2006 the ration of income is 4.9 times greater, it peaks in 2009 to 6.8 and recedes to 5.1 in 2011.

This analysis of income distribution by decile reveals that the inequality in average household incomes is largely due to an unequal distribution between the top decile and the lowest one. (ILO, 2014)



Graph 28: Income distribution in Chile, 1990-2011; decile dispersion ratio, confront between D10/D1, D9/D1 and D5/D1. Data source: ILO, 2014

This income inequality situation is highly correlated with the level of education and the job position. According to a study conducted by ILO (2014) Return on Education (ROE), a measure that describes the relationship between profit and investment in education and training has declined at lower levels of education and increased over time to higher levels of education, and the return on university graduation, in particular, has most likely contributed to greater inequality in the distribution of wages and more polarized labor market outcomes. (ILO, 2014 p. 14)

As previously seen, it is more likely for an individual to attend university and have a higher salary if the parents already have a higher education diploma, while children of those who attended lower education cycles are more likely to leave school in advance, thus perpetuating the intergenerational cycle of poverty and inequality.

Hence, it is this issue that the Chilean governments wanted to tackle by implementing the program Chile Crece Contigo. Providing greater opportunity for all, before and after birth, following the principle related to the "windows of opportunity" occurring in early childhood. Investing in education at this age can have a major impact on later development, as it enhances child skills and leads to a higher rate of Return on Education. (Torres A., Lopez Boo F., Parra V., Vazquez C., Segura-Pérez S., Cetin Z. and Pérez-Escamilla R., 2017)

4.3. The policies

The Integral Child Protection Subsystem Chile Crece Contigo can be ascribed as a Hemerijck's "stock" social investment function policy as it invests in the young generation, in order to increase their chances to be "successful" in later life and gain a fruitful return.

It is especially essential to invest in early childhood because the phase of life between 0 and 8 years old presents great opportunities and it is essential for the future life. It is during these years, according to cognitive science, that the human being learns to interact with the surrounding environment and with the others. Similarly, during this stage, external factors, such as families, health and educational agents, community, play an important role in the promotion, prevention and protection of children. (Consejo Asesor para la Reforma de las Políticas de Infancia, 2006)

Furthermore, neuroscience evidence is consistent in highlighting that during the first years of life, brain development has periods of maximum plasticity. (Herrera C., Vives A., Carvallo C. and Molina H., 2017),

This implies that early acts of stimulation and proper care generate highly effective outcomes. As well as, the children's relationships and the environment, in which they live, may affect their subsequent growth. (Saavedra C., 2015)

Finally, early childhood investment and intervention presents a high rate of return and is strategic for the country's development.

As it goes hand in hand with the future capabilities of a country's inhabitants, which in turn generates higher welfare conditions and opportunities to achieve a better quality of life so that the rate of return on that initial investment is significantly higher than at other times in life. (Saavedra C., 2015)

For these reasons, since 2007, the Chile Crece Contigo subsystem, integrated as part of the Chilean Protege social protection network (Herrera C., Vives A., Carvallo C. and Molina H., 2017), begins to be increasingly introduced as a support for children and their families from conception until their entrance into the school system. Providing a range of benefits with special emphasis on households belonging to the most vulnerable 60% of the population. (Bedragal P., Torres A. and Carvallo C., 2014; Saavedra C., 2015; Riffo D. E., Aravena L. R. and Sepulveda K. H., 2019)

Its initiatives are both of a protective and preventive nature and are based on the approach to children's rights, recognizing the government as the guardian of rights compliance. (Herrera C., Vives A., Carvallo C. and Molina H., 2017)

The subsequent 2009 Law 20,379 identified the Ministry of Planning as the subsystem's organizing and coordinating body, and the Ministry of Health (Ministerio de Salud, MINSAL) as the executor of the Biopsychosocial Development Support Program (Programa de Apoyo al Desarrollo Biopsicosocial, PADBP), which constitute the gateway to the first fetal monitoring. Other bodies that are involved in this network are The Ministry of Education (Ministerio de Educación, MINEDUC), the National Board of Kindergartens (Junta Nacional de Jardines Infantiles, JUNJI) and the Ministry of Labor (Ministerio del Trabajo, MINTRAB), the National Disability Service (Servicio Nacional para la Discapacidad, SENADIS) and INTEGRA Foundation, a nonprofit organization belonging to the Foundation Network of the Presidency of the Government of Chile, that currently is one of the leading providers of preschool education in the country. (Riffo D. E., Aravena L. R. and Sepulveda K. H., 2019)

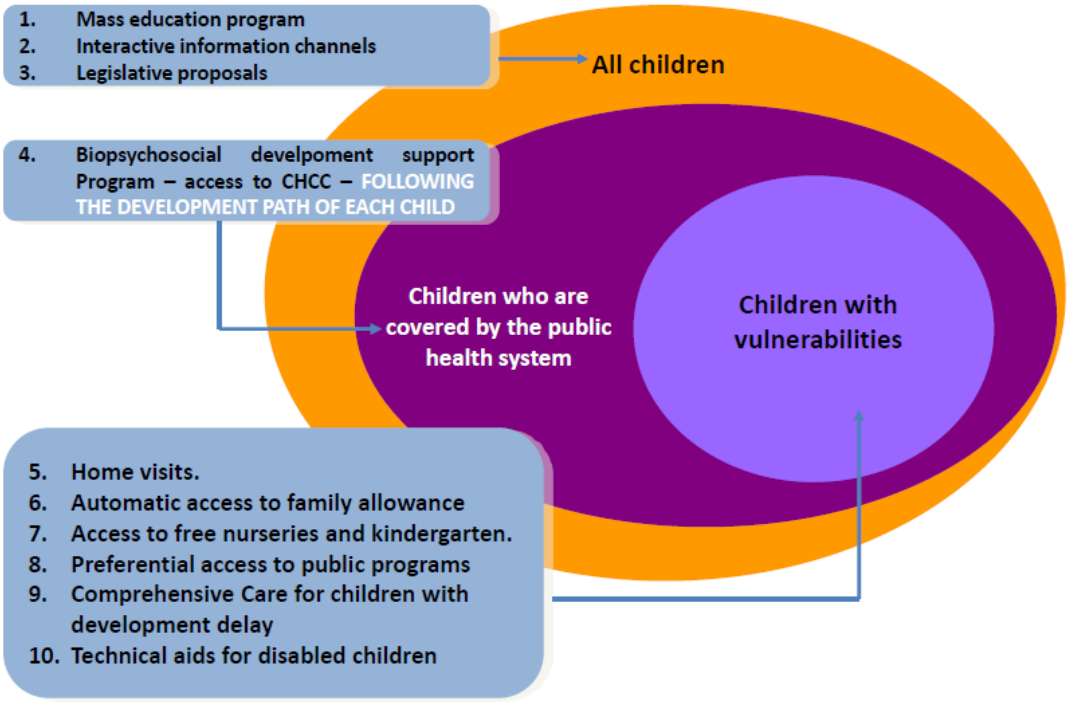
Moreover, it was recognized the fundamental role of the Municipalities in the services provision.

For this reason, it was created the Chile Grows with You Communal Network (Red Comunal Chile Crece Contigo) with the task to handle the system locally, articulating the services and benefits envisaged for delivery. Operating efficiently, effectively and in a timely manner in order to provide children and their families with the necessary benefits, taking particular account of the specific needs that each one requires.

This Network is assisted by the Provincial Coordinator of Social Protection, who is present in all the country's provinces with the role to support all components of the Chilean Social Protection Program. (Vilalobos V. S. and Milman H. M., 2010)

This intersectoral network permitted the implementation of various programs, which begins with the mother gestation and lasts until the child is in a position to enter the formal education system (until 8 years old since 2016).

The accompaniment along the growth path occurs according to children's specific characteristics. The policy aims to provide specific benefits to those that find themselves in situations of risk or vulnerability in order to allow equal opportunities to be guaranteed from the beginning. Therefore, although some services, such as the Newborn Support Program (Programa de Apoyo al(la) Recién Nacido(a), PARN) and the access to online materials are delivered universally, others are deployed to target certain vulnerabilities, for example, the Subsidio Único Familiar is reserved for pregnant women who belong to the 60% of the most vulnerable households; the free access to initial education, sala cunas (baby cot rooms) and jardines infantiles (kindergarten) is reserved for those who belong to the 40% of the most vulnerable households. While, the Biopsychosocial Development Support Program (Programa de Apoyo al Desarrollo Biopsicosocial, PADBP) is accessible for everyone covered by the public health system. (Graph 29)



Graph 329: Support and services offered by Chile Crece Contigo. Data source: Verónica Silva V., Chile Crece Contigo, http://www.crececontigo.gob.cl/

Chile Crece Contigo is based on two main pillars. The first one is the Biopsychosocial Development Support Program (Programa de Apoyo al Desarrollo Biopsicosocial, PADBP), which begins at the first prenatal medical check-up, with the main objective of supporting fetal and child development by providing information and ongoing support in periodic check-ups and, in certain circumstances, home visits. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

While the second pillar, the Newborn Support Program (Programa de Apoyo al(la) Recién Nacido(a), PARN), begins at the birth of the child.

The Biopsychosocial Development Support Program (Programa de Apoyo al Desarrollo Biopsicosocial, PADBP) can be considered as the core element of Chile

Crece Contigo. It is its gateway, as it begins with the first gestation control in the Health Services and from here the path of child development is monitored.

The benefits of this program are grouped into five components following the logic of the growth path.

In the period of gestation, it is implemented the “strengthening of prenatal development”. This is an early detection of biopsychosocial risk. It foresees particular attention to families in a situation of psychosocial vulnerability, it educates the mother and the partner to a correct child-rearing and the construction of a tailored family-based prenatal care plans.

The second component, which occurs in the birth period, is the “personalized attention of the birth process.” Meaning that during the prenatal, childbirth and puerperium phases, the pregnant woman and her partner are customized attended to meet their physical and emotional needs and respect cultural relevance.

From 0 till 4 years old the child and the family are taken care through three components.

First, the “comprehensive attention to the hospitalized child”, which favors the new-born integral development during the hospitalization period, through stimulation, education, promotion of family support and early detection of psychosocial risks.

Second, the “strengthening of the child’s health control”, where the newborn’s health status and growth are evaluated. As well as, its family context in which it develops. Moreover, it offers the parenting support workshop “Nobody is Perfect” (Nadie es Perfecto), whose objective is to promote competencies of fathers, mothers and caregivers of children from 0 to 5 years old.

Third, the "strengthening of interventions in children in vulnerable situations and/or with developmental delays", which encompass comprehensive and systematic attention, through treatments in stimulation room and home visits, among other actions. (Gobierno de Chile, 2019; Riffo D. E., Aravena L. R., Sepulveda K. H., 2019; Vilalobos V. S. and Milman H. M., 2010 p. 35; World Bank, 2018)

During the first year of the implementation of the PADBP, 47,683 pregnant women joined the program, in the second year the number increased up to 202,729, meaning the 100% of those attended by the public health system. (MIDEPLAN, 2010)

The second program, the Newborn Support Program (Programa de Apoyo al(la) Recién Nacido(a), PARN), provides prenatal seminars and training sessions in the maternity ward for parents and caregivers aimed at promoting the correct use of resources and providing basic principles of newborn care and early parenting with a compassionate approach. As well as, information material, at the time of hospital discharge. (Gobierno de Chile, 2019; Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

Moreover, it foresees the provision of a series called *"Accompanying You to Discover"* (Acompañándote a Descubrir) composed by a set of CDs and DVDs of language and game stimulation, along with videos, educational cards and other materials to support children early education. Families can access it through the internet, social networks and radio programs. (Gobierno de Chile, 2019; Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

In addition, families are supplied with a complete kit of materials for all newborns, which include a crib, blankets, baby carriers, toys and teaching materials, clothing and health products. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

Of all the women in gestation that enter Chile Crece Contigo, 85% are at risk of poverty and have a Social Protection Sheet (Ficha de Protección Social, FPS), a state instrument used to allocate social benefits to more vulnerable households. Through the FPS, the government measures households' capacity to generate income, and therefore their risk of being in poverty.

40% of pregnant women with FPS have not completed their secondary education or attended an educational institution, while 64% have between 9 and 12 years of study on average.

Hence, nearly one-third of women have not completed basic education, consequently lower employment and higher chances of remaining in poverty. (Bedregal P., Torres A. and Camila Carvallo C., 2014)

Furthermore, 23% of the pregnant women live in a lone parent household; 42% of them are dealing with a first pregnancy, of which 2.4% live alone, without a partner nor relatives. Finally, 65% of pregnant women have never worked. Of this, 41.6% are unemployed. (MIDEPLAN, 2010)

These data reinforce the necessity of having services and structures in support of motherhood. Hence, the majority of the programs of Chile Crece Contigo are designed for this purpose. (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

This include, the provision of the cash grant "Subsidio Único Familiar" to pregnant women, who belong to the 60% of the most vulnerable households according to the score obtained in the FPS, and the preferential access to public services and benefits for children and their families, belonging to the 40% of the most vulnerable households. (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

Chile Crece Contigo guarantees them free access to initial education through the provision of the so-called sala cunas (baby cot rooms) and jardines infantiles (kindergarten) of the National Board of Kindergartens (Junta Nacional de Jardines Infantiles, JUNJI) and the INTEGRA Foundation. (Vilalobos V. S. and Milman H. M., 2010)

These two institutions provide initial quality education for poor children under the age of four by creating, promoting, supervising and certifying nursery rooms and kindergartens. Playing a fundamental role in the Integral Protection System by addressing educational needs and quality food for children between 84 days and 4 years old.

Furthermore, both the INTEGRA foundation and the JUNJI have diversified their services according to the needs of the families.

Thus, they have extended the opening time for working families until 8:00 p.m., performing recreational and educational activities.

During January and February, the kindergartens remain open extra-time, delivering quality care for children of seasonal working families.

Furthermore, they provide free preschool education to children in rural areas and organize intercultural experiences in different regions seeking to promote knowledge and respect of different cultural expressions and supports of native people’s family traditions.

Also, the suppling of nursery rooms in criminal units, psychosocial care for hospitalized children and customized programs for home education. (Vilalobos V. S. and Milman H. M., 2010)

Finally, Chile Crece Contigo aims, through different programs, to target children with disabilities or delay in their development. By creating reading points and public spaces for children in hospitals, incentivizing the support of impaired children. As well as by creating the Itinerant Stimulation Service and the Community Stimulation Rooms, through The Child Development Support Intervention Fund (Fondo de Intervenciones de Apoyo al Desarrollo Infantil) to support their development. (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

Since 2016, in the middle of the second Bachelet's mandate (2014-2018) begins an extension process of Chile Crece Contigo, with the creation of the Integral Learning Support Program (Programa de Apoyo al Aprendizaje Integral, PAAI).

The goal of this program is to increase the availability of ludic spaces and time for children, who attend the first Transition Level (NT1) (pre-school) in state-funded educational establishments. (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

The PAAI established that the problem to be solved is that children from 4 to 5 years old do not have enough spaces or materials to play and for stimulation in their homes. For this, it delivers a set of materials called "Play Corner" (Rincón de Juegos, RINJU) to those enrolled in NT1. This educational level is prioritized *"because in this period begin to develop the exploration and learning habits that will impact the child's later educational trajectory"* (Ministerio de Desarrollo Social, 2015. Own translation)

The RINJU is specially designed to promote leisure and free activities for children, as it considers them to be one of the best strategies to promote their integral development.

In practice, it consists in the delivery of a cabin where the child can be and play, composed of a reversible board, a fabric tent that can be used as a playroom and a white structure of moldable cardboard that acts as an organizer of games and books. Three storybooks, balance board and a non-toxic chalk.

As well as, support material that provides guidance for the delivery, installation and use of the RINJU, composed of a booklet for educators and families, an informative video, available on YouTube, publications on the benefits of the game.

The components of RINJU make it possible to have a playful approach to diverse experiences that stimulate different areas of child development, considering, among other elements, exploration, and interaction with the environment through the senses, increased creativity and imagination. (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019)

4.4. Policy effect and evaluation

In this section, it will be assessed if the policies adopted in Chile had a positive effect both on children development, as well as managed to reduce inequality and poverty in the country.

Chile Crece Contigo is one of the largest country's welfare programs in terms of the total cost. Recent figures show that Chile spends nearly 1% of the national budget for the implementation of this policy. (Ministerio de Desarrollo Social y Familia, 2019; World Bank, 2017)

The program is significant in terms of coverage, as it reaches between 75% and 80% of all newborns in the country.

The system assisted to give birth and security to more than 1.9 million children, provided the opportunity to over 1.2 million pregnant mothers to participate in the parental monitoring scheme and supplied more than a million packages of clothing and other essential items to babies born in the public system. (Center for Public Impact, 2017)

In 2019, an average of 2,762,280 visits per year (230,190 per month) are received on the Chile Crece Contigo website, which offers consultation content for parents, doctors and educators, as well as educational and ludic materials for children. (Alexa Global Rank data, 2019)

According to the last study, conducted by D. Clarke et al. (2019) for the Ministry of Social Development (Ministerio de Desarrollo Social), this policy, specifically designed to address differences in the psychological, behavioral and cognitive development of children in vulnerable households, has a significant positive impact on birth health in a variety of dimensions. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

The research, based on data collected between 2007 and 2012, discovered that the newborn children whose mothers took part in the government program rose 10 grams of weight on average.

According to the study, this is a great accomplishment as a series of analyses (Heckman and Cunha, 2007); Cunha and Heckman, 2009; Cunha, Heckman and Schennach, 2010) shows that the weight of a newborn affects the psychological and social development of the child. That is, if a child weighs, at birth, 100 grams more than the average, it is more likely to perform better in standardized tests at school and even have benefits in the labor market. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

The analysis reveals, also, that if compared with other similar initiatives of foreign countries, Chile Crece Contigo results to be more efficient. For example, the US early childhood support program the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), invests $15 for every gram of a child's birth weight. Whereas, the Chilean one invests US $11. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

Furthermore, using the Battelle inventory[8], the Ministry of Social Development conducted a study in order to discover if the program was successful in improving the condition of children who presented a risk of psychomotor and social-adaptation retardation.

The last disposable test, conducted in 2013, was carried out on a sample of 265 at risk per age group, after three months from participating in the program (table 8).

Age group	**Frequency**
0 - 5 months	8
6 - 11 months	30
12 - 17 months	26
18 - 23 months	67
24 - 35 months	82
36 - 47 months	50
48 - 59 months	2
Total	265

Table 8: Distribution by age group of the children evaluated with Battelle. Data source: Ministerio de Desarrollo Social y Familia de Chile, 2013

[8] The Battelle Developmental Inventory is a tool for assessing developmental skills and diagnosing possible deficiencies in different areas aimed at children up to 8 years of age. Specifically, it seeks to assess the development of the child without impairments and identify those with developmental delays or disabilities.

The subsequent table (9) shows to which program they underwent: PARN, Salas Cunas/Jardines Infantiles, Stimulation room, Itinerant Stimulation Service.

Program	Not improves		Improves		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
PARN	49	96.1	2	3.9	51	100
Salas Cunas/Jardines Infantil	56	90.3	6	9.7	62	100
Stimulation room	116	86.6	18	13.4	134	100
Itinerant Stimulation Service	17	94.4	1	5.6	18	100
Total	238	89.8	27	**10.2**	265	100

Table 9: Effectiveness of interventions (percentage of children improved), according to program. Data source: Ministerio de Desarrollo Social y Familia de Chile, 2013

Thus, of all the sample children, submitted to one of the interventions and evaluated after three months, 10.2% go from the state of risk or delay to the state of normality, according to the parameters of measurement of the Battelle instrument. (Ministerio de Desarrollo Social y Familia de Chile, 2013)

The study also shows that participation in the program allows 21.1% of the children at risk to recover at least one area of development (table 10). The major improvements occur in the personal-social and cognitive areas.

	Frequency	Percentage
Child improvement in at least one		
Not Improves	209	78.9
Improves	56	21.1
Total	165	100
Personal-social area		
Not Improves	211	79.6
Improves	54	20.4
Total	265	100
Adaptive area		
Not Improves	215	81.1
Improves	50	18.9
Total	265	100
Motor area		
Not Improves	215	81.1
Improves	50	18.9
Total	265	100
Communicative area		
Not Improves	222	83.8
Improves	43	16.2
Total	265	100
Cognitive area		
Not Improves	208	78.5
Improves	57	21.5
Total	265	100

Table 10: Children Percentage improvement by area. Data source: Ministerio de Desarrollo Social y Familia de Chile, 2013

The four evaluated interventions are equally effective in achieving that a child between 0 and 4 years, recovers from a state of risk or delay of the psycho-motor and social-adaptable development. As well as, in getting a child at risk between 0 and 4 years to recover in at least one area. (Ministerio de Desarrollo Social y Familia de Chile, 2013)

The research concludes by stating that to obtain 1 year of a healthy life, i.e. a year lived without risk or delay of psychomotor and social-adaptable development, it is required an investment of $15,148 per child to be treated. (Ministerio de Desarrollo Social y Familia de Chile, 2013)

The social value of these interventions is very high. However, according to the result of an interview, always conducted by the Ministry of Social Development, directed to parents, educators and the staff providing the services, the interventions are considered to be valuable with a high social impact, contributing to improve the cost-effectiveness of this policy. (Ministerio de Desarrollo Social y Familia de Chile, 2013)

This fact is particularly important if combined with the policy's equity study conducted by Clarke et al. (2019), which highlights that the policy has had the greatest effects among vulnerable families. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019 p. 26)

Thus, it seems that the "Matthew Effects" does not affect Chile Crece Contigo.

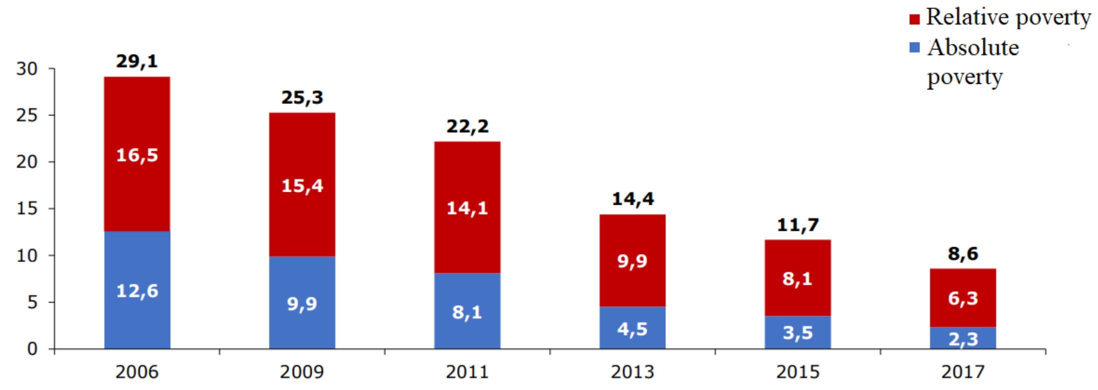
One reason for this may be the fact that the most vulnerable families receive more customized benefits than the better-off ones, hence these latter ones have no chances in "taking" all the resources provided by the policy.

Such results are consistent with the stated goal of Chile Crece Contigo to reduce early-life inequalities. However, they will be clearer only during the later individual's life path.

Finally, it is needed to evaluate whether these policies had an effect on poverty reduction (especially among children), as well as in inequality.

According to the latest Casen[9] inquiry (2017), overall, poverty, in 2006 in Chile, following a long-term trend started in 1990, has reduced by 20.5% since 2006, year of the design of the policy.

Of 16.7% since 2009, year of the implementation of the policy overall the country. In particular, relative poverty reduced until 6.3% while absolute poverty until 2.3% (graph 30).[10]



Graph 30: % of relative and absolute poor in Chile (2006-2017). Data source: Casen, 2017

The majority of the poor are underage (15.0% between 0 and 3 years old; 13.6% between 4 and 17).

Nevertheless, the percentage of children and adolescents living in poverty has declined steadily over time (graph 31).

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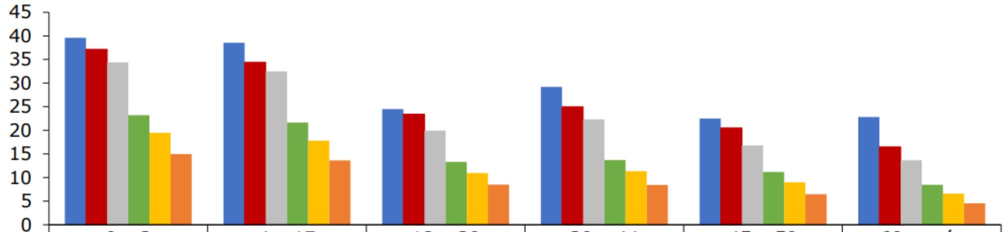
[9] The Casen Survey is a national, regional and communal survey carried out by the government of Chile since 1990, on a biennial and triennial basis, under the responsibility of the Ministry of Social Development of Chile former Ministry of Planning and Cooperation (Mideplan).

[10] These data are based on the new measurement introduced by the M. Bachelet Government in 2014. The new poverty line is 77% higher than the old line in one-person households, 45% in two-person households, and 33% and 18% in three- and four-member households, respectively. (UNPD, 2014 pp. 16 – 17) Available at: https://www.undp.org/content/dam/chile/docs/pobreza/undp_cl_pobreza_cap_7_desiguypob.pdf



	0 a 3	4 a 17	18 a 29	30 a 44	45 a 59	60 y más
2006	39,6	38,5	24,5	29,2	22,5	22,8
2009	37,2	34,4	23,4	25,0	20,5	16,5
2011	34,4	32,5	19,9	22,3	16,8	13,7
2013	23,2	21,6	13,3	13,7	11,2	8,4
2015	19,5	17,8	11,0	11,3	9,0	6,6
2017	15,0	13,6	8,5	8,4	6,5	4,5

Graph 31: % of the population in poverty by age group, 2006-2017. Data source: Casen, 2017.

These results seem to imply that there has been a good management of public policies, especially those focused on children. Chile Crece Contigo has been important in helping to combat poverty and has had a direct impact on children and adolescents.

These have been confirmed also by the Unicef's Representative for Chile, Hai Kyung Jun, who stated *"the figures we have seen reflect tremendous progress in the country. In that sense, I want to highlight the work of Chile Crece Contigo as a public policy. It is important because it accompanies the family from the child's gestation to its first years, thus helping to prevent situations of violation of rights."* (Hai Kyung Jun, Presentacion encuensta Casen Niñez y Adolescencia, 2015; 22 March 2017. Own translation)[11]

Nevertheless, the survey also reveals that 56.4% of the minors belong to the first two quintiles. Meaning that more than half of the country's children are part of the poorest 40% of the population.

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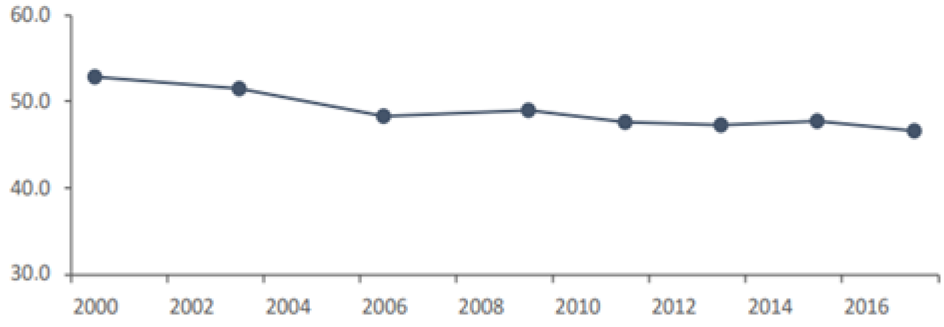
[11] Text available at: http://www.crececontigo.gob.cl/noticias/porcentaje-de-ninos-ninas-y-adolescentes-en-situacion-de-pobreza-por-ingreso-se-ha-reducido-en-205-puntos-porcentuales-desde-2006/

Finally, the Gini index also shows that despite a drop (the figure severely declined from 0.49 in 2009 to 0.46 in 2017), inequality remains high in the country (graph 32). (World Bank, 2019)



Graph 32: Gini index Chile (2000-2017). Data source: World Bank, 2019

Meaning that although much has been done, still more has to be done.

The Undersecretary for Children (subsecretaria de la Niñez), Carol Bown, declared *"these results reflect that, as a government, we must reinforce, strengthen and universalize the programmatic offer of Chile Crece Contigo, in order to be able to deliver an even more efficient support network that strengthens the protective role of families and parental skills. […] We need to build a better future for all children and adolescents, with a multisectoral commitment in which families, the State and civil society as a whole must actively participate."* (Carol Bown, 24 October 2018. Own translation)[12]

[12] Text available at: http://www.desarrollosocialyfamilia.gob.cl/noticias/radiografia-ninos-ninas-y-adolescentes-mas-de-la-mitad-pertenece-al-40-mas-pobre-de-la-poblacion-viv

4.5. Conclusions

Early childhood health and education play a paramount role throughout an individual's lifespan, conditioning its potential achievements both in school and at work.

Inspired by the Head Start and Sure Start programs, Chile started implementing since 2007 Chile Crece Contigo, a groundbreaking experience in Latin America. (World Bank, 2018)

Intending to guarantee an equal start in life to all country's children in order to shape their future and to invest in their human capital, this policy provides all pregnant women with a basket of medical and social care services, data and resources, as well as children with educational and ludic opportunities.

In addition to a set of benefits available to all the population, enhanced services are provided for households identified as one of the most disadvantaged 60% of the population.

As Chile Crece Contigo' objective is to resolve the long-term disparities among various socially excluded communities.

The reviewed literature agrees in defining it as a successful policy. To the extent that has been replicated, largely unchanged, in other contexts, serving as a basis for the design and implantation of early childhood programs in Colombia (De Cero a Siempre), Peru (Primero la Infancia), and Uruguay (Uruguay Crece Contigo). (World Bank, 2018)

The main outcomes indicate that Chile Crece Contigo improves neonatal health among all the subsystem participants. The effect of the participation, on the average weight at birth, is approximately of 10 grams increase, and some evidence suggests that is also have reduced rates of fetal death, and improved other health outcomes at birth. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

After childbirth, the policy seems to be effective in achieving that a child between 0 and 4 years, recovers from a state of risk or delay of the psycho-motor and social-adaptable development. As well as, in getting a child at risk between 0 and 4 years to recover in at least one area of growth. (Ministerio de Desarrollo Social y Familia de Chile, 2013)

It is also observed that the impacts are equal as the greatest achievements are among the most vulnerable groups. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

Although the system has been producing significant results, there are still challenges to be tackled.

Structural problems linked to inequality, poverty and violence, even if they show signs of a steady decline, continue to persist in the country, contributing to having a negative impact on the development of children.

The pressure of these structural factors implies that the country should align the early childhood policy with the more general development ones, introducing “flow” and “buffer” programs in order to tackle them.

Chapter 5 – Policy comparison

The social investment approach embraces public policies aimed at both investing in the development of human capital and making efficient use of it in terms of labor market participation.

Its purpose is to create a professional and versatile workforce that can easily adapt to a changing knowledge-based economy, reducing its potential risks of loss of income and poverty, in an always more competitive and global labor market. (van Vliet O. and Wang C., 2015)

It also prepares and assists individuals to face the new contemporary social risks (such as work and family reconciliation, single parenthood, etc.) resolving the transition of disadvantages and inequality between generations. By investing in their human capital since an early age and securing an equal start for everyone, it removes the barriers that prevent an individual's full development and that will hinder them in subsequent life paths. (Taylor-Gooby, 2004; Bonoli, 2006; Hemerijck and Vandenbroucke, 2012; Hemerijck, 2017; Hemerijck, 2018)

Pledging for a transition from less transfer-oriented to more service-oriented, social investment is about investing welfare resources now in order to harvest, both economic and social returns in the future. (van Vliet O. and Wang C., 2015 p. 5; Garritzmann J.; Häusermann S., Palier B.; Zollinger C., 2016; Kvist, 2016)

Regarding economic returns, it aims to increase labor market participation, job performance and reduce unemployment. To form a better educated and better-equipped population that will contribute to higher growth rates, enlarging the tax base, increasing the amount of taxes paid consequently ensuring the future viability of the welfare state. Garritzmann J.; Häusermann S., Palier B. and Zollinger C., 2016; Kvist 2016)

Whereas, in terms of social returns, its goals are poverty reduction in the long term, especially child poverty, to enhance social stability and cohesion, as well as inequality reduction. (Garritzmann J.; Häusermann S., Palier B. and Zollinger C., 2016; Kvist 2016)

The policies discussed in chapters 3 and 4 headed in this direction and addressed the aforementioned issues.

They particularly focused on children and on their early development, aiming at accompanying them in their physical, mental and educational formation, to enable them to be successful in later life.

As well as, on households, to create a harmonious environment for children growth and to insert or reinsert those parents (foremost mothers) in the labor market with customized programs, allowing them to earn a suitable wage and at the same time take care of their family.

Although the examined polices had a similar purpose, they had slightly different goals, as they were implemented in two different contexts.

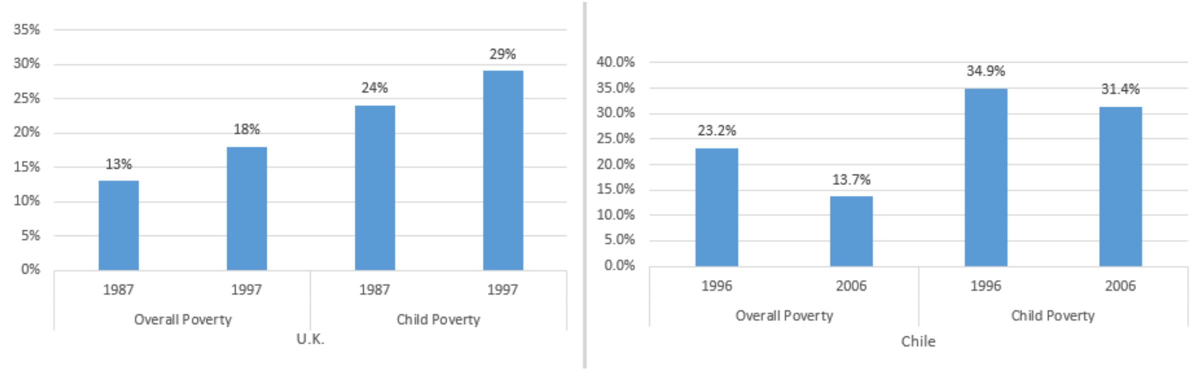
The United Kingdom is a developed country with a long democratic tradition, while Chile has a recent democracy (1990) and although being the best performing Latin American state, is still far away from Western European standards, both economically and socially. (OECD, 2018) As it faces several regional problems such as high levels of poverty, income inequality and high violence rates.

Nevertheless, when social investment policies were implemented in the U.K., the country showed a continuous increasing trend in poverty rates and income inequality, while Chilean figures were better performing as, since the end of the dictatorship, it knew a continues reduction in poverty levels.

The U.K. population under the poverty level rose of 5 percentage points in ten years, from 13% in 1987 to 18% in 1997 (Social Policy Research Unit, 2011), whereas, in Chile, it decreased from 23.2% in 1996 to 13.7% in 2006.[13] (Casen, 2006)

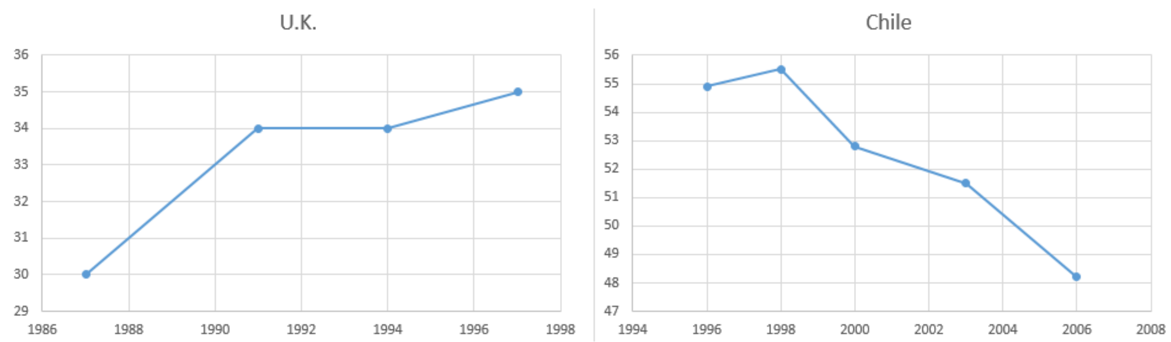
Of these, the majority were children, 29% in the U.K., (rising from 24% in 1987) (Social Policy Research Unit, 2011) compared to 31.4% in Chile (34.9% in 1996)[14] (Casen, 2006)

[13] Since Chile and the United Kingdom use two different measures to estimate poverty, only the rates between the two countries are comparable. While data on the population in poverty cannot be compared between them.
[14] All data before housing cost



Graph 32: Comparison in poverty trends (the year before the implementation of social investment policies and 10 years earlier) between the U.K. and Chile. Data source: Social Policy Research Unit, 2011 and Casen, 2006

In the same periods, inequality followed a similar trend, with the U.K. Gini index rising from 0.30 to 0.35 between 1987 and 1997, while Chile's declining to 0.48 from 0.55 between 1996 and 2006, remaining however one of the world's highest figure (graph 33).



Graph 33: Gini index comparison U.K. (1987-2007) Chile (1996-2006). Data source: World Bank, 2018

Thus, the policies that were implemented in the two countries differ especially in the extend of these indicators.

The U.K. New Labour Governments wanted to reverse these negative long term trends. Therefore, designed polices for a complete reorganization of the welfare system and the labor market. Tackling those shortcomings that enabled poverty and inequality growth. Hence, the pursuit of all three Hemerijck's social investment functions: "stock", "flow" and "buffer".

On the other side, Chile's policy was designed to accompany the economic growth, in order to make its fruits more accessible to everyone, especially to the most vulnerable and to those who could not be reached by it. Thus, the implementation of the only "stock" function to rise a less unequal generation that would enjoy the same rights and opportunities.

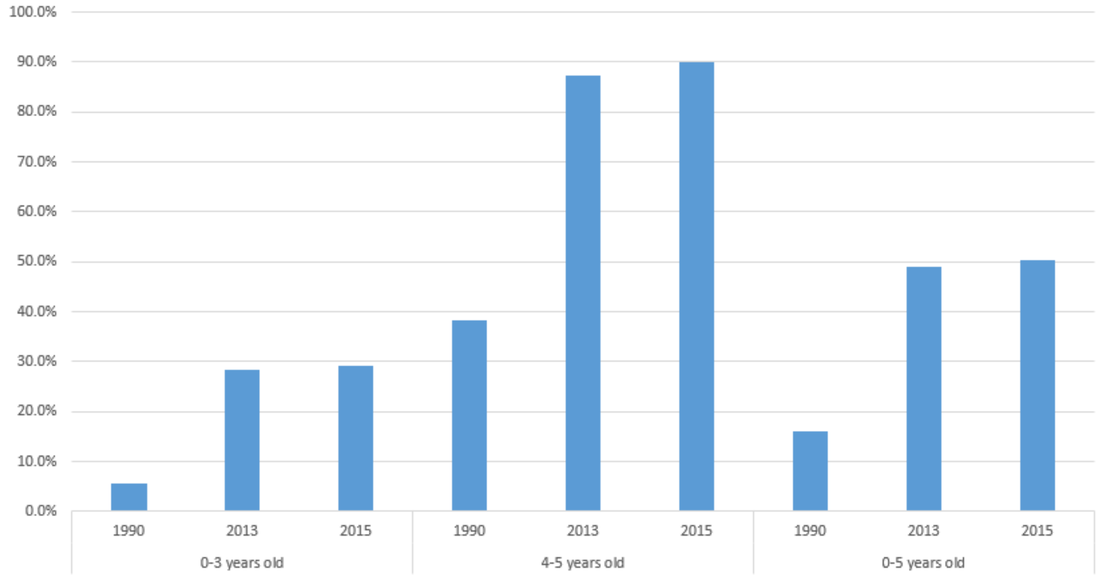
As seen in the precedent chapters, both the policies have had positive results (especially in Chile, less in the U.K.), even if, due to different reasons, they did not manage to completely meet the expected objectives.

The implementation of the "stock" policies helped Chile to achieve important results.

According to the study of the Ministry of Development (2017), Chile Crece Contigo enhanced opportunities for access to education for children and young adults. (Ministerio de Desarrollo Social, 2015; Casen, 2017)

This is reflected in the high levels of school attendance in first and secondary education, as well as at the pre-school level. In 2015, children between 0 and 5 years old achieved an attendance rate of 50.3%, while in 1990, this was only 15.9%.

More in detail, the attendance of children in pre-school (between 4 and 5 years old) surged of 51.7 percentage points in 25 years (from 38.4% in 1990 to 90.1% in 2015), while the kindergarten attendance of 0 to 3 years of age rose of 23.6 percentage points (from 5.5% in 1990 to 29.1% in 2015) (graph 41). (Ministerio de Desarrollo Social, 2015; Casen, 2017)

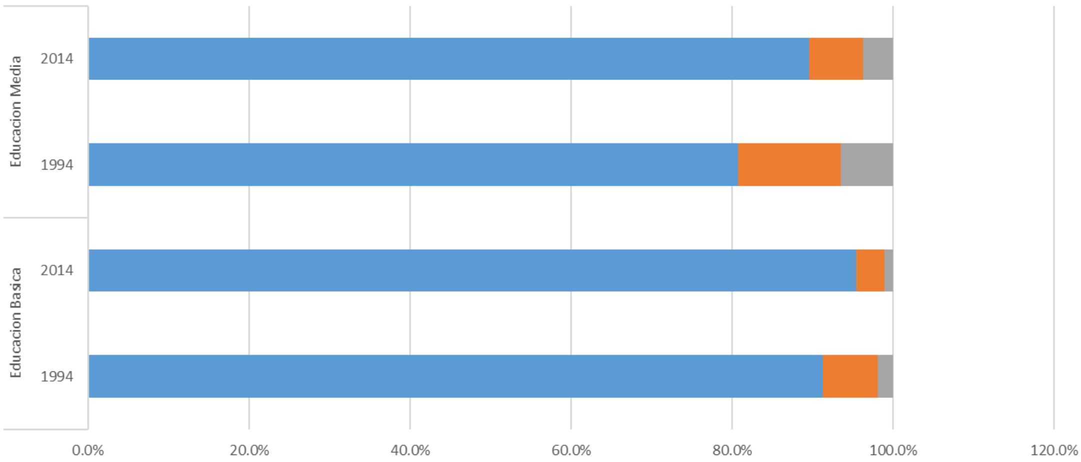


Graph 34: School attendance in Chile by years of age (1990; 2013; 2015). Data source: Casen, 2017

These positive figures reflect, as expected, on the subsequent education years of the individual.

Students have been keener to stay in school. The average attendance school in 2015 was of 10.8 years which is practically one year more compared with the previous years of average schooling in 2000 (9.9 years). (Ministerio de Educación, 2016)

At the same time, the students' performances have improved both in *Educacion Basica* (6-14 years old) and in *Educacion Media* (14-18 years old), leading to a lower school-leaving, and in better educational outcomes (graph 35). (Ministerio de Educación de Chile, 2016)



	Educacion Basica		Educacion Media	
	1994	2014	1994	2014
Passing rate	91.2%	95.4%	80.7%	89.6%
Failing rate	6.9%	3.5%	12.8%	6.7%
School-leaving rate	1.9%	1.1%	6.5%	3.7%

Passing rate   Failing rate   School-leaving rate

Graph 35: Comparison of Chilean student performances 1994 and 2014. Data source: Ministerio de Educación de Chile, 2016

This is also due to Chile Crece Contigo educational programs, such as the PARN, the Stimulation room, the Itinerant Stimulation Service and the large disposal of Salas Cunas and Jardines Infantiles. As, according to the Ministry of the Social Development study (2013), they achieved to reduce the risk of delay development for children between 0 and 4 years. (Ministerio de Desarrollo Social y Familia de Chile, 2013)

Data from the Ministry of Social Development (2015) also show wide access to the health infrastructure. Public health insurance protects 96.5% of the country’s children and young adults.

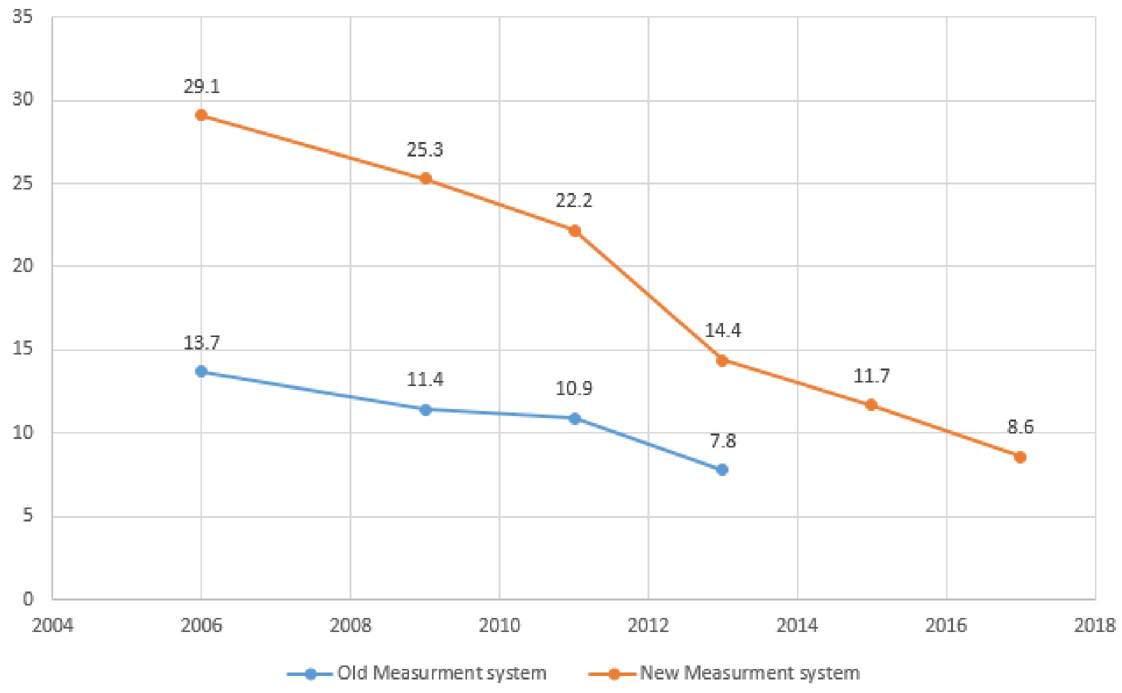
Furthermore, there is broad exposure to early childhood health checks, with 73.9% of children aged 0 to 1 completing at least one healthy child check-up. (Ministerio de Desarrollo Social y Familia de Chile, 2016)

Finally, in chapter 4 was noted that Chile Crece Contigo maternal check-ups improved neonatal health among all the subsystem participants. Managing to increase the neonatal weight at birth of approximately 10 grams, on average. As well as, it reduced rates of fetal death, and improved other health outcomes at birth. (Clarke D., Cortés Méndez G. and Sepúlveda D. V., 2019)

A remarkable quality of this policy, as highlighted by Clarke et al. (2019), is the fact that managed to nullify the grim “Matthew Effects”.

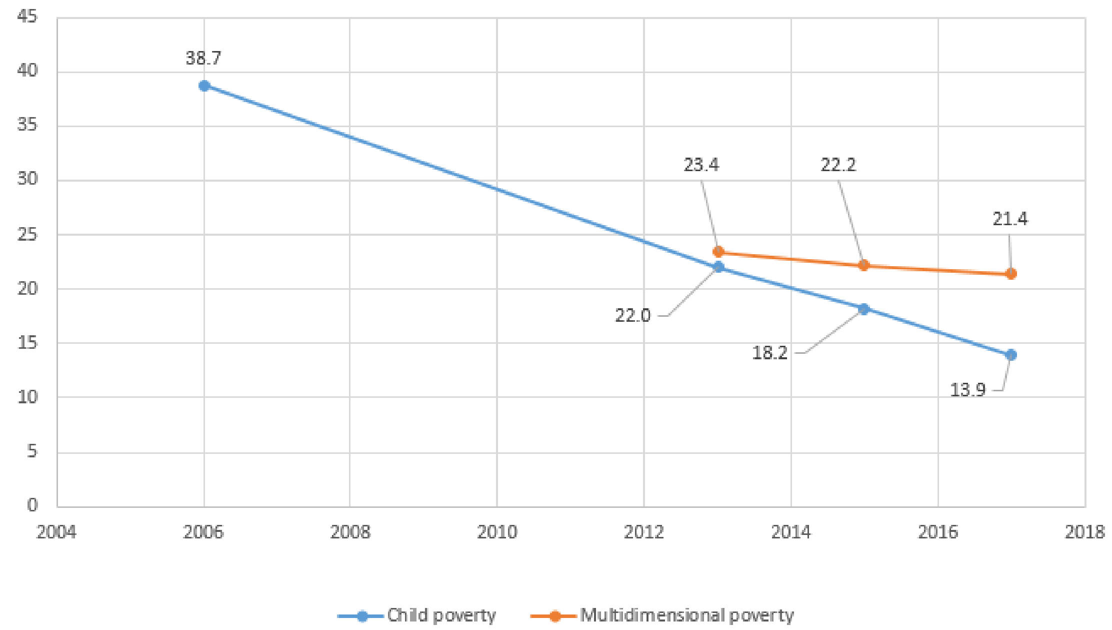
This is particularly due to the fact that it was designed to provide the majority of the services to the most disadvantaged 60% of the population.

Thus, as confirmed by the reviewed literature, achieving to decrease overall poverty (graph 36).



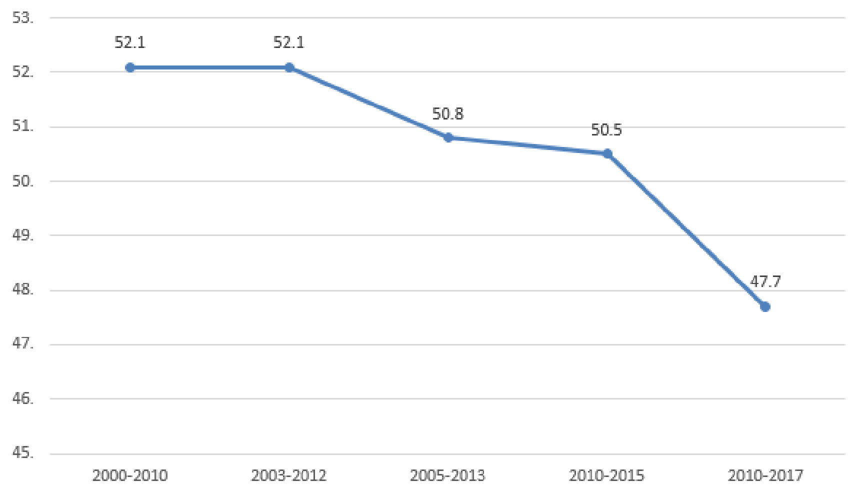
Graph 36: % of overall people in relative poverty in Chile, Old and new measurement system (2006-2017). Data source: Casen, 2017

As well as, child poverty and multidimensional poverty (which encompass various deprivations in education, health, housing and work, social security) (graph 37).



Graph 37: Graph 43: % of children in relative poverty (2006-2017) and children multidimensional poverty (2009-2017) in Chile. Data source: Casen, 2017

Nevertheless, as seen, the country, despite managing to slightly diminish its Gini index, failed in reaching an adequate equality level, as in 2017 still stood at 0.46 (OECD average 0.31).



Graph 38: Chile, Gini coefficient income distribution inequality 2000-2017. Data source: UNPD, 2018

Meaning that the program needs to be further expanded and strengthened. (Riffo D. E., Aravena L. R., Sepulveda K. H., 2019 p. 134)

The fact that Chile Crece Contigo is still in place, however, leaves hope for an improvement of the situation.

On the contrary, social investment policies in the U.K. were limited in time as they have been subject to a reversal process, implying that their effects have also been temporary.

The easiest program to compare is surely the Sure Start Local Programs (SSLPs), from which Chile Crece Contigo has taken inspiration. (World Bank, 2018 p. 11)

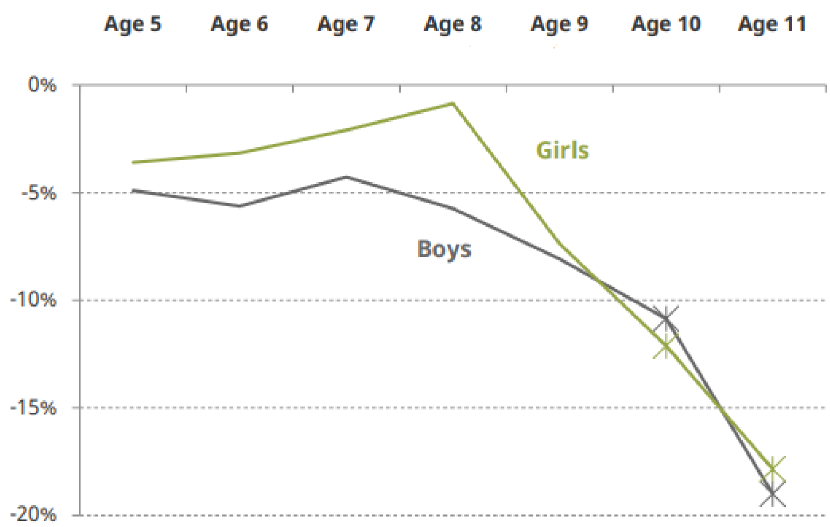
Both of them focus on early childhood and they share the same goal of educate, train and empower children in order to enable all children to reach their full development potential. Meeting their needs at their earliest phase of life, in order to increase their chances to be "successful" in later life and gain a fruitful return.

The provision of both systems was left to the local level so to meet the necessities of a specific community. Providing essential services and home visit programs, family support, high-quality play, learning and childcare experiences, child and family health and development advice and assistance to people with special needs, including assistance in the provision of specialized services. (Belsky J., Melhuish E., Barnes J., Leyland A. H. and Romaniuk H., 2006; Bedragal P., Torres A. and Carvallo C., 2014)

The British and Chilean systems offered quality education and “extended school” for working parents so to increase their possibilities to have a career and provide to the households needs. As well as health assistance.

Although the two programs were successful in terms of participation, the SSLPs slightly suffered from the presence of the “Matthew Effect”. Some studies confirmed that children from less relatively deprived households benefitted more than socially deprived families. (Belsky J., Melhuish E., Barnes J., Leyland A. H. and Romaniuk H., 2006; Meadows P., 2006; Love J., Kisker E. E., Ross C. M., Schochet P. Z., Brooks-Gunn J., Paulsell D., et al., 2002)

Nevertheless, for those who accessed the SSLPs the results are quite positive, especially under the health point of view. As confirmed by a 2019 study by the Institute for Fiscal Studies, which found that Sure Start reduced the number of hospitalized children (graph 39).

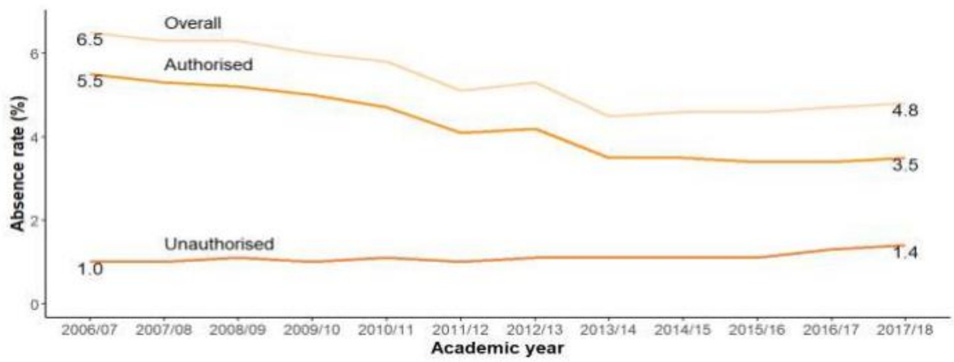


Graph 39: Sure Start's effect on the probability of any hospitalization, rescaled by baseline probability: differences by gender. Data source: IFS, 2019.

Moreover, as a result of their involvement in Sure Start, there is evidence of progress in the voice, language and communication skills of children. They increased their vocabulary and improved fine motor abilities well. (Save the Children, 2015)

As well as, in Chile, it is possible to see that the program positively influenced children future behavior in school.

The pupil's attendance dropped during the years in which SSLPs were in full functioning. Whereas, the overall absence rate has increased since 2016/17 when the program received less founds and several centers were cut and closed (graph 40). (Department of Education, 2019)

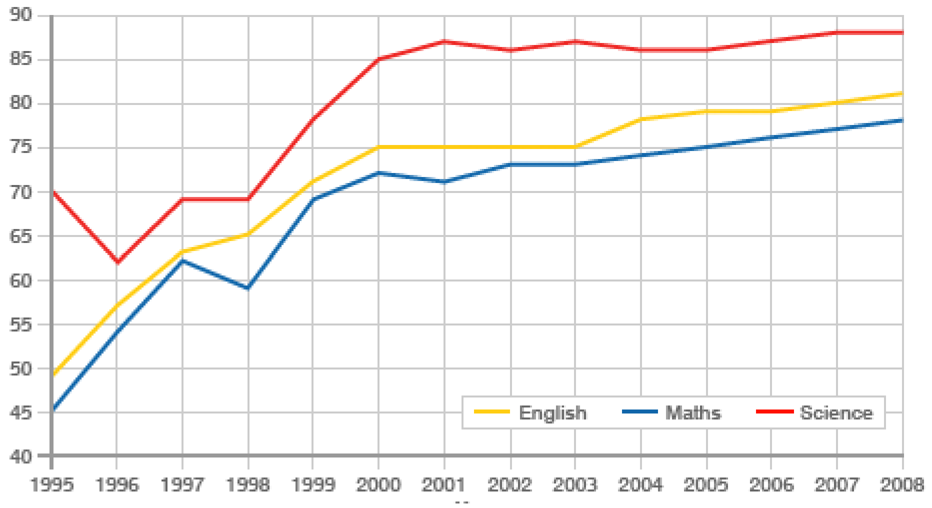


Graph 40: Pupil absence rate in schools in England (2006 - 2018). Data source: Department of Education, 2019

According to the European Commission’s annual Education and Training Monitor (2019), the share of pupils dropping out of U.K. schools without a diploma decreased by about a quarter in six years: from 14.9% in 2011 to 10.6% in 2018. (EC, 2019) This is probably also due to the “Education Maintenance Allowances” (EMAs), that encouraged low-income households’ young adults between 16 and 17 years old to remain in school.

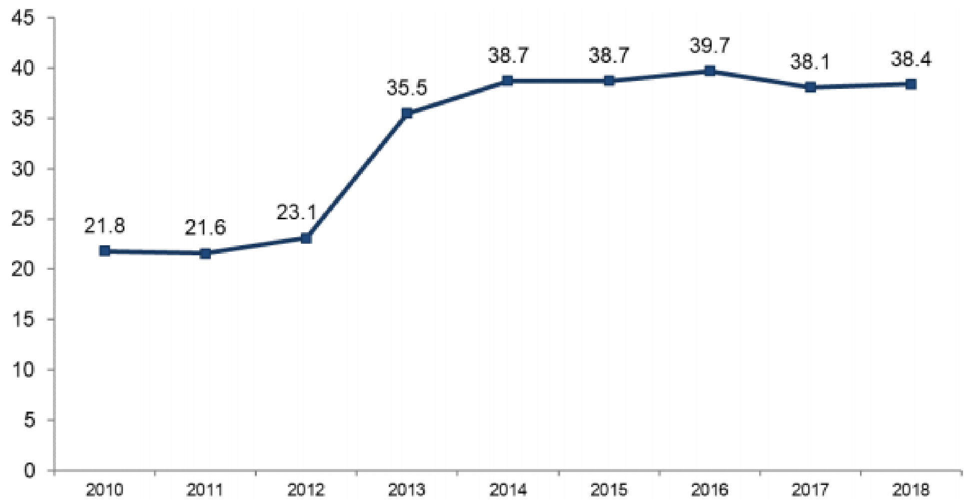
Furthermore, likewise Chile, it is possible to see an overall increase in later students’ performances after the introduction of the SSLPs.

In primary school (students age 6-12), the test results in key subjects: English, Maths and Science has increased (graph 41). (Department for Children, Schools and Families, 2018)



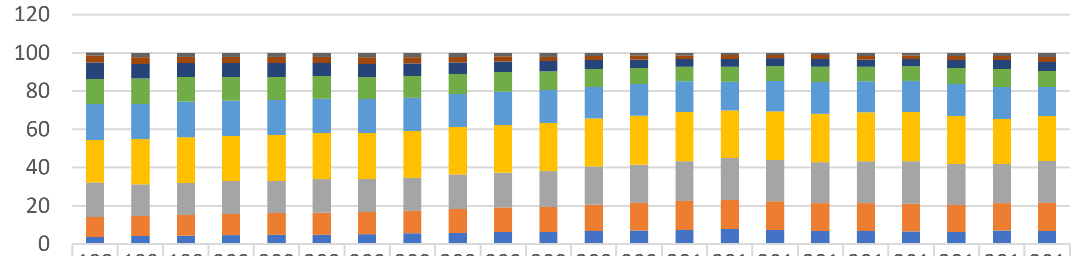
Graph 41: Primary schools' test results in the U.K. (1995-2008). Data source: Department for Children, Schools and Families, 2018

There has been a growth in Baccalaureate attendance, especially between 2012 and 2013, year when the first SSLPs children entered this level of education (graph 42). (Department of Education, 2019)



Graph 42: Baccalaureate attendance in the U.K. (2010-2018). Data source: Department of Education, 2018

As well as a slight rise in the Baccalaureate grades over time (graph 43).

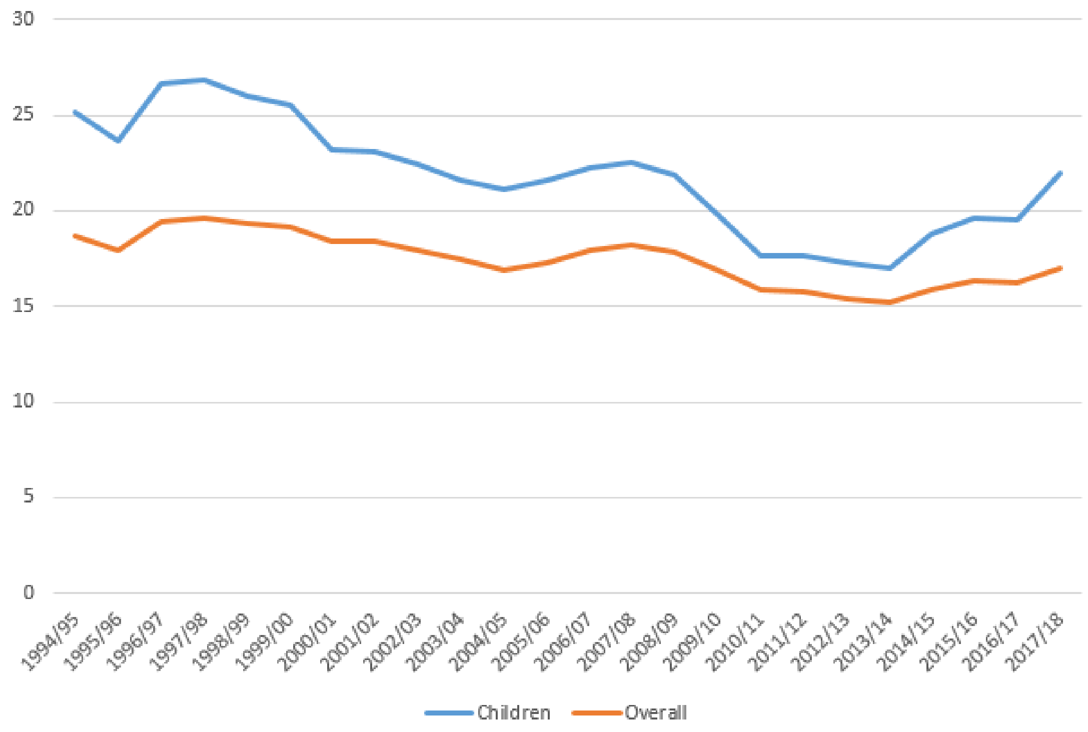


	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
U	1.5	2.3	2	2.1	2.1	2.1	2.4	2.4	2.2	1.9	2	1.6	1.4	1.3	1.2	1	1.2	1.5	1.4	1.6	1.5	2.2
G	3.6	3.5	3.3	3.2	3.3	3.2	3.3	3.2	2.8	2.6	2.4	2.3	2.1	1.9	2	1.9	2	2	1.9	2.1	2.3	2.7
F	8.5	7.6	7.5	7.2	7.1	6.7	6.8	6.6	6	5.6	5.3	4.7	4.4	4	4.1	4.1	4.1	3.8	3.7	4.2	4.7	4.5
E	13	13	13	13	12	12	12	11	11	10	9.8	9.1	8.5	7.8	7.8	7.7	8	7.6	7.6	8.3	9.3	8.5
D	19	19	19	18	18	18	18	17	17	17	17	17	17	16	15	16	17	16	16	17	17	15
C	22	24	24	24	24	24	24	25	25	25	25	25	26	26	25	25	25	26	26	25	24	23
B	18	17	17	17	17	17	17	17	18	18	19	20	20	21	22	22	22	22	22	21	21	22
A	11	11	11	11	11	11	12	12	13	13	13	14	15	15	15	15	15	15	15	14	14	15
A*	3.6	4.1	4.4	4.6	4.9	5	5.1	5.6	5.9	6.3	6.4	6.8	7.1	7.5	7.8	7.3	6.8	6.7	6.6	6.5	7.1	7

A* A B C D E F G U

Graph 43: U.K. GCSE Grades Awarded (%) (Letter system). Data source: Joint Council for General Qualifications, 2019 https://www.jcq.org.uk/examination-results

Similarly to Chile, U.K. New Labour Governments, thanks to the social investment policies implemented in those years, also managed to reduce poverty (graph 44), even if in smaller quantities if compared to the South American country and despite the whole welfare reform.



Graph 44: U.K. relative poverty reduction BHC. Overall and Children (1994-2018). Data source. U.K. Parliament, 2019

This was substantially due to two factors: a rise in indirect taxes and duties, disproportionately affecting poorer families (Sutherland H., Sefton T. and Piachaud D., 2003) and the effect of the financial crisis, which led to a rise of unemployment figures.

In the two examined case studies it was possible to see that the social investment approach managed to reduce both overall and child poverty (absolute and relative).

Furthermore, the educational and health programs achieved to improve children's school performances and to develop their human capital, enhancing their skills to allow them to be more successful in education and in acquiring profitable jobs, so to break the intergenerational chain of poverty.

Thus, these policies are most successful in the longer-term as the fruits of the "investment" can be seen only later in time. (Hemerijck A., 2017)

As well as, in posing a clear emphasis on the recognition and grant of social rights to citizens, especially in areas of human needs and well-being. By emphasizing and supporting the inclusion of women in the labor market and promoting greater quality and wide-spread health and education opportunities for children. (Morel N., Palier B., Palme J., 2013)

Nevertheless, they suffered from the effect of the financial crisis. The 2008 aftershocks provoked austerity cuts and reforms that have been disruptive for the social investment policies in the U.K. Leading to increasing levels of household inequality and child poverty as well as in rising unemployment figures.

To avoid this fate, to survive and not to be subject to policy reversal, social investment needs to mobilize a larger political support. (Sabel C., Zeitlin J., and Quack S., 2017; Hemerijck A., 2017)

Finally, because social investment involves varied and interconnected interventions that operate over different phases of an individual's life paths and aim to tackle several issues, it is important to develop policies that combine together stocks, flows, and buffer features. In order to fully exploit the potential of this approach and to make it as successful as possible. (Hemerijck A., 2017)

Conclusions

The goal of this thesis has been the one to assess if social investment policies are capable to reduce (child) poverty, as well as inequalities in the society.

In the first chapter, it was clarified what it is meant with the term “poverty” and two definitions of it were provided: absolute and relative.

The topic was firstly faced globally, providing a general overview of it, exploring its causes and the area that are mostly affected.

Using data from the World Bank, it was possible to evaluate that over the last decades, the number of people living in extreme poverty has decreased from 1.9 billion to 766 million. (World Bank, 2014)

Nevertheless, this positive figure is stained by the fact that poverty contraction rates are expected to keep slowing down considerably over the next decade, especially in those areas where the concentration of extreme poverty is more prominent. (World Bank, 2018)

A main focus was given to child (and youth) poverty, being this, the main target of social investment polices (Hemerijck A., 2017) as well as, because extreme poverty disproportionately affects children. (UNICEF, 2018)

In this section, the topic was explored both internationally and regionally, with a focus on the EU and South America.

The evidence from this chapter showed that child poverty does not affect only developing countries but also developed ones. As a matter of fact, nearly one child in seven is currently living in relative income poverty in the OECD countries. (OECD, 2018)

In particular, in 2016, in the EU, taken as an example of developed "continent", 118.0 million people, or 23.5% of the EU population, were at risk of poverty or social exclusion, 24.9% of them were children. For South America, the figures tell that more than 36% of Latin American children live in poverty, of which 16.3% live in extreme poverty. (UNICEF, 2016; World Bank, 2016)

Furthermore, in this chapter was seen that young adults (especially those with low education, due to harsh family conditions) encounter difficulties in entering the job market. This directly affect their future condition as they are more exposed to fell or be trap into poverty.

From this data, it is possible to evince that an intervention to tackle and improve this situation is necessary.

On the same wave length is the EU, who decided to accelerate the introduction of social investment policies in the member states in the aftermath of the financial crisis, which left public budgets in scarcity, and a large number of people unemployed.

Hence, in 2013, it adopted the “Social Investment Package” (SIP) to address the growing risk of poverty and the rising social exclusion and to achieve the “Europe 2020” social targets, with the goal of “empowering people from an early age, strengthening their capabilities to adapt to risks such as changing career patterns, new working conditions or an aging population and enhance their opportunities to participate in society across the life course.” (László Andor, former Commissioner for Employment, Social Affairs and Inclusion, speech held at Eurofound’s Foundation Forum 2013)

In the same chapter, it was explained that the social investment paradigm is a mean to deal with new social risks that affect individuals in particular life course phases i.e. when they move from schooling to their first job; when having children; when they suffer periods of inactivity in the labor market; and, when they move to retirement. (Hemerijck, 2017 p. 10)

The underlying assumption of social investment is that the state should activate to empower the citizens and enable them to face these kind of harsh situations. Or with the word of the European Commission: Social investment is about investing in people. It means policies designed to strengthen people’s skills and capacities and support them to participate fully in employment and social life. […]” (European Commission, www.ec.europa.eu)

It achieves this aim performing three interrelated functions: (1) raising the quality of the “stock” of human capital and capabilities over the life course; (2) easing the “flow” of contemporary labour-market and life-course transitions; and (3) maintaining strong minimum-income universal safety nets as income protection and economic stabilization “buffers” in ageing societies. (Hemerijck A., 2017 p. 19)

Nevertheless, it was seen in the last part of chapter two, that many scholars advanced critics to this new paradigm.

These can be essentially divided into four groups.

The first critics claim that social investment is a neoliberalism “trick” used to dismantle the welfare state. The second, the feminist, asserts that it would “masculinize” women’s life course. (Saraceno C., 2017 p. 60) The third critic moved to this paradigm is that it is plagued by the so-called “Matthew Effects”. Whereas, the final argues that the social investment approach is affected by the austerity measures that followed the Great Financial Crisis and that without any turn, they will eventually undermine and put an end to it.

Despite these critics, the shift in welfare from “passive” to “active” has been carried by several governments.

In this thesis, it was collected evidences from two different ones, namely the United Kingdom and Chile.

Chapter three and four explored the social investment policies enacted in these two countries.

In the United Kingdom, the welfare state reform was introduced by the New Labour’s Governments towards the end on the 1990s. It had as major goal the one to eradicate the rising child poverty in the country within 20 years. In 1997, overall relative poverty as well as child poverty increased by 5% compared to 1987. Whereas, the children in absolute poverty were accounting for the 46%, after housing cost. (UK Parliament statistics, 2019)

As seen, in order to contrast this trend, the British executives enacted a strategy, divided into three distinct but interrelated parts that resemble the Hemerijck's "stock", "flow" and "buffer" function of social investment. (1) Investing in children, by promoting childcare and measures to tackle long-term disadvantage. (2) Promoting work and making work pay, ensuring that parents have the support and resources they need to find a suitable job. (3) Increasing financial support for families with children through the tax and benefit system, with the goal to provide all families with direct financial aid, acknowledging children's extra costs, while directing additional resources on those who most need it. (Piachaud D. and Sutherland H., 2001)

Government's strategy particularly focused on rising incomes through benefits and in-work tax credits; increasing incentives for parents to work; improving earnings from employment and supporting child growth and development through Early education and early years programs (such as the national Sure Start program).

During this period, the U.K. child poverty rate decreased significantly. By 2005, it reduced by 6 percentage points for relative poverty and 15 point for absolute poverty.

The Institute of Fiscal Studies (IFS) asserted that over 900,000 children (7% of all children in the U.K.) were lifted out of poverty between 2000 and 2010 and a further 600,000 (4.6%) were prevented from falling into it. (IFS, 2010)

Regarding Chile, at the time of the introduction of the Chile Crece Contigo (2006), statistics were following a long lasting positive trend that started in 1990.

Nevertheless, a hard core group of people were not reached by the fruit of the positive economic growth. Therefore, Chile's Government, starting from the first Bachelet's, introduced and implemented a new "stock" function policy to rise a less unequal generation that would enjoy the same rights and opportunities.

Its implementation achieved a series of important results.

First of all, Chile Crece Contigo has improved neonatal health among all the subsystem participants; enhanced opportunities of access to education for children and young adults; (Ministerio de Desarrollo Social, 2015; Casen, 2017) increased school attendance in first and secondary education, as well as at the pre-school level and the overall years spent in education.

As confirmed by reviewed literature, it achieved to decrease overall, child and multidimensional poverty.

This was mainly due to the fact that most of the services provided are reserved for those who lived in the lowest quintiles to allow them to fully benefit from its effect.

In conclusion, from the evidence of these positive data, it is possible to state that that in these two countries social investment policies had positive effects in reducing poverty.

Even if the two governments did not fully manage to reach their (maybe too optimistic) goals, they surely contributed in improving the life of most of their citizens and in setting a milestone in the developing and expansion of the social investment approach.

Resume

As poverty, reduction is among the core goal of the welfare state, the aim of this thesis is to assess whether the new welfare paradigm, social investment, is capable to reduce (child) poverty, as well as inequalities in the society. In order to do so, the thesis explores what poverty is; it outlays the main features and characteristics of social investment; it collects evidences in two countries where this approach was enacted: the United Kingdom and Chile and finally, it compares the outcomes in the two countries.

The old welfare state approach has been slow in responding to the challenges of contemporary societies. Low economic growth, rapid demographic aging, changes in gender roles and female labor force participation, break-up of traditional household structures as well as increased economic and financial internationalization reinforce old risk dynamics, such as inequality and poverty and generate new ones.

These "new risks" tend to affect mostly people at new stages of their lives, since they mostly act on people's entrance in the labor market and on those who try to establish a position within it. These people suffer, therefore, from the risk of falling into poverty.

Using the definition provided by Kathleen, in the thesis, poverty is defined as the lack of necessary goods and services. Families and individuals are considered poor if the resources they possess are not enough to meet their needs.

Poverty can be measured both in absolute and in relative terms.

The United Nations defined absolute poverty as “a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.”

It occurs when a household income is below a certain level, which makes it impossible for the person or the family to meet the basic needs of life. This level varies from country to country.

Whereas, relative poverty occurs when a household earns 60% (or 50%) less than the median income.

According to UNICEF data, extreme poverty disproportionately affects children. 387 million, or 19.5% of the world’s children live in extreme poverty compared to just 9.2% of adults. This poverty affects not only developing countries but also developed ones.

Particularly at risk of poverty are children from single-parent families. As living with a single parent increases the risk of multiple deprivation for the child and it limits its access to essential goods and opportunities.

As well as children, young adults of poor households constitute a high-risk group as they face the greatest difficulties to get a job and they risk falling in the NEET category.

In 2016, according to Eurostat data, 118.0 million people, or 23.5% of the EU population, were at risk of poverty or social exclusion. Monetary poverty was the most widespread form of poverty, affecting 86.9 million people. 24.9% of them were children in the EU-28.

In Latin America, although a reduction in the poverty figures, this remains high as well as inequality, which despite some improvements it continues to prevail in the region.

UNICEF data report that 70 million children, i.e. 4 out of 10 live in poverty in Latin America and the Caribbean, and 28.3 million of them are under extreme poverty.

Poverty is widespread also among young people, who are also interested by in-work poverty, as their salaries are usually lower than the ones of adults.

To reduce these social and economic disparities, some countries decided to introduce a new approach: social investment.

The idea of this paradigm started to take shape during the early 1990s in the Social democratic welfare regimes. It lays its foundation in the dissatisfaction with both the traditional passive state and the neo-liberal vision of social policy. As well as by the need of governments of limiting the deficit and the cost of the public budget, and introduce more active labor market policies, to compete in the new globalized environment.

The concept of social investment lies in the assumption that, in the course of their lives, people face challenges of typical contemporary societies e.g. aging society, unemployment periods, changing household structures, due to a transition to a knowledge-based economy.

This results in more frequent labor-market and family changes and in an increasing uncertainty in the life-course dynamics. Therefore, individuals face a multi-faceted risk of damaging their human capital base, potentially causing scarring effects on successive life-course levels. People are particularly vulnerable: (1) moving from schooling to their first job; (2) having children; (3) suffering, almost inevitably, periods of inactivity in the labor market; and, eventually, (4) moving to retirement.

Social investment claims that the state should "activate" to enable its citizens to face these grim moments by investing in them, strengthening their skills and capabilities.

Therefore, social investment programs rely on the effects of the return on investment. Meaning that to be effective and worthwhile, these kinds of policies must not only be consumed in the present in order to meet current needs, but it must be an expenditure that will pay off and produce future social returns.

Social investment is a holistic strategy for the development, employment, and protection of human capital throughout the life course for the benefit and the profit of individuals, families, society, and the economy.

As it emerges from various Anton Hemerijck's works three central interdependent social investment policy functions can be distinguished: *(1) raising the quality of the "stock" of human capital and capabilities over the life course; (2) easing the "flow" of contemporary labor-market and life-course transitions; and (3) maintaining strong minimum-income universal safety nets as income protection and economic stabilization "buffers" in aging societies.*

The "stock" function is the social investment archetype. It aims to construct and fortify high-quality human capital and to reinforce the skills and capacities of individuals in order to prepare them to tackle life-course contingencies and enhance their future life possibilities and perspectives.

The aim of the “flow” function is to “bridge” critical life transactions, through schemes that promote employment for women and single parents, active labor market policies and initiatives that facilitate access to the labor market throughout life.

The “buffer” function is to protect people during risky transitions, secure their income and financial situation, through adequate and activating unemployment and minimum income support schemes. Adequate minimum income coverage is crucial for an effective social investment strategy, as it helps to compensate for the loss of earnings, reduce micro-level social inequity, and thus provide people with the financial security they need to grow their human capital.

Many scholars advanced critics to this new paradigm. These can be essentially divided into four groups.

The first critics claim that social investment is a neoliberalism “trick” used to dismantle the welfare state. The second, the feminist, asserts that it would “masculinize” women’s life course. The third critic moved to this paradigm is that it is plagued by the so-called “Matthew Effects”. Whereas, the final argues that the social investment approach is affected by the austerity measures that followed the Great Financial Crisis and that without any turn, they will eventually undermine and put an end to it.

It is undoubted that the financial crisis has left governments with fewer resources. Therefore, according to Palmer et al. the future implementation of social investment policies depends on whether or not it is possible to extract the necessary taxes. This is particularly true if states, in addition to recalibrating social policies, wish to keep up part of the old welfare systems. Making, therefore, their modernization a democratic problem with national as well as international dimensions.

Some of the EU member states, as well as some Latin American countries, have been the most eager in introducing these new policies. In the EU but also in Latin America a great focus was put on the "stock" function policies and in investing in children. In South America, extensive use has also been made of conditional cash transfers while in the EU, some countries introduced income support through social transfer such as family and children benefits, adapting tax and benefit system to remove disincentives for the second earner to work.

In particular, the thesis analytically examined the cases of the United Kingdom and of Chile.

United Kingdom introduced social investment policies in the late 1990s, following Blair's New Labour win in the general elections.

In the 1990s, poverty and inequalities in the United Kingdom were rising for a decade. According to the U.K. Parliament, a person is considered to be relatively poor if living in a households with an income below 60% of the median in that year; while is to be considered in absolute poverty if living in households with income below 60% of (inflation-adjusted) median income in a base year.

Overall, in 1997, about 14 million people were living under the poverty line, roughly 18% of the total population. 34% of them were children. Whereas, the children in absolute poverty were 46%, after housing cost.

In this situation, Blair decided to launch a war against child poverty, aiming at reducing it by one quarter in five years, halve it in a decade and end it in 20 years.

The general idea of the New Labour was a complete restructure of the British welfare system.

The British antipoverty strategy was divided into three distinct but interrelated parts that resembled the Hemerijck's "stock", "flow" and "buffer" functions of social investment: (1) investing in children, by promoting childcare and measures to tackle long-term disadvantage. (2) Promoting work and making work pay. (3) Increasing financial support for families with children through the tax and benefit system.

The first set of reform, i.e. the "stock" function of investing in children were particularly designed to improve children's education and health as well as to enable lone parents to (re)enter the labor market. Therefore, firstly, it was conceived the Sure Start Local Programs (SSLPs), community-based programs for children aged 0 to 3 years old targeted at low-income families in the most 20% disadvantaged areas. By 2010, 3,500 centers were created.

Secondly, an increase in public spending in education enabled the establishment of pre- and post-school care to help students in the learning process.

In order to fight truancy, the government started providing cash grants called "Education Maintenance Allowances" (EMAs), between £5 and £40 per week, for low-income households' young adults between 16 and 17 years old to encourage them to remain in school.

The second set of reform, the "flow" function, constituted in a series of welfare-to-work programs.

The most important of which became collectively known as the New Deal for Lone Parents.

This policy entitled lone parents to income support. This was, however, bound (originally was on a voluntary base) to the condition to attend work-focused interviews and to work or actively look for a job.

The third stock of polices, i.e. the “buffer”, encompassed the introduction of Britain’s first national minimum wage, of the Working Families Tax Credit and Child Tax Credit, as well as of the strengthening of the Child Benefit.

To evaluate the effect of these policies, the period of their implementation (15 years, 1998-2013), was divided into three phases.

In the first period, from 1998/1999 to 2004/2005, child poverty rates declined at a steady rate and the target of reducing child poverty by a quarter in 5 years was narrowly missed. This period was characterized by a growing economy and by the implementations of the New Deal for Lone Parents which increased lone parents’ employment from 45% to 54%. The minimum wage alongside the tax and benefit measures reduced child poverty of almost 1.3 million in the considered period. The largest absolute decline was experienced among children with no parent at work, from 58.3% to 38.9%.

The SSLPs had a two-sided outcome. On one side revealed the presence of the “Matthew Effects” and more socially deprived families found it to be frustrating and invasive. On the other side, the program proved to enhance vulnerable children’s school-related achievement and behavior, to have positive long-lasting effects that continued in late primary school. Finally, findings suggest that overall SSLPs had a more positive impact on health than on education.

The second period between 2004/2005 and 2009/2010 is characterized by a less straightforward pace. Poverty in the country firstly rose again due to the introduction of indirect taxes and duties, which have been increasing since 1997. Nevertheless, after the introduction of the Working Tax Credit and of the Child Tax Credit figures in poverty declined. The third considered period, between 2010/2011 and 2012/2013, shows a surge of children absolute poverty, while the number of children in relative poverty remains substantially unaltered. This period was characterized by the effect of the financial crisis, which led to a rise in unemployment figures.

Furthermore, in 2010, New Labours were defeated in the general election and the Tories managed to regain the majority in the Parliament starting reversing previous governments' policies.

Although Blair did not manage to keep his promise, The Institute of Fiscal Studies asserted that over 900,000 children (7% of all children in the UK) were lifted out of poverty between 2000 and 2010 and a further 600,000 (4.6%) were prevented from falling into it.

Shortly after her entrance into power (2006), Chile's President Bachelet, inspired by the British policies, decided to tackle the country's long-lasting inequality, and to interrupt the intergenerational cycle of poverty, by creating a "welfare for children". The purpose was to enable all children to reach their full development potential, meeting their needs at their earliest phase of life.

Hence, she created a commission with the mandate to develop a comprehensive policy for children between the ages of zero and eight. The work of the Council enabled the specifics of the design and implementation of the Chile Crece Contigo (ChCC) comprehensive child protection subsystem, a multi-dimensional policy designed to tackle poverty not only under the economic point of view, through a set of programs that seek to pay attention to a series of risks and vulnerabilities faced by people, families and communities.

Chile Crece Contigo, which can be ascribed as a Hemerijck's "stock" social investment function, was designed in order to target especially those that find themselves in situations of risk or vulnerability in order to allow equal opportunities to be guaranteed from the beginning.

Chile Crece Contigo is based on two main pillars. The first, the Biopsychosocial Development Support Program (Programa de Apoyo al Desarrollo Biopsicosocial, PADBP) considered to be its core element, is its gateway, as it begins with the first gestation control in the Health Services and from here the path of child development is monitored until 4 years old.

The second program, the Newborn Support Program (Programa de Apoyo al(la) Recién Nacido(a), PARN), provides prenatal seminars and training sessions to the soon to be parents and caregivers. As well as, information material, at the time of hospital discharge and provides a series of educational games and essential goods for the child.

Nevertheless, a large part of the program of Chile Crece Contigo is reserved for those who belong to the most 60% or 40% vulnerable households.

This include the provision of the cash grant "Subsidio Único Familiar" to pregnant women, and the preferential access to public services and benefits for children as well as free access to initial education through the provision of the so-called sala cunas (baby cot rooms) and jardines infantiles (kindergarten).

Since 2016, in the middle of the second Bachelet's mandate (2014-2018) begins an extension process of Chile Crece Contigo, with the creation of the Integral Learning Support Program (Programa de Apoyo al Aprendizaje Integral, PAAI).

The main outcomes indicate that Chile Crece Contigo improves neonatal health among all the subsystem participants. The effect of the participation, on the average weight at birth, is approximately of 10 grams increase, and some evidence suggests that it also have reduced rates of fetal death, and improved other health outcomes at birth. After childbirth, the policy seems to be effective in achieving that a child between 0 and 4 years, recovers from a state of risk or delay of the psycho-motor and social-adaptable development. As well as, in getting a child at risk between 0 and 4 years to recover in at least one area of growth.

It is also observed that the policy is not affected by Matthew's Effects as the greatest achievements are among the most vulnerable groups. Although the system has been producing significant results, there are still challenges to be tackled.

Structural problems linked to inequality, poverty and violence, even if they show signs of a steady decline, continue to persist in the country, contributing to having a negative impact on the development of children.

Finally, a comparison between the two "stock" policies showed that despite they were applied into two different contexts they had a positive effect both in increasing health, school attendance and school performance of those who participated in the programs. Furthermore, it is shown that they were also effective in the reduction of poverty.

In conclusion, from the evidence of these positive data, it is possible to state that in these two countries social investment policies had a positive impact.

Even if the two governments did not fully manage to reach their (maybe too optimistic) goals, they surely contributed to improving the lives of most of their citizens and in setting a milestone in the development and expansion of the social investment approach.

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