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*Productive Welfare and the Market
Economy: Korea's Enabling State*

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In examining the philosophy of Productive Welfare, this chapter will address three matters. First since this section of the book deals with comparative and international perspectives, the policy orientation of Productive Welfare is examined within a larger context, so that we might see where it stands in relation to both the conventional ideal of the progressive welfare state and to recent patterns of reform that are reshaping the conventional paradigm to varying degrees in almost all of the industrial democracies. Here a number of large-scale trends are summarized, which I have more thoroughly documented elsewhere.¹⁾ Next, several assumptions in the philosophy of Productive Welfare are explored with an eye to clarifying issues raised concerning the value of work and unpaid labor. Finally, the chapter ends on a philosophical note that concerns the broader consequences of Productive Welfare for the relation between the state and market economy, and their normative implications for the character of modern social life.

1. International Context: Social Reform at the Dawn of the 21st. Century

Where is “Productive Welfare” positioned on the broad canvass of modern welfare state reforms? At the dawn of the 21st century, state sponsored care and social protection in all of the advanced industrialized countries have entered a new era, marked not by substantive policy reforms that have deep and lasting implications. Social welfare scholars have variously characterized these developments as a movement from: the “Keynesian Welfare State to the Schumpeterian Workfare State”,²⁾ “social rights to

1) See, Neil Gilbert, Transformation of the Welfare State: The Silent Surrender of Public Responsibility (New York: Oxford University Press, forthcoming).

2) B. Jessop, “From Keynesian welfare to the Schumpeterian workfare state”, in R.Burrows and B. Loader (eds.) Towards a Post-Fordist Welfare State?

social obligations”³⁾ “passive to active social policy”,⁴⁾ from public to private activity,⁵⁾ from entitlement to contract,⁶⁾ and for those who favor more evocative metaphors -- from “safety nets to trampolines”.⁷⁾ In the U.K. this shift is referred to as the “third way”.⁸⁾

The gravity of these policy reforms, which emphasize work incentives, individual responsibility, and private initiatives is subject to varying interpretations. Some see them as a marginal adjustment in the borders of the welfare state -- a retreat to the core -- or a fine tuning of existing policies.⁹⁾ According to this view political forces have maintained the meat of existing principles of the welfare state, while trimming the fat of excessive provision

(London: Routledge, 1994).

- 3) Lawrence Mead, Beyond Entitlement: The Social Obligations of Citizenship (New York: Free Press, 1986).
- 4) OECD, "Editorial: The Path to Full Employment: Structural Adjustment For An Active Society," Employment Outlook (July 1989).
- 5) Neil Gilbert, Welfare Justice: Restoring Social Equity (New Haven: Yale University Press, 1995).
- 6) Richard. Weatherley, "From entitlement to contract: Reshaping the welfare state in Australia", Journal of Sociology and Social Welfare (1994) 3:13, pp.153~73.
- 7) Jacob Torfing, "From the Keynesian Welfare State to a Schumpeterian Workfare Regime -- the Offensive Neo-Statist Case of Denmark", Paper presented at the 9th International Conference on Socio-Economics, Montreal, Canada July 5~7, 1997.
- 8) Tony Blair, "Forward and Introduction", Green Paper on Welfare State Reform (1998). The British "third way" is reminiscent of the "middle way", Childs' popular account of Sweden's efforts to wend the path between individualism and collectivism in the 1930s. See, Marquis Childs, Sweden: The Middle Way (New Haven: Yale University Press, 1936).
- 9) Paul Pierson, "The New Politics of the Welfare State", World Politics, (1996), 48:2; Seven Olson Hort in "From a Generous to a Stingy Welfare State? Sweden's Approach to Targeting, in" Neil Gilbert ed. Targeting Social Benefits: International Perspectives on Issues and Trends (Rutgers, N.J: Transaction Publishers, 2001) characterizes recent policy changes in the Swedish welfare state, including the unprecedented move toward the privatization of old age pensions, as "fine tuning".

s.¹⁰⁾ Others, myself included, perceive these changes as major revisions in the guiding principles and philosophy of social protection, which are transforming the essential character of modern welfare states. Of course, to transform is not to dismantle or obliterate institutional arrangements for social protection. Social insurance, unemployment, disability, and public assistance programs and the like will continue to operate. What is being altered involves the basic policy framework for these programs on which the most progressive welfare states were modeled.¹¹⁾

The changes underway are spurred, in part, by the demographic challenge of aging societies.

Indeed, the dramatic rise in aging has just began and will take off at end of this decade, so that between 2001 and 2030 the ratio of the number of people over 65 to the number of people employed will on average virtually double in the OECD countries, climbing from 1 retired person for every 3 workers (a ratio of .33) to 1 retired person for every 1.6 workers (a ratio of .63).¹²⁾

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- 10) Gosta Esping-Anderson, ed. Welfare States in Transition: National Adaptations in Global Economies (London: Sage Publications, 1996), p.265; curiously the claim that only "fat" was being cut, is followed on the very next page with a description of successful welfare state cutback policies including "the succession of increasingly severe cutbacks in the Swedish welfare state, including the most cherished programmes such as pensions, sickness absence and parental leave" (p.266).
 - 11) See, for example, Zsuzsa Ferge, "The change of the welfare paradigm - The individualisation of the social", paper presented at the Annual Conference of the British Social Policy Association, Sheffield, July 16~18, 1996. For an analysis of the change in universalist principles and the institutional welfare model in Sweden, see, Sune Sunesson, Staffan Blomberg, Per Gunnar Edebalk, Lars Harrysson, Jan Magnusson, Anne Meeuwisse, Jan Petersson, and Tapio Salonen, "The Flight from Universalism, *European Journal of Social Work*" (1998)1:1, pp. 19-29. Also see, Howard Glennerster. "Which Welfare States are Most Likely to Survive", *International Journal of Social Welfare* (January 1999) 8:1, pp. 1~13, for a view of the distinctive arrangements for social protection taking shape in the U.K.
 - 12) Organization for Economic Cooperation and Development, Maintaining Prosperity in an Ageing Society (Paris: OECD, 1998).

Although many of the OECD countries are raising the standard age of retirement in an effort to mitigate the crushing costs of aging, since 1970 the labor force participation rates for men over 65 have declined and declined substantially for men aged 60~64. Although there is much variation among countries. In 1998, for example, 70% or more of those aged 55~64 did not participate in the labour force in Hungary, Belgium., Luxemburg, Italy and Austria.

Aging is not the only demographic factor that is increasing demand the growth in single parent families also necessitate various sorts of public aid. And although demographic shifts create powerful pressures for change, they are not the only forces at work. As shown in Table 1, social and economic forces have created at least four major lines of influence that are reshaping the institutional framework of social protection. While demand for social spending continues to push upward with the aging of populations, the constraints on additional spending are tightening in response to the pressures of the global economy, which have magnified interdependencies, heightened competitive markets, and shrunk time and space. There are differences of opinion about what exactly the process of globalization represents and its implications for the future of state sponsored social protection. However, many analysts agree that globalization has intensified pressures to scale back labor rights and welfare benefits.¹³⁾

In addition to what might be considered large-scale structural factors such as aging and the globalization of the economy, there are also socio/political pressures for change emanating from a shift in normative views about the consequences of social policies and the proper relationship between the state and the market. The weight of accumulated experience gained over the decades of welfare state growth has told us much about the unanticipated consequences of social benefits, particularly their disincentive effects. The idea that generous welfare benefits might inhibit one's

13) For example, see Guy Standing, Global Labour Flexibility: Seeking Distributive Justice (London:Macmillan Press, Ltd., 1999), pp.62~3.

inclination to work was once viewed as heresy by welfare state advocates they charged it was a case of “blaming the victim”. Yet the same idea, that welfare benefits produce “poverty traps” or “enforced dependency” -- prudently worded not to blame victims -- have become the received wisdom of the late 1990s.

Finally, the collapse of the command-economy of the USSR has raised to record levels the stock of capitalism's public approval in the marketplace of ideas, which has been accompanied by a rising faith in the virtues and abilities of the private sector. These four lines of influence, representing complex and multiple forces lend impetus to the transformation of the welfare state. And what gives these pressures particular weight is that in different ways they all push away from the progressive welfare state model.

What are the directions of change? First and foremost, it has become almost universally accepted that social policies heretofore providing “passive” income supports to unemployed people should be replaced by measures designed to promote employment. Over the last decade, almost all of the

Table 1: Social and Economic Pressures for Change: Four Lines of Influence

DEMOGRAPHIC TRANSITION
AGING
DIVORCE RATES
EXTRA-MARITAL BIRTHS
GLOBALIZATION OF THE ECONOMY
MOBILITY OF CAPITAL TO WHERE PRODUCTION COSTS ARE LOW
MOBILITY OF LABOR TO WHERE BENEFITS ARE HIGH
KNOWLEDGE OF UNANTICIPATED EFFECTS
DISINCENTIVES TO WORK
DEPENDENCY TRAPS
CAPITALISM
RISING FAITH IN MARKET ECONOMY
PRIVATIZATION

industrial welfare states have initiated work-oriented reforms of public assistance, disability, and unemployment programs. The emphasis on work-oriented reforms is one of four critical dimensions in the transformation of the welfare state illustrated in Table 2. Social welfare policies of progressive welfare states were once framed by a *universal* approach to *publicly delivered* benefits designed to *protect labor* against the vicissitudes of the market and firmly held as *social rights*. Today these policies are increasingly being reformed to take a *selective* approach to *private delivery* of provisions designed to *promote labor force participation* and *individual responsibility*. The emerging emphasis on individual responsibility (to work and be self-sufficient) and the tightening of eligibility criteria for social benefits have eroded the social rights of citizenship rights that T.H. Marshall saw as a defining element of citizenship that fostered a common sense of belonging and social cohesion.¹⁴⁾ As Marshallian solidarity -- the cohesion of shared rights -- is on the wane, what we might call Durkheimian solidarity, the cohesion of membership in civic associations, which reinforce shared values and civic duties is waxing with new energy.¹⁵⁾

Overall, the transformation, has been described by various terms, among which I prefer the designation from Welfare State to Enabling State.¹⁶⁾ Neil Gilbert and Barbara Gilbert, The Enabling State: Modern Welfare Capitalism in America (New York: Oxford University Press, 1989); Neil Gilbert, Welfare Justice: Restoring Social Equity (New Haven: Yale University Press, 1995); Will Marshall and Martin Schram, eds. Mandate For

14) T.H. Marshall. Class, Citizenship and Social Development (New York: Anchor Books, 1964).

15) Emile Durkheim. The Division of Labor in Society Trans George Simpson (New York: Free Press, 1933) (English translation of *De la Division du Travail Social*, first published in 1893).

16) For a sample of this usage see, Maria Evandrou, Jane Falkingham, and Howard Glennerster. "The Personal Social Services: 'Everyone's Poor Relation but Nobody's Baby,'" in John Mills, ed. The State of Welfare: The Welfare State in Britain Since 1974 (Oxford: Clarendon Press, 1990).

Change (New York: Berkley Books, 1993); Ben Wattenberg. "Let Clinton Be Clinton", Wall Street Journal (January 20, 1993), p. A12. The Enabling State draws upon what Richard Titmuss once called the "industrial achievement-performance" model of social policy, under which social welfare institutions serve as handmaidens to the market economy, rather than as a counter force supporting alternative values and objectives. This model of social policy, Titmuss explains, "holds that social needs should be met on the basis of merit, work performance and productivity. It is derived from various economic and psychological theories concerned with incentives, effort, and reward".¹⁷⁾ The core philosophy of the Enabling State may be summed up in the principle of public support for private responsibility, where "private" responsibility includes individuals, the market, and voluntary organizations. Building on this principle, social welfare arrangements are increasingly designed to enable people to work and to enable the market and the voluntary sector to assume an expanded role in providing social protection. In contrast, the progressive welfare states of the 20th century emphasized public responsibility for care and protection of the vulnerable, and polices that decommodified labor. That is by providing a source of income outside of market exchanges, what are now described as "passive" welfare benefits gave unemployed workers a degree of independence, allowing them to withhold their labor making it less like a commodity bought and sold purely in response to market forces.

Social protection and income maintenance were among the central functions of the progressive welfare state. Today, however, one finds the strong emphasis on designing social policies to enhance the productive forces of society expressed almost in one voice by political leaders and welfare scholars in industrial countries around the world. Thus, for example, one of the most

17) Richard Titmuss, Social Policy, Brian Abel-Smith and Kay Titmuss (eds.) (London George Allen & Unwin, 1974), p.31.

popular textbooks on social welfare in the United States now teaches that “to reestablish the legitimate the welfare state it is necessary to demonstrate how social programs can contribute positively to the nation's productivity”.¹⁸⁾ In the Netherlands the Dutch Minister of Social Affairs and Employment's call for “re-shaping the welfare state into an economic performer”.¹⁹⁾ Similar observations appear in Sweden, where Stefan Marklund sees welfare reforms as animated by the need “to increase the productivity and competitiveness of the economy”.²⁰⁾ And in Britain, Anthony Giddens counsels movement toward the “social investment state”, which features public investments in human

Table 2: Shift in Central Tendencies From Welfare to Enabling State

<i>Welfare State</i>		<i>Enabling State</i>
PUBLIC PROVISION		PRIVATIZATION
Delivery by public agencies	→	Delivery by private agencies
Transfers in the form of service	→	Transfers in cash or vouchers
Focus on direct expenditures	→	Increasing indirect expenditures
PROTECTING LABOR		PROMOTING WORK
Social Support	→	Social inclusion
Decommodification of labor	→	Recommodification of labor
Unconditional benefits	→	Use of incentives and sanctions
UNIVERSAL ENTITLEMENT		SELECTIVE TARGETING
Avoiding stigma	→	Restoring social equity
SOLIDARITY OF CITIZENSHIP		SOLIDARITY OF MEMBERSHIP
Cohesion of shared rights	→	Cohesion of shared values and civic duties

Source: Neil Gilbert, Transformation of the Welfare State: The Silent Surrender of Public Responsibility (New York: Oxford University Press, forthcoming).

18) Howard Karger and David Stoesz. *American Social Welfare Policy: A Pluralist Approach* (New York: Longman, 1994).

19) A.P.W. Melkert. *Conclusion in Family Market, and Community: Equity and Efficiency in Social Policy* (Paris:OECD, 1997).

20) S. Marklund. *The Decomposition of Social Policy in Sweden*, *Scandinavian Journal of Social Welfare* (1992) 1:1, p. 10.

capital over the provision of customary social welfare benefits.²¹⁾

Indeed, since the late 1980s recommendations for the redesign of social policy to support productivity have been expressed in publications of the Organization for Economic Cooperation and Development and the International Social Security Association.²²⁾

What I describe here as a convergence toward the Enabling State paradigm should be taken to mean that national systems of social protection will all follow the same heading and come to operate exactly the same way. While social welfare policies are increasingly being framed by new principles that emphasize work, privatization, individual responsibility, and targeted benefits, there certainly will be differences rhetorical as well as substantive in the way that countries interpret and apply these principles. Some will justify targeting on the basis of equity; others will accentuate efficiency. Different methods of targeting will be employed with varying grades of transparency.²³⁾ The range of activities that qualify as work will differ as will the extent to which employment policies invest in human capital, job-creation, and wage subsidies, and the degree to which part-time paid employment is normalized. There will be alternative approaches to privatization from top-down contracting for services to bottom-up vouchers and ear-marked tax credits; contracting for

21) Anthony Giddens quoted in "Ideology: Beyond Left and Right", The Economist, May 22, 1998, p.52.

22) See, for example, Organization for Economic Cooperation and Development, The Future of Social Protection (Paris: OECD, 1988) and International Social Security Association, "Developments and Trends in Social Security: 1978~1989", International Social Security Review, (1989) 42:3, pp.247~349.

23) Within the European Union Maurizio Ferrera sees a "process of gradual institutional transformation" that could lead to a "qualitative convergence among the various systems". However, he suggests that, in relation to targeting for instance, such convergence would still be characterized by different countries employing different methods. See, Maurizio Ferrera, A New Social Contract? Four Social Europes: Between Universalism and Selectivity (Badia Fiesolana, Italy: European University Institute, 1996), p.13.

services will be organized through varied arrangements that involve nonprofit organizations in the voluntary sector, which are committed to delivering services in the context of broader social goals and community involvement as well as profit-making organizations dedicated mainly to the immediate business of providing services.²⁴⁾

All of which is to say that there will be assorted renditions of the Enabling State. Freud's axiom concerning the narcissism of minor differences suggests that the closer nations come to resemble each other the more they magnify minute dissimilarities, as a means to reinforce social cohesion.²⁵⁾ If this proposition is correct, policy makers in the advanced industrialized countries are likely to go to great lengths to differentiate their social welfare initiatives from each other. The Nordic countries will have their version of the Enabling State, as will France, Germany, and others, including, perhaps, the Eastern European countries. But when one peels back the outer layers of rhetoric and sorts through the different measures to advance privatization, targeting, employment, and individual responsibility, we arrive at a common core of market-oriented social policies that emphasize the importance of work and private responsibility.

In this context, I see the principles of Productive Welfare as representing a Korean version of the Enabling State. A

24) Evers, distinguishes between the neo-liberal approach to privatization, which emphasizes the business of services delivery and an approach that lends primacy to social goals, community involvement and the strengthening of civil society by voluntary non-profit providers. Adalbert Evers, "Welfare Dynamics, The Third Sector, and Social Quality", in Wolfgang Beck, Laurent van der Maesen, Fleur Thomese, and Alan Walker (eds.), Social Quality: A Vision for Europe (The Hague: Kluwer Law International, 2001).

25) Sigmund Freud, Civilization and Its Discontents. Trans. and ed. by James Strachey (New York: W.W. Norton, 1961), p.61. Freud linked the narcissism of minor differences as a way to express hostility to outsiders and thereby satisfy the human inclination to aggression, while binding together the insiders.

centerpiece of the philosophical foundation as laid out in DJ Welfarism, rests on the "principle of 'welfare through work'," an approach that "replaces the traditional passive model of welfare with a dynamic model through which the right to work will be guaranteed".²⁶⁾ And with this right comes the individual's responsibility to work and be self-supporting. Thus, "for example, low-wage earners with the ability to work who receive benefits *must* also participate in job-training programs or other programs that contribute to the public good, such as public works"²⁷⁾ (Emphasis added) Under the tenets of Productive Welfare, welfare policies are "viewed as an investment for improved productivity, rather than as a simple transfer of income through administrative procedures".²⁸⁾ Plans in support of Productive Welfare link the citizens' rights and obligations to work with vocational training programs, equitable compensation, improved working conditions, and the security of minimum living standards.

The principles of Productive Welfare not only cultivate policies designed to encourage the private responsibility to work and be self-supporting, but also promotes an approach to the implementation of these policies that relies heavily on the private sector in local communities.²⁹⁾ As explained in DJ Welfarism "rather than depending solely on central-government funding, a more efficient and flexible local welfare system can be constructed to solve local problems by forming a partnership between governing organizations, businesses, and civic groups in the local community and by utilizing volunteer services... A welfare network at the local community level will enable passive welfare recipients, who only receive benefits, to become active

26) Presidential Committee for Quality-of-Life, Office of the President, Republic of Korea, D.J. Welfarism: A New Paradigm for Productive Welfare in Korea (Seoul: Tae Sul Dang, 2000), p.9.

27) Ibid., p.33.

28) Ibid., p.10

29) For a detailed discussion of the various efforts and incentives to promote private sector participation in policymaking and implementation see, Ibid., pp.112~118.

citizens, who participate in meaningful work".³⁰⁾

Finally, I might add that Korean scholars are not of one mind about how to characterize the emerging system of Productive Welfare. Some see this system as marked by neo-liberal tendencies, which are more closely related to the Enabling State than, for example, to the Social Democratic welfare state model. Among this group, Young-Hwa Kim suggests that although one finds neo-liberal tendencies in the emerging system of Productive Welfare, an accurate assessment of the Korean model ultimately must take into account unique cultural characteristics such as the traditional Confucian values of "familism", which to some extent may conflict with the role of the state in the provision of social welfare.³¹⁾ Others contend that while Productive Welfare policies may have some neo-liberal elements, on the whole they lean more toward a model that emphasizes the responsibility of the state over the market and the individual.³²⁾

2. Productive Welfare and The Apotheosis of Work

The positive and upbeat philosophy of Productive Welfare rests on several assumptions about the nature of work, at least two of which I think deserve closer examination. The first assumption involves what I would call the apotheosis of work. Throughout the discussion of Productive Welfare one finds references to the many virtues of work as an "essential means of

30) *Ibid.*, p.15.

31) Young-Hwa Kim, "Productive Welfare: Korea's Third Way?" Paper prepared while serving as a Visiting Fulbright Scholar at the Center for the Comparative Study of Family Welfare and Poverty, University of California, Berkeley, 1999~2000.

32) Kim Yeon-Myung, "Welfare State of Social Safety Nets: Development of the Social Welfare Policy of the Kim Dae-Jung Administration", Korea Journal 41:2 (Summer 2001), pp.169~201.

attaining satisfaction and value" - an activity that confers independence and dignity.³³⁾ As clearly stated by the Presidential Committee for the Quality of Life, "the foundation of productive welfare will be laid by providing opportunities to experience the satisfaction and joy of work".³⁴⁾ There is much truth in this statement that work is a source of satisfaction and joy for many people, but it is not entirely correct. Work encompasses a vast array of activities from those that are low-status, boring, physically demanding, poorly rewarded, and dangerous, to positions that are high status, exciting, physically easy, well rewarded, and safe. One might expect those laboring on the more favorable end of this continuum, for example, artists, writers, professors, lawyers, politicians, media personalities, and policy makers, to be happy in their work. Certainly professors, researchers, and policy analysts who fly around the world to conferences in splendid cities, such as Seoul, and receive magnificent treatment as guests from generous hosts at these events, must experience great joy and satisfaction in their work.

On the other side of the continuum -- including for instance, coal miners, factory workers, taxi drivers, sales people, clerks, guards, service workers, graveyard cleaners, and mail carriers -- where activities are dirty, dangerous and repetitive, the view of work as a thoroughfare to self-realization, satisfaction and joy, somewhat overstates the case. On closer examination the glorification of work runs up against a hard wall of an empirical reality. As previously noted, throughout the industrialized countries most people currently retire earlier than the standard age. From the early 1900s to 1970 the labor force participation rates for men over the age of 65 decreased markedly, from about 50 percent to 20 percent, while the participation rates for those aged 60~64 remained relatively stable and high. Since 1970, however, not only has the labor force participation rate of men over the age of 65 continued to decrease, but the rates for those aged 6

33) Ibid. p.9.

34) Ibid. p.73.

0~64 have declined substantially. By 1995, for example, the labor force participation rate for men aged 60~64 was less than 20 percent in France and about 30 percent in Italy; at the same time, the rates for men aged 55 to 59 were 60 percent in Italy and about 65 percent in France.³⁵⁾ Some of this drop in the labor force participation of older workers can be attributed to labor-shedding adjustments in declining industries. However, one is hard pressed to find much worker resistance to early retirement. This suggests that although work may be a source of satisfaction that lends meaning to life, opportunity for congenial association, and a sense of personal achievement for many thinkers, policy analysts, academicians, and legislators who promote the virtues of work, it represents a daily activity that coal miners, bus drivers, sales people, postal workers, plumbers, and employees in a host of other occupations apparently seek to discontinue as soon as possible.

Of course work is important. But there are other things in life. The Presidential Committee for the Quality of Life notes that Korea has one of the longest work weeks in the world and that reducing the working hours might increase the individual's creativity and enthusiasm for work. Still they note that there is a strong argument that conditions in Korea do not yet warrant the introduction of shorter working hours. One response to the problem of unemployment in the European countries has been the increase in part-time work. This trend may be seen as a problem of substandard employment that should not be promoted by social policies or as a positive choice for many workers representing a functional adaptation to the family life cycle and educational needs, which subordinates work to other life interests. Whatever one's view, the rise of part-time work accounted for most of the additional jobs created during the 1980s in the northern states of

35) Ole Sorensen, "Variability of Retirement Age Practices: An Appropriate Response to Labour Market Developments?" in Harmonizing Economic Developments and Social Needs: ISSA Technical Conferences 1997, 1998 (Geneva: International Social Security Association, 1998).

the European Community; where these positions were held disproportionately by women.³⁶⁾ In the Netherlands, part-time employment has climbed from 5 percent to 37 percent of total employment over the last twenty five years becoming in the process, a "'normal' form of gainful activity".³⁷⁾ The decline in unemployment from a high of 14 percent in the summer of 1983 to under 3 percent in the winter of 2000 is often referred to as the "Dutch miracle". However once it is recognized as largely a redistribution from full-time to part-time work, the record appears still impressive, perhaps, but certainly less miraculous.³⁸⁾

A second assumption implicit in the model of productive welfare concerns the value of unpaid labor, particularly in the realm of social care. One might infer from the discussion of work and the plans free child care for all children under five, that a parent who remains home to care for several young children, an elderly relative, and a disabled cousin is not engaged in "productive work". Though if the same person offered their child care services to strangers for a price, they would be seen as a productive member of society -- engaged in an activity that confers dignity, satisfaction and the like. To what extent are people today expected to care for their dependent kin -- young or old or disabled? In a cultural context marked by Confucian values of "familism", this normative question gains saliency, as

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- 36) For a breakdown of how definitions of part-time work vary within and between countries, see, Catherine Hakim, "A sociological Perspective on Part-Time Work", in Hans-Peter Blossfeld and Catherine Hakim, eds. Between Equalization and Marginalization: Women Working Part-Time in Europe and the United States of America (Oxford: Oxford University Press, 1997).
- 37) Ulrich Walwei and Heinz Werner. "Employment Problems and Active Labour Market Policies in Industrialized Countries", in Dalmer Hoskins, Donat Dobernack, and Christaine Kuptsch, Social Security at the Dawn of the 21st Century: Topical Issues and New Approaches (Rutgers, N.J.: Transaction Publishers, 2001).
- 38) Uwe Becker, "Welfare state development and employment in the Netherlands in comparative perspective", Journal of European Social Policy, 10:3 (August 2000), p.233.

state monies are increasingly being made available to subsidize labor for the private provision of social care, particularly for children and the elderly. Under these arrangements, time and effort hitherto invested in unpaid informal care both as a demonstration of mutual aid and an expression of the traditional norms of kinship obligation are now converted into a contractual exchange of service for payment on an hourly rate. The marketplace absorbs a large realm of social care that was previously in the domain of unpaid labor animated by compassion, obligation, and mutual aid. These activities were performed without pay mainly by women.

Although many women, no doubt welcome the opportunity to enter the paid labor force, evidence from surveys in Europe and the U.S. suggest that a large percent of women with young children would prefer not to work outside the home or to engage in paid employment on only a part-time basis. Data from a 1997 survey of families in the U.S. shows 49 percent of women agreeing with the statement "When children are young, mothers should not work outside the home".³⁹⁾ In many countries unpaid activities such as caring for children and disabled kin are being included among the criteria for entitlement to social benefits.

Of course, there is nothing sacred about the continuation of

39) These findings are reported in Richard Wertheimer, Melissa Long, and Sharon Vandivere, "Welfare Recipient's Attitudes Toward Welfare, Nonmarital Childbearing, and Work: Implications for Reform?" Series B, No, B-37 (The Urban Institute: Washington D.C., June 2001). A similar reluctance to full-time employment when children are young is expressed by Danish mothers, despite the fact that in Denmark public day care is provided from the age of six months on and 90% of mothers of young children are employed an average of 34 hours per week. When asked to describe the ideal arrangement for a nuclear family with children of nursery school age, only 3% of the mothers preferred to have both parents working full-time, 15% choose to have the mother home full-time as a housewife, 42% favored part-time employment for the mother, and 40% preferred to have both parents working part-time, see, Ministry of Social Affairs, Danish Strategies: Families and Children at Work and at Home (Copenhagen: Author 1992).

unpaid social care by women, which in the past was facilitated by "passive" welfare benefits. However, the commodification of this realm of care diminishes the opportunity and practice of voluntarily tending to the needs of others for reasons that transcend the immediate incentives of market exchanges. Different meanings can be attributed to this development. Some might interpret the trend as promoting equal opportunity and rewards, with women receiving greater financial compensation for their labors. Still others might associate the contraction of services that people perform for each other outside the market with a hardening of human relations - as intimate expressive relationships based on personal commitments are increasingly displaced by instrumental relationships based on commercial considerations. These views, of course, are not mutually exclusive.

3. Social Implications: The Challenge Ahead

This brings me to a broader philosophical question: What are the social implications of productive welfare? This model is largely, though not entirely, concerned with economic considerations: employment, productivity, and self-support. Although DJ Welfarism discusses the need for policies devoted to care of those unable to work, clearly the repeated thrust of this approach is to make people self supporting. Indeed, in the words of the Presidential Committee for the Quality of Life, "the objective is to include everyone in the workforce, regardless of ability, disability, deprivation, or privilege".⁴⁰⁾

The expectations and values that frame the design of policies for Productive Welfare tend to celebrate economic productivity and private responsibility over passive social protection and expansive public aid. Certainly, there is much to commend the advent of "Productive Welfare" under the Enabling

40) Presidential Committee for Quality-of-Life, op.cit., p.11.

State as a beneficial corrective to the progressive Welfare State model of the advanced industrialized countries, which over time came to pay too little attention to the implications of social policy for productivity, merit, and responsibility.

However, the changing role of the state and the primacy of market-oriented policies in shaping the future course of social welfare raises an issue about how this development will effect the essential character of society. With the Enabling State serving as a handmaiden to the market and the expanding commercialization of family roles, the character of life in modern society is increasingly shaped by the market ethos of competition, individual choice, weighing measurable costs and benefits, and maximizing gain. Why is this a matter of concern? The market is a marvelous mechanism. Who in full possession of their senses would choose to live in the pork-barrel aesthetics of public housing over privately designed architecture tailored to individual tastes or to dine at the buffet of a state run restaurant over a table at almost any bistro in Paris? Whose children would rather be taken to the state run fair over a day in Disneyland? There is much to appreciate about the free market regarding material consumption within the domain of commercial life.

However, the domain of commercial life is just one arena of human interaction an arena in which people engage in exchange and the satisfaction of material wants. But is it a virtuous domain? The relation between morality and the free market is a fascinating topic of long-standing debate.⁴¹⁾ On the right are those who argue that markets have positive moral implications and effects because they require the practice of honesty "to ensure fair dealing, and the virtues of thrift, diligence, and curiosity as guarantors of the self-reliant enterprise".⁴²⁾ Rather than a breeding ground for

41) For example, see, Joseph Schumpeter, Capitalism, Socialism, and Democracy (New York: Harper and Row Publishers, 1950 [1942]); Albert Hirschman, The Passions and the Interests, (Princeton: Princeton University Press, 1977) and Daniel Bell, The Cultural Contradictions of Capitalism (New York: Basic Books, 1976).

probity and diligence, from the left competitive markets are seen as red in tooth and claw -- places where "dishonest and inhumane practices will drive out the honest and humane ones".⁴³⁾ Centerists claim that the market is morally neutral.

Is the capitalistic marketplace an academy for hedonistic practices to which honesty and probity are denied entry or a school of virtuous activity? On this question the evidence, as I read it, suggests we remain agnostic. The free market is a place where vigorous virtues vie with the villainous vices, morality and immorality are practiced without prejudice. Some people will disagree with this assessment. But whether one prefers the argument that virtue trumps vice in the market or vice versa, no one suggests that the free market is an incubator of the gentle virtues charity, sympathy, kindness, public service, sacrifice, tolerance, mutual aid and the like. What Margaret Thatcher called the "vigorous virtues" - initiative, diligence, enthusiasm, productivity are immensely function within the domain of the market, but that is not the only plane of human activity and interaction.⁴⁴⁾ The value system of competition, choice, and profit yields vast material benefits, but little in the way of communal security.

When the habits and attributes of commercial life permeate the other spheres of human activity, the economic order engulfs society. As we enter the 21st century, a vague sense of apprehension about this development emanates from religious, academic, and political quarters. Addressing the moral implications of market activity, Christian social thinkers are at work forging a

42) David Marsland, "Markets and the Social Structure of Morality", Society 38:2 (January/February 2001), pp.34~35. He shares James Q Wilson's view that trust and honesty facilitate commercial practices of buying, selling, lending and borrowing, which in turn inculcate habits of fair dealing. See, James Q. Wilson, The Moral Sense (New York: Free Press, 1993).

43) Barry Schwartz, "Capitalism, The Market, 'The Underclass', And The Future", Society 37:1 (November/December 1999), p.37.

44) Shirley Letwin, The Anatomy of Thatcherism (London: Fontana, 1992).

theory of what is termed *economic personalism*, inspired by the writings of Pope John Paul II.⁴⁵⁾ Seeking a synthesis of theology and economics, "the idea is to promote a humane economic order that benefits from market activity but does not reduce the human person to just another element in economic phenomena".⁴⁶⁾ This humane order requires restraints on the market that are exercised not so much by political structures as by individual behavior influenced by moral instruction and socialization primarily through family and church and by a moral code promoted through voluntary associations. In academic circles the goals of communitarian economics go beyond increasing the productivity of the economy to incorporate social and political ends that serve the common interests and shared values of all citizens. Government is seen as having a distinct role in furthering these objectives, which include a safety net to protect the neediest members of society from the ruin of poverty and disease.⁴⁷⁾ In the political arena, George W. Bush's 2000 presidential campaign ran on a platform of "compassionate conservatism", which relayed an evocative, though ill-defined, expression of the need to somehow incorporate the gentle virtue of compassion into his party's free market ideology.

In this context, the cause for concern about the emergence of Productive Welfare as a central activity of Korea's Enabling State is not so much that it promotes work-oriented policies and heightens public support for private responsibility as that in so doing may soon bow too deeply as a handmaiden to the market.

45) For a review of the historical, philosophical, and practical aspects of economic personalism, see Gregory Gronbacher, "The Need for Economic Personalism", The Journal of Markets and Morality 1:1 (March 1998), pp.1 ~ 34.

46) Ibid., p.29.

47) For a statement of the goals of communitarian economics and how this perspective differs from the traditional ways of thinking about economic issues see, Norton Garfinkle, "Communitarian Economics", paper delivered at the 1996 Communitarian Summit, July 12~14, 1996, Geneva, Switzerland.

As it has evolved among the industrialized countries since the early 1990s, the Enabling State generates no counter force to the capitalist ethos, no larger sense of public purpose that might be served beyond increasing productivity, no clear ideal of public service and dwindling support for the goals of social protection and security. In many respects the course of the Enabling State endorses anti-statist attitudes, which lends weight to the movement toward a market-dominated society.

What can be done to create a healthier balance between State and market forces, one which incorporates the self-serving vitality of private enterprise and the humanitarianism of shared public purpose. "The greatest asset of public action", Albert Hirschman points out, "is its ability to satisfy vaguely felt needs for higher purpose and meaning in the lives of men and women, specially of course in an age in which religious fervor is at a low ebb in many countries".⁴⁸⁾ One need not return to expansive entitlements of the progressive welfare state model to revive the legitimacy of public purpose, the ideals of public service and appreciation for the state's special ability to insure social protection against the vicissitudes of the market and to organize communal security in the face of illness, disability, and the inevitabilities of old age.

The words used to frame social policy choices are important in clarifying the public purposes to be served. If policy choices are posed, for example, between "active" and "passive" social benefits -- there is little doubt that all would prefer an active benefit. The word "active" speaks of life's energy, whereas "passive" suggests a state of mild depression. But if the choice is between "activation", which presses disabled people and women with young children into the labor force, and "social protection" against the risks of modern capitalism, the tendency to embrace "activation" would be less compelling. Policies devoted entirely

48) Albert Hirschman, Shifting Involvements: Private Interests and Public Action (Princeton: Princeton University Press, 1992), p.126.

to cultivating "independence" and "private responsibility" leave little ground for a life of honorable dependence for those who may be unable to work. And while work-oriented policies designed to increase "productivity" are insulated with amorphous claims of "satisfaction", "empowerment" and "social inclusion", they are rarely confirmed as measures that insure people more freedom to live fuller lives.

As I see it, the ultimate challenge that confronts Productive Welfare in Korea is to develop as more than a handmaiden to the market economy. Earlier I noted that "welfare through work" represents a basic principle of Productive Welfare. There are clear indications that the architects of Productive Welfare recognize the need for the State to do more than promote the principle of welfare through work. Although much of the discussion of Productive Welfare concentrates on the development and training of the labor force, a philosophical premise of Productive Welfare is that "all people have the right to enjoy life, health, and culture" - rights guaranteed by the State.⁴⁹⁾ Beyond what appear as the immediate objectives of cultivating work and generating greater material production, the architects of Productive Welfare endorse the broader principle of improving the quality of life through measures that involve access to lifelong education, better health care, enhanced cultural and leisure time activities, and safeguarding the environment. The devil, as we say, resides in the details of the State's role in implementing these broader principles of Productive Welfare within in a philosophical context that emphasizes work and market-oriented concerns. My purpose here, however, is not to draw a blueprint for the State's commitment to advance a broad vision of social well-being but to illuminates the challenge ahead. This challenge, as I see it, is to devise a set of workable measures that might elevate regard for the "welfare" in Productive Welfare while maintaining a sober appreciation for the value of stimulating productive energy in the market economy.

49) Presidential Committee for Quality-of-Life, op.cit., p.7.