WELFARE PRODUCTION: PUBLIC VERSUS PRIVATE*

ABSTRACT. Welfare is one of the highest values in modern societies and refers primarily to the living conditions and the perceived life quality of individuals and families. This paper is asking how welfare is generated in society, what are the producers, the products, the production processes, the limits of particular productions, and new innovative "mixes". After a survey of the literature (theory of social production, well-being accounting, political productivity, social policy intervention), a scheme of four major institutions of welfare production is discussed: markets, bureaucracies, associations, private households. Next, the present dilemmas and the innovative potential of each particular institution and of pair- and triple combinations are briefly explored, e.g. new "corporatist" patterns. Two case studies ("shadow economy", household production) are investigating the policy question of how private initiatives, the resources of associations and private households, and new combinations of public and private efforts may overcome some of the deadlocks in the present "market failure" and "state failure".

For a better understanding of political society my proposal is to take a fresh look at one set of crucial social and societal processes: how welfare is generated in society. Unlike other core values — e.g. order, national security, economic growth — welfare basically is a value referring to individuals in their families and households. The pursuit of welfare, therefore, directs our attention towards individual activities — within large-scale organizations but also in small-group life, in the public arena but also in the private sphere. I don’t want to engage in extensive definitions of welfare. Erik Allardt’s developmental sequence of “having”, “loving” and “being” is one stimulating formula. ¹ Peter Flora’s prosperity/security — meritocracy/equality space is another promising conceptualization.² In our empirical research we use the following operationalization: welfare is the function of living conditions and of perceived life quality, and an individual’s welfare position is determined by the level, dispersion and correlation of those two components that can be measured by objective and subjective social indicators.³ What I am engaging in are the questions of what are the producers of welfare, what are the production processes, what are the products, what are the limits of the particular producers, what are their prospects, what are new “mixes” in the production of welfare that might explain current trends and future patterns.⁴ Given that interest I am fascinated by some new theoretical developments that can be summarized as the emerging theory of welfare production.

My argument will be presented in five steps. (1) I am reviewing some approaches that explicitly or implicitly are working on the notion of welfare production. (2) I am trying to systematize that notion. (3) I am discussing the principal actors and some of their interactions. (4) For illustrative purposes I am focusing on one of these new interactive structures: the "shadow economy". (5) I am arguing that the actor most neglected by political sociology — the family household — deserves much more attention and that a political sociology of the household would be an innovative avenue for understanding political society.

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What the criteria of welfare are and how one can improve them: such questions certainly have gained a new importance in connection with the end of the unique post-war growth and the currently experienced "limits to growth". Once again, one wants to know more exactly than during the boom years what the benefits of all the costs in economy, polity, society and private sphere are; how one can use best the scarcer resources; and which innovations are necessary and possible. For analyzing the production of welfare the following theoretical approaches are important:

Theory of Social Production. This approach seeks to broaden micro-economic production- and household theory and to connect it with systematic goals analysis. Public, collective and private actors use their resources for consumption and investment purposes that are oriented to more general welfare goals (health, education, reduction of discrimination etc.). They do choose such production functions (activities, programs) that have, because of their joint and multiple effects, the highest efficiency within the resource restrictions. No longer is a comprehensive utility function available as optimization criterion but a set of goals that can be determined empirically and measured by social indicators. The allocation mechanism is no longer only the competitive market but in addition or complementary to it, comes strategic bargaining, organizational decisions and solidary small-group relations.

Welfare Accounting. This approach is related to the first insofar as the private household plays a crucial role. Household members use private and public goods as inputs and convert them by adding their time and energy into "basic commodities", personal welfare goods. The interest is however