Public Preferences Towards Social Investment: A Multi-Level Analysis

Björn Bremer

European University Institute
bjoern.bremer@eui.eu

24/02/2017

Abstract

The existing literature on public preferences towards the welfare state has mostly focused on explaining attitudes towards redistribution and the amount of welfare state spending. However, in recent decades the politics of welfare state has become multi-dimensional as governments have turned towards new social policies like social investment. Public preferences towards these policies are still understudied. In particular, there are two open questions. First, we still do not know whether preferences towards social investment are explained by economic self-interest or social values and norms. Second, it is not clear yet, whether and how preferences to social investment vary across countries. I attempt to answer both questions in this paper by using multi-level analysis with data from 24 countries. My findings indicate that the support coalitions for social investment are different from those for social consumption and I identify three main lines of conflict. On the one hand, I argue that socio-economic class is still an important source of preference formation for attitudes towards social investment. Due to the Matthew effect of social investment, individuals from higher classes are also more likely to support such policies than individuals from lower classes. On the other hand, I also show that there is some intra-class heterogeneity as age and gender are also two important divides that shape preferences towards social investment. Further, my analysis shows that these individual-level effects are also conditional upon the country, in which respondents live. In countries with a high level of social investment, individuals are less likely to support further increases in spending on social investment. This is particularly true for the higher socio-economic classes, whose preferences change across countries: while they are supportive of social investment in countries with a low level of investment spending, they become less supportive of such spending as the existing level of investment increases. Contrary to common expectations, this suggests that – at least at some point – there could be a negative feedback effect of social investment as its main constituency becomes less supportive of increasing it further.