

6. The Blurring of the Distinction 'State Versus Society' in the Idea and Practice of the Welfare State

Franz-Xaver Kaufmann

Abstract

In this chapter the concept of the public sector is developed on its historical and comparative background. A comparison of Anglo-Saxon and German conceptions of the welfare state shows substantial differences in theory and practice of political development. The distinction between public and private is common to both political theories. There is, however, no clear boundary between public and private; the boundary itself is a politically contested issue. For scientific use 'public' and 'private' have to be considered as analytical perspectives, not as separate domains. Hence the public sector is not to be conceived as a 'boundary maintaining' system like 'state' or 'government'. The concept is broader and less limited. It includes those aspects of social reality which are related to actions of state and government, regardless of their formal public or private status.

6.1 Introduction

Modern states are said to be welfare states. Our academic understanding of what this means, however, is still in its infancy. A serious theory of the welfare state is still lacking, as several authors have emphasized in recent years (see Mommsen 1981; Luhmann 1981; Flora and Heidenheimer 1981; Alber 1982). This paper deals with some issues in defining the major problems of what is conveniently called 'the welfare state' in order to provide a better understanding of what we refer to as the public sector in this volume.

6.2 The Welfare State, a Preliminary Sketch

The first record of the use of the term 'welfare state' is supposed to stem from the British archbishop William Temple who used it in a pamphlet "Citizen and Churchmen" in the year 1941 (cf. Gregg 1967: 3).¹ This was the year in which Roosevelt and Churchill proclaimed the Atlantic Charter and asked for "freedom from fear and want" in a new society after a victorious end to World War II. One year later the Beveridge Plan, which is considered a landmark in programming the welfare state, appeared. In 1948 the General Declaration of Human Rights promulgated not only civil but also social rights like the right to social security, to work and recreation, to a decent standard of living, the protection of mothers and children as well as the right to education and to cultural participation.²

If one considers the welfare state as a kind of consensual definition of a society's "legal and therefore formal and explicit responsibility for the basic well-being of all of its members" (Girvetz 1968: 512), it makes sense to say that in the Anglo-Saxon world the welfare state has emerged during and since World War II, despite some preliminary innovations beginning with the British Factory Act of 1833, the Public Health Act of 1848, the Education Act of 1870, the Workmens Compensation Act of 1897 and the Old Age Pensions Act of 1908. Although Great Britain (and to some extent also France) led in the industrialization process of the 19th century and first experienced the social problems of industrial work (cf. e.g. Polanyi 1944), it was not Britain but Germany which played a pioneering role in the intellectual analysis of the new society and its problems as well as in the creation of political measures to deal with these problems.

In the thirties and forties of the 19th century a keen awareness of the new character of industrial misery (as differentiated from pre-industrial poverty) was found in such leading theorists as Franz von Baader (1835), Robert von Mohl (1835), Lorenz von Stein (1850) and Karl Marx (1845/46: 186 f.). It is impressive to see how these thinkers, who range across the political spectrum from conservative (Baader), to liberal (Mohl), reformist, (Stein) or revolutionary (Marx) thought, converge on the diagnosis of industrial misery as stemming from a social division between the wealthier people, who are able to participate in the development of the new economic opportunities, and the "proletarians without property" (Baader), who are forced to sell their ability to work for whatever price and under whatever working conditions they can get.

The network of these new economic opportunities was called – following Hegel (1821) – "the (civil) society", and was differentiated from "the state," the constitution of self-containing legal power cf. Grimm: (Ch. 4). The new opportunities for industrialization were seen as a consequence of the withdrawal of the liberal state from economic tutelage; thus its social consequences were attributed to the *separation* between state and society and the abolition of the feudal order that accounted for economic backwardness as well as for a basic protection of the bondsmen and other early forms of social security like the guilds, local and ecclesiastical assistance, etc. It is in this context that the term '*Sozialpolitik*' (meaning either social politics or social policies or both) has been asserted to denote the problem of a *mediation* between state and society in order to solve the social problems of early capitalism (cf. Pankoke 1970; Grimm 1983).

The institutional character of the term "*Sozialpolitik*" emerged slowly during the second part of the 19th century, and it was given academic support by the *Verein für Sozialpolitik*, an association of social scientists founded in 1872 to promote social reform by state intervention. With the unification of the German Reich in 1870/71 under the auspices of the King of Prussia the *etatistic* approach to solving social problems became stronger. The introduction of the first nationwide social security system for industrial workers in the 1880s is rightly considered a landmark in the creation of the modern welfare state. If one sees the granting of social rights as a decisive aspect in the establishment of a welfare state, Germany was a pioneer again in 1919, when the new Weimar constitution included a series of basic social rights for the first time.³

The widespread tendency to describe modern states as welfare states suggests

that there has been a very similar political evolution in all western countries and in other parts of the world. As the recent work of some comparative researchers (Hecló 1974; Flora and Heidenheimer 1981; Köhler and Zacher 1981; Mommsen 1981; Alber 1982, 1983; Flora et al. 1983; Kohl 1985) shows, it is, however, difficult to ascertain a common pattern in the development of the social legislation and services. The genesis of welfare policies cannot be explained by valid single or even compound factor theories. There is also no consensus with respect to the core institutions of the welfare state. In the Anglo-Saxon discussion the welfare state is widely identified with the existence of certain 'social services'. In the United States the term designates five main domains of welfare institutions: education, health, income maintenance, housing and employment. In British classifications the last domain seems to be excluded. British authors, however, tend to add the newer domain of social work and counseling as "personal social services" (cf. Kaufmann 1980: 35). In the German discussion there is some tendency to identify the *Sozialstaat* with *Sozialpolitik*. This term emphasizes workers' protection and social security, i.e., activities of the central state regulated under the auspices of the Ministry of Labour, which has important corporate relationships with the employers and the unions. Whereas health and housing are sometimes included, education is regularly excluded from the concept of '*Sozialpolitik*'. Local services tend to be included only in the newer academic discussion.

These differences in emphasis should, however, not obscure the evidence that modern states show of a certain agreement with respect to the social problems regulated by government action. *Variations in the institutional embodiment seem to be bound essentially to national differences in the constitutional structure of the public sector.* The common properties of the so-called welfare states, despite certain variations in scope and institutional embodiment, can be explained by the theoretical assumption that welfare aspects of modern states are emergent properties which have developed by a process of trial and error. From the perspective of evolutionary theory one may consider various historical situations, social-political movements and conflicts as challenges and the responses of the institutionalized forms of political power (in terms of social legislation, repression or migration policies) as variations. The emergence of common properties then calls for explanation: if Western societies have adopted similar ideas and institutions for promoting what is called the welfare state, there must also be properties common to the challenges that have evoked selective responses from political institutions. The sources of the challenges can be found in the pervasive issues of industrialization and modernization.

6.3 State, Government, and Welfare

From a more analytical point of view the issues of the welfare state reflect patterns of intervention by means of the state into what is conventionally called the (civil) society (cf. Kaufmann 1982). This perspective presupposes the distinction of 'state' and 'society' which is very prominent in the German tradition (cf. Böckenförde 1976) and has also been adopted recently by Anglo-Saxon authors. There are,

however, substantial differences between the original German and the current Anglo-Saxon theories that we shall try to bring out in this section.

The British literature about the welfare state suggests that the state is essentially concerned with the social welfare of its citizens. This creed may belong to the civil religion of some European countries, but it would be misleading to take it as a starting point for further analysis.⁴

First, social problems and welfare issues are only a part of political activity. It is the same government that decides about pollution control, tax reform, economic policy, defense and social security, and there are not two separate entities, one called 'welfare state' (*Sozialstaat*) and the other called political or constitutional state (*Rechtsstaat*). A theory of the welfare state therefore cannot be restricted to welfare policies but must include the constitutional and institutional aspects of political systems which aim to promote the general welfare of the members of society. A more comprehensive view then indicates that the promotion of welfare cannot be restricted to social administration, but is also involved in full employment policy and defense, as Beveridge was clearly aware (cf. Beveridge 1943: 98 ff.).

If one wants to understand the function of welfare in politics, one may safely assume that substantial parts of modern policies are legitimated by a public concern for improving individual and/or collective welfare.⁵ There is also evidence that other political concerns (e.g., economic growth, maintaining political loyalties) and interests (e.g., of professional associations or unions) are often more efficient in promoting welfare policies than commitment for welfare. Moreover, welfare policies do not always produce need-satisfaction for those individuals who are most in need of it. As they are interventions in already constituted social settings their effects depend both upon the implementation of the policy and the reactions of those concerned. Welfare effects should therefore be considered more as a by-product of policy-making in the realm of democratic control than as its essence.

The emergence of the welfare aspects of the modern state are seen mainly as a *late* feature of political development. Stein Rokkan (1975) distinguishes four basic processes of political development that seem to emerge more or less sequentially and may then be analyzed as 'phases' of an overall process of political development:

- The formation of the modern state *stricto sensu*, i.e., the building of military and administrative institutions related to a political center and a delimited territory. Or, in Max Weber's terms, the process of monopolization of physical power by a political center.
- Nation building as a process of political and cultural unification of the population in a state's territory.
- The establishment of political citizenship, i.e., the creation and extension of equal civil and political rights and the creation of structures for political participation (e.g., parties and representative government) leading to the political structure of mass democracies.
- The establishment of welfare states as a consequence of the evolution of mass democracy.

The work of P. Flora et al. (1983) using Rokkan's approach shows, that although

this type of developmental process is indeed a valuable heuristic aid, it cannot account for the multiplicity of historical steps in the various European countries. Moreover, substantial concern was shown by the absolutistic and mercantile states, such as France or Prussia in the 18th century, for welfare policy, based on the assumption that the political and economic power of these state-societies depended upon the health and education of the population. At this point in our argument we have to consider more closely the concept of the state that we have hitherto taken for granted. As the works of Nettl (1968) and especially Dyson (1980) show, there are major differences between the theories of institutional political power in the European continental and the Anglo-Saxon tradition.

The older German tradition of policy science was already a theory of welfare policies (cf. Maier 1966). The notion of a "night-watchman" state that stands apart from civil society and does not interfere with the endeavors of the latter is essentially a creation of liberal thought (originating in the Anglo-Saxon world!) and has never been followed in continental political practice.

The concept of the state is not as universal in European history as hitherto assumed, but rather stems essentially from the continental European tradition. This is not only true for the emergence of institutions relating to positive law and stemming from the tradition of Roman law, but also applies to the history of ideas in the Anglo-Saxon tradition which takes little account of the state. The continental notion of the state has to be considered as the consequence of both institution building and formulation of theories of the state. Thus the state is

"a generalizing, integrating and legitimating concept . . . the most integrated form of political society, emphasis being placed on its association with the ideas of collectivity and the general good, on its combination of socio-cultural with a legal dimension. As an aggregate concept the state stresses the interdependency and integration of institutions as opposed to the structural differentiation typical of 'civil' society and so beloved of modern Anglo-American political science" (Dyson 1980: 208 f.).

The Anglo-Saxon concepts of government and Crown have a narrower scope, are more centered on people than on institutions and place less emphasis upon the unity of the public sector.

Nettl therefore considers England and (to a lesser degree) the United States as "stateless societies" and shows that the Anglo-Saxon social sciences consequently differ from the European tradition in their 'statelessness'.⁶

Keeping these differences in mind, the conceptual weakness of the British thinking on the 'welfare state' becomes understandable. It refers here only to a sector of the exercise of political power and not to the unifying effect of the political institutions per se. One may speculate whether the basic differences in political ideas and institutions may also explain the quite different fate of socialist ideas in the Anglo-Saxon world (and the differences with regards to the theory of the state between the late Karl Marx and Friedrich Engels).

6.4 The Public Sector

Although these differences were not quite apparent when our project was conceived, an uneasiness about conventional approaches led us in 1978 to speak about

'the public sector' (and not 'the state' or 'the welfare state'), when the first steps towards the planning of the present project were initiated.

The notion of a public sector stems both from economic and political theory. From an *economic* point of view the public sector accounts for those parts of production and/or allocation which are financed by public bodies. As the term is rather vague, it may also point to the distinction of state-regulated and market-regulated production, or to the question of public or private ownership (e.g. public enterprise).⁷ These various approaches may lead to very different definitions and dimensions of the public sector. The distinction between 'public' and 'private' that is basic to the notion of the public sector has also been worked out by *political* theory. Its earliest roots go back to the distinction of '*jus publicum*' ("*quod ad statum rei Romanae spectat*") and '*jus privatum*' ("*quod ad singulorum utilitatem spectat*") in Roman law.⁸ In the 18th century the term 'public opinion' emerges both in French and British political theory to emphasize the importance of the political participation of the public in the exercise of government. The public that requires the publicity of all acts of government is not a part of government (or 'state') but is conceived as an open public realm where citizens engage in free discourse, form public opinion and exercise prerogatives of citizenship where a 'public interest' is involved. In a democracy there is therefore no essential division between 'public' and 'private', rather men decide as citizens what becomes of public interest. The development of mass media has of course altered the public discourse (cf. Habermas 1962) but not the basic connotations of the term.

These sketchy remarks show the variety of dimensions inherent in the notion of what is public, but one can also ascertain common features in the economic and the political approach: although in both traditions the term 'public' is related to activities or features of state and government, it also covers a wider range of actors and activities outside of government. The fact that various – continental and Anglo-Saxon – traditions seems to agree on this basic understanding of the public sector makes the notion useful for the purposes of the present work.

One may then raise the question of the scope of the public sector. As will be shown in Chapter 7 (Gretschmann) and 9 (Hood), it is by no means easy to ascertain clear boundaries between public and private. In countries with a state tradition the distinction seems at first glance easier than in common law countries. All corporations under public law may then be said to form the public sector. In that sense the public sector covers the authorities of the central (and possibly federated) state(s). It also covers local authorities and public enterprise, and in Germany most mass media and the churches. By contrast all organizations formed under private law, e.g., large corporations or welfare associations, belong to the private sector. This clear-cut legal distinction does not account for the more substantial issues that are involved in the relationship of public and private. The question of what is of public (or only of private) interest is itself a normative and political one: liberals tend to restrict the scope of the public, socialists tend to enlarge it. If one accepts something as being public, one asserts that it is (at least virtually) subject to political intervention.

The apparent vagueness of the distinction in our times is a consequence of the very political character of the distinction. The claim for privacy in individual affairs and for publicity in government affairs was directed against the idea and practice of an

absolutistic exercise of government. The resulting constitutional state was essentially a retrenchment or restriction of political power, i.e., the idea of a self-contained state which regulated the boundaries of government control as well as the boundaries of private arbitrariness. Hence the distinction public/private is closely related to that of 'state' and 'society' in the German tradition. The claim for privacy was a claim for political non-intervention, for freedom to regulate one's own affairs, even if it was in the form of a contract whose judicial forms were regulated by civil law. Hence (civil) society was perceived as the area where private subjects could develop the strength of their creative forces in order to promote knowledge, wealth and progress. The apparent inequalities resulting from or perpetuated by the struggle for survival in the growing capitalist economy, social clustering of industrial populations in the form of urbanization, and the growth of a working class led to state resp. government intervention in domains that were considered to be 'private' by those groups who were successful in achieving wealth and influence.

The forms and the justifications of the first public interventions were as various as the social problems that became the first targets for political action: the regulation of poverty, problems of public health in the cities, the deprivation of children or exploitation in factory work. On the continent problems of worker protection became paramount and led to the idea of "*Sozialpolitik*" as a 'mediation' between the forces of 'state' and 'society'. Typically, *Sozialpolitik* was not meant to expand the realm of the state itself, but rather to regulate and complement the private arrangements of work by contract and provisions for the risks of life.

It may be worthwhile to remember that after the break-down of older forms of social protection there was a strong movement towards collective self-help in Europe in the 19th century. The English 'friendly societies', the German "*Hilfskassen auf Gegenseitigkeit*" as well as the French "*mutualités*" preceded governmental initiatives to protect workers from the risks of old age and sickness. State intervention grew slowly, first in Prussia and subsequently in the German Empire. The establishment of social insurance in the 1880s took over the existing '*Hilfskassen*' which had been occasionally regulated by local and state intervention since the 1850s. They kept an autonomous status under public law and became self-administering bodies under the influence of workers and employers. Bismarck was eager, however, to subsidize them with public funds in order to convince the workers of the Empire's benevolent intentions towards them (cf. Tennstedt 1981; Köhler and Zacher 1981). The reluctant establishment of social insurance in Great Britain was also due to competition from the friendly societies and the Poor Law (cf. Thane 1982).

Similarly workers' protection was introduced mainly by granting individual and collective rights to industrial workers in relationships with their employer and not by expanding public ownership. *Thus the daily life of the industrial workers and later of the population at large became more and more dependent on a mix of public and private regulations and provisions* (cf. Rose 1985).

Besides matters of social policy there has also been a growing concern in politics with the running of the economy itself, leading to economic policies, especially after the world depression of 1929. In Keynesianism, a coherent theory of public

intervention in the market economy was found that led towards what is now sometimes called a 'mixed economy'.

After World War II the area of social problems that were considered of public interest expanded substantially, covering problems of children's socialization, of the quality of life, of care for the elderly, etc. Local social services, run by public or private agencies, became a matter of political concern for central governments (cf. Sharpe: Ch. 8). Moreover, governments tried – especially in the United Kingdom and in the United States – to solve economic and social problems by creating new agencies outside government, e.g., in the form of private corporations (cf. Hood: Ch. 9).

In Germany the tendency was more to new forms of autonomous bodies within the public service (cf. Schuppert 1981), but there were also other patterns of a public-private mix (cf. Gessner and Winter 1982). Moreover, there was a growth of legislation in most countries that regulated the activities of private corporations (e.g., in the interest of safety or consumer protection) or even forced them to provide for needs considered as 'meritorious' (e.g., fringe benefits) or to perform services for public purposes (e.g., collecting taxes, providing statistics). There is hence a *growing interdependency* of both public and private actors in economic and social policy that renders the old distinctions of 'state' and 'society' or of 'public' and 'private' as *separate domains* meaningless.

What then about the notion of a public sector? Should we accept the idea that the whole economy and all activities outside the area of mere private life have become public? This would obviously underrate activities that are not publicly regulated, financed nor publicly owned, and it could easily lead to a totalitarian view of the public domain (cf. Böckenförde 1976: 395–431). The distinction between 'public' and 'private' is still relevant, but in a different sense.

This sense is already present in the afore-mentioned quotation from Ulpian: public law is concerned with the estate of "what is common to Romans", private law is concerned with "what is of individual utility". 'Public' and 'private' are not separate domains, but *distinct perspectives* that apply in various mixtures to the social, economic and political reality. The 'purely public' (e.g., constitutional decision making) and the 'purely private' matters (e.g., gambling or love) are limiting cases, whereas most parts of social life may be considered more in a public or more in a private perspective. The predominance of one or another is rightly and in fact a normative and a political issue.

This position should, however, not obscure the fact that for a certain country at a particular time the notions of public and private are not as blurred as the above analysis suggests. Dominant views exist of what is primarily in the realm of privacy and that which primarily concerns public life. There are, however, 'grey zones' that will be explored in more detail in subsequent chapters. Welfare policies typically fall in this grey zone, and this is the reason why they are particularly suitable for exploring issues about the public sector.

6.5 Consequences for Further Research

Whereas 'state' and 'government' are rather delimited concepts whose boundaries are set essentially by law, the notion of a public sector is conceptually broader and less limited. It was the intention of the previous section to explain why this vagueness in terms of domain is a *necessary* feature of the concept. Given the fact that government influence goes far beyond the boundaries of 'the state', one needs a concept that can be adapted to describe the broadening of government influence in society and to consider this not only as a factual, but also as a *controversial* matter. The term 'public sector' (*öffentlicher Sektor, secteur public*), which is well-established in international academic and political language, exhibits precisely these features.

In the previous presentation the notion of a public sector has been developed mainly from the point of view of a growing political influence in economic and social relationships that are conventionally considered as private. This is, however, only one side of the coin. The relationship of society and state is also to be seen from the point of view of an acceptance of government. Notions of 'public opinion' and 'public interest' show that one has to consider the public sector not only in terms of policy output (in the sense of Easton 1965) but also in terms of policy input. This aspect is dealt with more generally in political science with reference to the 'political system'. Suffice it to say that the concern of this volume is about both sides of the relationships between 'private' individuals, their associations and the public realm.

This definition presupposes a structural differentiation of the political and the economic system, as it has emerged in the West and may be called an essential feature of the Western type of rationalization. In socialist societies the public sector covers the whole range of organized social relationships. From a structural point of view it is precisely the lack of a *legitimate* boundary between state and civil society that accounts for the difference from the Western or capitalist type.⁹

In the present book we are only concerned with guidance, control and performance evaluation in the public sector of *Western* societies. We therefore start from the assumption of a structural differentiation of state and civil society, or – in more modern terms – of the political, the economic, the cultural and the family system.¹⁰ State or government then is not seen as a kind of superstructure for the whole society but as the core institution of the political system as a specialized part of society that is concerned with specific tasks, e.g., to establish and to maintain public order, to make binding decisions for all members of a society, to maintain the collective identity against external threats and to promote common welfare. These definitions obviously refer to conventional political theory in Western societies that operate on a national level. In recent years the focus upon this level has been challenged both by internationalism and regionalism. Whereas international restrictions on the exercise of national political authority cannot be dealt with adequately in the present context, our approach needs to make explicit the challenge of regionalism (or localism) to political theory (cf. Sharpe: Ch. 8).

To speak about a public sector as if it were a distinct part of modern society (as 'the state') is, however, not quite accurate. As already mentioned, the public and the private sector are not two quite separate domains, but within the basic and

legitimate distinction between them there exist institutions and organizations that account for a *mix*, a conjunction or interdependence of both public and private endeavours. Karl Marx was already aware of the *analytic* character of the distinction between “*bourgeois*” and “*citoyen*”! From the perspective of individual members of society there remain, however, different forms of welfare production: public provision, the market form, the household and various forms of reciprocity and association (cf. Zapf 1982). In terms of welfare theory our concern is with the conditions under which the interplay of various forms of welfare production may yield satisfactory results. Although the issues to be dealt with in this volume do not cover the whole range of problems related to that question, we hope that the conditions and limits of public action in the production of welfare will become clearer. In order not to lose focus in our inquiry it is important to maintain the notion of (a) public sector(s) as definitely related to the core institutions of *political* life. As we have seen these are neither established nor conceptualized in the same way in any given country. It therefore makes sense to conceive of ‘stateness’ not as an universal, but as a variable form of political organization (cf. Nettl 1968). Our concern in the remainder of this book, however, is less with the constitutional aspects of Western societies than with the institutional arrangements that regulate interaction among the core institutions of government and the other actors in what we conventionally call the public sector.

Notes

- 1 However, the distinguished member of the “*Verein für Sozialpolitik*”, Adolph Wagner (1876: 305) had already used the term “*Cultur- und Wohlfahrtsstaat*” to denote the extension of the activities of the state into the fields of culture and welfare, but it did not become topical in Germany. Nowadays the term ‘*Wohlfahrtsstaat*’ has been accepted as a translation of the English term but is used in a slightly pejorative sense to denote the political and fiscal overload stemming from welfare issues. The positive equivalent is ‘*Sozialstaat*’, see note 3.
- 2 See articles 22–27 of the General Declaration of Human Rights. The existence of social rights has to be considered as a basic element of the welfare state (cf. Marshall 1964).
- 3 These social rights could not, however, be implemented during the Weimar Republic because of economic stagnation and progressive political cleavages. This experience led the founders of the constitution of the Federal Republic to renounce the formulation of specific social rights, which have been replaced by the general rule of a ‘social character’ of the state (Art. 20 and 28 I *Grundgesetz*).
- 4 For a more detailed discussion see Kaufmann (1985).
- 5 In ideological debates ‘welfare’ is normally referred to in the sense of individual welfare, i.e. in terms of improvements of daily life for (all or particular) classes of individuals. As a matter of fact Western political systems also seem to be selective with respect to needs to be satisfied by public intervention. Individual need-satisfaction is promoted only if goods or services are judged to be ‘meritorious’ (Musgrave 1959: 13), i.e., that their consumption will not only satisfy individual needs but produce benevolent externalities. For example, the expansion of educational services in the 1960s was motivated by a theory of human capital formation and the sputnik shock!
- 6 These underlying and largely unconscious differences in basic attitudes towards the conceptualization of political institutions were vividly experienced in the discussions of the research group. It was only in the last stages of our endeavor that they became a matter of conscious awareness. The different traditions have therefore been presented

- in the two preceding chapters of Grimm and V. Ostrom. For Public Finance see also Gretschmann (Ch. 3).
- 7 The first substantial account of these issues was given by Weidenbaum (1969).
 - 8 See Ulpian, *De justitia et jure* 1,1. For a history of the form 'public' see Hölscher (1978).
 - 9 This does not mean that there is no boundary between political and economic functions in socialist societies. The boundary is much weaker as it operates essentially on the level of organizations, but not on the institutional level. Political authorities are expected to guide and control the economy.
 - 10 A fourfold basic differentiation of modern society in various terms is acknowledged by several 'grand theories', e.g. M. Weber, T. Parsons and N. Luhmann.

References

- Alber, J. (1982): *Vom Armenhaus zum Wohlfahrtsstaat*. Frankfurt–New York: Campus.
- Alber, J. (1983): "Einige Grundlagen und Begleiterscheinungen der Entwicklung der Sozialausgaben in Westeuropa, 1949–1977." *Zeitschrift für Soziologie* 12/2: 93–118.
- Baader, F. von (1835): "Über das dermalige Mißverhältnis der Vermögenslosen oder Proletaires zu den Vermögen besitzenden Klassen der Societät in Betreff ihres Auskommens sowohl in materieller als intellektueller Hinsicht aus dem Standpunkte des Rechts betrachtet." (1957). In Grassel, H. (ed.), *Gesellschaftslehre*, 235–250. München. (Repr.)
- Beveridge, W. (1943): *The Pillars of Security and other Wartime Essays and Adresses*. London: Allen & Unwin.
- Böckenförde, E. W. (ed.) (1976): *Staat und Gesellschaft*. Darmstadt: Wissenschaftliche Buchgesellschaft.
- Dyson, K. (1980): *The State Tradition in Western Europe*. Oxford: Robertson.
- Easton, D. (1965): *A Systems-Analysis of Political Life*. New York: Wiley.
- Flora, P., and A. Heidenheimer (eds.) (1981): *The Development of Welfare States in Europe and America*. New Brunswick–London: Transaction.
- Flora, P., J. Alber, R. Eichenberg, J. Kohl, F. Kraus, W. Pfenning, and K. Seeböhm (1983): *State, Economy and Society in Western Europe 1815–1975*. Vol. I. Frankfurt: Campus; London: Macmillan; Chicago: St. James Press.
- Gessner, V., and G. Winter (1982): *Rechtsformen der Verflechtung von Staat und Wirtschaft*. Opladen: Westdeutscher Verlag.
- Girvetz, H. K. (1968): "Welfare State." In Sills, D. L. (ed.), *International Encyclopedia of the Social Sciences*. Vol. 16: 512–521. New York: Macmillan; Free Press.
- Gregg, P. (1967): *The Welfare State*. London: Harrap.
- Grimm, D. (1983): "Die sozialgeschichtliche und verfassungsrechtliche Entwicklung zum Sozialstaat." In Koslowski, P., P. Kreuzer, and R. Löw (eds.), *Chancen und Grenzen des Sozialstaats*, 41–64. Tübingen: Mohr.
- Habermas, J. (1962): *Strukturwandel der Öffentlichkeit*. Neuwied: Luchterhand.
- Heclö, H. (1974): *Modern Social Politics in Britain and Sweden*. New Haven–London: Yale Univ. Press.
- Hegel, G. W. F. (1821): *Grundlinien der Philosophie des Rechts oder Naturrecht und Staatswissenschaft im Grundrisse*. Berlin: Nicolaische Buchhandlung.
- Hölscher, L. (1978): "Öffentlichkeit." In: Brunner, O., W. Conze, and R. Koselleck (eds.), *Geschichtliche Grundbegriffe. Historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, Vol. 4: 413–467. Stuttgart: Klett-Cotta.
- Kaufmann, F. X. (1980): "Social Policy and Social Services: Some Problems of Policy Formation, Program Implementation and Impact Evaluation." In Grunow, D., and F. Hegner (eds.), *Welfare or Bureaucracy*, 29–43. Cambridge, Mass.: Oelgeschlager, Gunn & Hain; Königstein/Ts.: A. Hain.

- Kaufmann, F. X. (1982): "Elemente einer soziologischen Theorie sozialpolitischer Intervention." In: Kaufmann, F. X. (ed.), *Staatliche Sozialpolitik und Familie*, 49-86. München: Oldenbourg.
- Kaufmann, F. X. (1985): "Major problems of the Welfare State: Defining the Issues." In: Eisenstadt, S. N. and O. Ahimeir (eds.), *The Welfare State and its Aftermath*. London: Croom Helm, 44-56.
- Köhler, P. A., and H. F. Zacher (eds.) (1981): *Ein Jahrhundert Sozialversicherung in der Bundesrepublik Deutschland, Frankreich, Großbritannien, Österreich und der Schweiz*. Berlin: Duncker & Humblot.
- Kohl, J. (1985): *Staatsausgaben in Westeuropa. Analysen zur langfristigen Entwicklung der öffentlichen Finanzen*. Frankfurt-New York: Campus.
- Luhmann, N. (1981): *Politische Theorie im Wohlfahrtsstaat*. München: Olzog.
- Maier, H. (1966): *Die ältere deutsche Staats- und Verwaltungslehre (Polizeiwissenschaft)*. Neuwied-Berlin: Luchterhand.
- Marshall, T. H. (1964): *Class, Citizenship and Social Development*. Garden City: Doubleday.
- Marx, K. (1845/46) Die deutsche Ideologie, Reed. Landshut, S., *Karl Marx – Die Frühschriften* (1968). Stuttgart: Kröner.
- Marx, K. (1867): *Das Kapital. Kritik der politischen Ökonomie* (Vol. 1). Hamburg: Meissner.
- Mohl, R. von (1835): "Über die Nachteile, welche sowohl den Arbeitern selbst, als dem Wohlstande und der Sicherheit der gesamten bürgerlichen Gesellschaft von dem fabrikmäßigen Betriebe der Industrie zugehen und über die Notwendigkeit gründlicher Vorbeugungsmittel." In Fürstenberg, F. (ed.), *Industriesoziologie I* (2nd ed. 1966), 273-310. Neuwied: Luchterhand. (Repr.)
- Mommsen, W. J. (ed.) (1981): *The Emergence of the Welfare State in Britain and Germany: 1850-1950*. London: Croom Helm.
- Musgrave, R. A. (1959): *The Theory of Public Finance. A Study in Public Economy*. Tokyo: McGraw Hill.
- Nettl, J. P. (1968): "The State as a Conceptual Variable." *World Politics* 20/4: 559-592.
- Pankoke, E. (1970): *Soziale Bewegung – Soziale Frage – Soziale Politik*. Stuttgart: Klett.
- Polanyi, K. (1944): *The Great Transformation*. New York: Rinehart & Company.
- Rokkan, S. (1975): "Dimensions of State Formation and Nation-Building." In Tilly, C. (ed.), *The Formation of National States in Western Europe*, 562-600. Princeton: Princeton Univ. Press.
- Rose, R. (1985): *The States contribution to the Welfare Mix*. Glasgow: Univ. of Strathclyde, Center for the Study of Public Policy.
- Schiller, T. (1980): "Probleme einer Sozialstaatstheorie." In Greven, M. T., R. Prätorius, and T. Schiller, *Sozialstaat und Sozialpolitik – Krisen und Perspektiven*, 11-90. Neuwied: Luchterhand.
- Schuppert, G. F. (1981): *Die Erfüllung öffentlicher Aufgaben durch verselbständigte Verwaltungseinheiten*. Göttingen: Schwartz.
- Stein, L. von (1850): *Geschichte der sozialen Bewegung in Frankreich von 1789 bis auf unsere Tage*. 3 Vols. Reed. Salomon, G., München 1921.
- Tennstedt, F. (1981): *Sozialgeschichte der Sozialpolitik in Deutschland*. Göttingen: Vandenhoeck & Ruprecht.
- Thane, P. (1982): *Foundations of the Welfare State*. London-New York: Longman.
- Wagner, A. (1876): *Allgemeine oder theoretische Volkswirtschaftslehre*. 1. Teil: Grundlegung. Heidelberg: Winter.
- Weidenbaum, M. L. (1969): *The Modern Public Sector*. New York-London: Basic Books.
- Zapf, W. (1984): *Welfare Production: Public versus Private*. *Social Indicators Research* 14: 263-274.