***Social and employment services for the long-term unemployed in Germany. Under which conditions are activation policies “social investment”?***

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This paper is concerned with advancing the theorization of social investment. To this end, we introduce three theoretical arguments. Firstly, we expand on Nolan’s (2013) proposition that one must distinguish between social investment as a policy paradigm and policy approach. Secondly, we argue that the policy approach of social investment is undergirded by two different and partly contradicting policy logics: an economic logic and a holistic logic. Thirdly, we suggest that the de-facto logic behind social investment depends not only on formal policy design put also on the operational governance of social investment policies. Using active labour market policies for the long-term unemployed in Germany as an illustrative example, we show that a holistic social investment predominates in Germany in spite of an economic policy discourse. Furthermore, we demonstrate that at the operational governance level, caseloads and an implicit target group approach play a crucial role for the social investment returns earned by active welfare states. These empirical findings suggest that policy-makers should consciously streamline activation systems either towards an economic logic or a holistic logic if systematic social investment returns are to be realized.