

SAFEGUARDING PUBLIC VALUES IN SOCIAL SECURITY: A PUBLIC ADMINISTRATION PERSPECTIVE

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1 Introduction

When we try to get to the core of what ‘safeguarding of public values’ might be, we are confronted with three general questions:

- what are public values?
- what is safeguarding?
- what different ways of safeguarding public values are there?

The aim of this contribution is, to attempt to answer these questions from a public administration perspective – first in a general way and then applied to the policy field of social security.

Traditionally, many public administration scholars considered the guarding of public values one of the core themes of the discipline. Both the structuring and the operation of organizations in the public sector should be geared primarily to upholding public values such as equity, fairness and professional service. Public administration as an academic discipline should study the ways and means by which public administration practitioners could accomplish these aspirations.¹ In the whirlwind of New Public Management (NMP) that has swept the field over the past twenty-five years, this focus seems somewhat lost, be it in different degrees. The centre subject of NMP is another public value: the efficiency of the public sector and how to make use of market type mechanisms to enhance public efficiency.² In the wake of NMP, many an academic institution changed its name from ‘public administration’ to ‘public policy’ or ‘public management’. Accordingly, the mission of academic scholarship partially shifted towards developing tools for a more market-oriented approach of public policy. Still, a substantial part of public administration research was aimed at a critical evaluation of NMP devices and accomplishments.³ The NMP revolution did not leave the policy sphere of social security untouched. On the contrary, some of the most striking experiments with market type mechanisms have been implemented in precisely this area. Privatization, outsourcing and voucher systems are but a few of the policy instruments that found widespread application in the social security and social care of most industrialized countries. As scholarship followed

1 Marini 1971.

2 Lane 2000.

3 Pollit & Bouckaert 2004.

suit, a host of papers on topics such as voucher systems, contractual relations and cooperative governance, all in social security, filled the public administration journals.

It is important to note that the NPM-wave not only implied a modification of the tools of choice for public governance, but also an alteration of the underlying values, or at least a shift in the emphasis on different public values. This in turn has led to a new reflection of what constitute core public values that public administration is to uphold. We find this for instance in the work of Bozeman (2007), but also in the WRR-study (2000) on 'Safeguarding public interests'. The question 'what are public values' is extensively dealt with elsewhere in this volume. Suffice it to remark here that from a theoretical perspective, the concept remains elusive, all attempts at clarification and operationalisation notwithstanding. At the same time, determining public values that require public safeguarding is the bread and butter of politics in modern states. Capturing and categorizing public values from such a practical point of view is routinely done. A simple catalogue in a public administration textbook lists the following:⁴

- provision of collective goods and quasi collective goods
- maintaining market infrastructure
- addressing external effects of human activity
- provision of merit goods and de-merit goods
- compensating for unequal distribution.

Especially the last one often appears as the value base for social security policies and arrangements. More specific public values that are commonly considered essential for the sustainability of social security are solidarity, efficiency and social and economic participation.⁵ This small inventory seems as good a starting point as any to discuss in more depth the idea of safeguarding public values in social security.

2 Safeguarding

We now come to the question: what is 'safeguarding of public values'? Before we enter into a discussion of safeguarding itself, it is worthwhile to make some general remarks concerning 'social order'. In the social sciences, it is a commonly accepted model that social order comes in three distinct flavours: markets, hierarchies and communities.⁶ Each has its own types of interaction and of social control; the Invisible Hand of the Market, the Harsh Hand of Hierarchy and the Helping Hand of the Community. Some toll the virtues of the market and its capacity to create order without law or hierarchy.⁷ Others emphasize the indispensable and vital nature of community order, trust and social capital and denounce the crowding out of structures such as a civil society by markets or hierarchies.⁸ Yet most social scientists would agree that a vital society will need a well balanced combination of all three attributes for generating social order.⁹

4 Bovens et al 2005.

5 see Plantinga in this volume.

6 Ross 1901, Ellis 1971, Goudsblom 1974.

7 Driscoll & Hoskin 2006.

8 Putnam 1995.

9 Durand 1992.

There is a distinctive difference between markets and communities on the one hand and hierarchy on the other hand. Although it does not necessarily have to be that way, unlike the other two forms of social order, hierarchies are usually intentionally designed, created for a purpose. While the social ordering of markets and communities can in some sense be considered ‘invisible’, that of hierarchies is not. All its ordering devices such as rules, instructions, control, sanctioning and the like are man made and observable. In markets and communities we see the social regularity that many individual choices add up to collective phenomena that are not or not necessarily intended by any of those individuals making those choices. There is a gap between individual choices and collective outcomes that constitutes the proverbial invisible hand coined by Adam Smith. Hierarchy conversely is an intended result of individual or collective choice. Hierarchy then stands for intentional intervention in the social processes of markets and communities.

With this in mind, we return to the concept of safeguarding. By the safeguarding of public values and public interests is generally meant: any intervention in societal affairs by a governmental body or public agency. A few particulars of this definition should be noted.

First of all, safeguarding is designated an activity, an intervention. One approach to identifying public values is to consider anything a public value if it is dealt with as a public value. In other words, because the body politic safeguards it, it qualifies as a public value. Such a concept of public values implies that public intervention and public values are congruent. When there is public intervention, there are public values and vice versa. This concept is flawed inasmuch as that there are public values that can endure without public intervention. The social order and its derivatives that are generated by markets and communities are indispensable and therefore in many ways collective interests. Generally speaking, the common good is brought about quite often without intentional social engineering. However, there are collective outcomes of individual choice that are not in the common interest, but on the contrary constitute a threat of the common good. One class of such outcomes produced by the invisible hands of the market or the community is what economists call ‘external effects’ – with environmental pollution as a prime example. The ‘tragedy of the commons’ is the parable that illustrates how collective outcomes can be detrimental to the best interests of every individual involved.¹⁰ These and other threats and missed opportunities constitute reasons for government intervention, for the activity that we call ‘safeguarding public values’.

Secondly, safeguarding is an activity of public bodies, governmental in one way or another. Again this follows from the previous assumption that much of the common good is generated by the ‘invisible hand’ of markets and communities. Active visible intervention requires accruing power in a collective actor: safeguarding public values starts with ‘transferring individual rights of control’ to a public authority.¹¹ The one distinguishing feature of a government is its monopoly on legitimate force. By compelling individual actors to comply with collective choices, negative or substandard outcomes of markets and communities can presumably be thwarted or corrected. Yet the deployment of public authority has its own drawbacks. Time lags, inefficiency and ineffectiveness are but some of the criticisms levelled at many government interventions in society. While the flipside of market blessings is market

¹⁰ Hardin 1968.

¹¹ Coleman 1990.

failures, the reverse of government intervention is government failure.¹² Thus safeguarding of public values requires careful balancing of interventionist activities with societal capacity for maintenance, recuperation and improvement.¹³

Thirdly, there is a wide variety of public interventions, of ways to use ‘collective rights of control’. For instance, a seemingly minimalist involvement of collective authority in societal affairs is to bring about and sustain a system of civil law, the infrastructure for contractual exchange. At the other end of the spectrum of public interventions is the production of collective goods or services by the public authority itself. Again, the choice of collective action instruments for safeguarding a specific public value is a balancing act that involves a lot of trial and error. Beyond that, the optimal public policy mix may change overtime, due to changing contingent factors, such as technology. More generally, in modern society there is hardly any market activity that is not affected in some way by collective intervention aimed at safeguarding one or more public values.¹⁴

The concept of ‘safeguarding of public values’ thus implies looking at government policy from a specific angle. The concept takes into account that modern society has numerous ways to preserve and reinvigorate social order apart from and beyond what governments can contribute. Yet modern society has numerous ways for disrupting social order as well – witness the 2008 credit crisis. Government policy from the perspective of safeguarding public values appears as the art of finding a precarious balance between preventing societal disruption and stimulating societal preservation of social order.

3 Variation in safeguarding

3.1 Variations in intervention

Public values come in different categories and one may assume that each type of public value requires its own mix of public interventions, as a complement to societal (market and community) ways for social ordering. The underlying argumentation is that by combining several ordering principles, weak aspects of one principle can be compensated by mechanisms of the other ordering principles.¹⁵ However, finding the right mix is not without problems.¹⁶ One complication is that usually a number of different public values will have to be preserved at the same time. An instrument that effectively safeguards one public value may very well be detrimental to another one that is equally important. The market might promote efficiency and effectiveness of service delivery at the expense of public values such as equality of rights and legal certainty, while government regulation, might safeguard public values yet have detrimental effects on efficiency. Thus, when searching for the right policy mix there are inevitably tradeoffs between different public values. Furthermore, safeguarding is costly, and

12 Winston 2006.

13 There is a similarity between the choice for the optimal policy mix and the make-or-buy choice firms are confronted with. When buying (parts for instance) a firm makes use of market forces to reap efficiency benefits. When making, the firm uses hierarchy to reap the benefits of enhanced control (Coase 1937)

14 Bozeman 1987.

15 Centraal Planbureau 1997; Lijesen, Kolkman & Halbesma 2007.

16 Kirkpatrick 1999.

the costs of an extensive set of safeguarding instruments may outweigh its benefits.¹⁷ Moreover, the optimal mix of interventions may change over time, due to changing circumstances. Finding the optimum is a recurring societal experiment, and easy solutions are not available, all the convictions of social theorists notwithstanding.

One such experiment is to be found in the sector of material infrastructure: utilities such as railways, electricity, gas, water, and telephone. Typically these utilities were for a long time conceived to be natural monopolies and therefore collective goods. The required infrastructure prohibited a competitive way of providing services. On these grounds, in Europe the public policy of choice for safeguarding public values of uninterrupted, relatively efficient and cost effective service was government self production by public companies. In the United States, many of these utilities were run by private firms (such as the monopoly Bell Telephone company) while safeguarding of public values was achieved by heavy regulation.

New technology, especially IT, created a host of new ways to use one infrastructure system by a number of competing firms. Theoretically this opened up the opportunity for enhancing the efficiency and cost effectiveness by privatization: transferring the provision of these services to the social order of the market. Yet this gives rise to the question of how to preserve other public values related to these utilities, such as uninterrupted service, affordability and safety. Government policies aimed at creating safeguards for these public values with privatized utilities again may use a mix of strategies that relate to the three primary forms of social order.¹⁸ Government may use hierarchy, imposing and enforcing rules concerning the public values it wants to protect. Government may also attempt to enhance market mechanisms and facilitate consumer choice, including exit options, by enhancing transparency of procedure and performance of private firms. Finally, government may try to harness community forces, and approach the collective of utility firms as a civil society and create incentives for self regulation, peer assessment and control within the sector.

3.2 Variations in levels of safeguarding

A second approach for gaining more insight in the process of policy intervention makes use of a social system model of society and its myriad subdivisions.¹⁹ A systems approach emphasizes a few specific features of societies and subunits of a society. One such feature is that a system operates in interaction with an environment. To model that interaction, a system is considered to have an input and an output. Processes within the system are labelled throughput. Typically, outputs generate reactions in the environment that are fed back as new input into the system. This feedback loop is thought to be the most important single feature of the relation between a system and its environment.

A policy system (as a subsystem of a society) can be conceived of as the whole of institutions and legal arrangements that develops, implements and sustains a certain policy complex within a society. From the perspective of the policy system, society appears as its environment. Policy systems differ from one to another, depending on the public values, the support and the

17 Mitnick 1981.

18 De Bruijn & Dicke 2006.

19 Luhmann 1995.

resources that go into the system (its input), on the dynamics of those values within the system (its throughput) and depending on the way the system is designed to provide for outputs, that is the implementation of policy. The safeguarding of public values may be located at each of these three levels of the policy system.

At the input level, ample support and resources need to be secured in order to make and keep the policy system viable. Political institutions that convert societal interests and demands into governmental policies and actions typically are the linking pin here between society and the policy system. If this part of the system is not functioning well, public value failure results.²⁰ Secondly, safeguards at the throughput level are inherent in the institutional design of the policy system itself. Ideally the design is such that the policy system is fully capable of developing and implementing all those policies that are required for upholding and safeguarding its public values. Design features will typically consist of a choice of market-type, community and hierarchical tools. A social health system, for instance, may be designed to produce a certain level of physical wellbeing in society under conditions of equal access and equal distribution. The policy system mix could include private insurance firms, non-profit health providers and public regulators. Thirdly, at the output level of a policy system, chosen policies are implemented. Here the design of the interface between the system and the citizens is a core issue. Both the values intrinsic to the policy and the accompanying values of for instance citizens' rights have to be safeguarded here. Depending on the institutional mix in place, clients could be confronted with street level bureaucrats, private contractors or non-profit professionals – or all three. The ways and means for safeguarding public values will vary accordingly.

3.3 Variations in the tools of government

Traditionally, government policy interventions are hierarchical by nature. Making, applying and enforcing rules is the core business of government agencies. Even when enlisting market forces or community action, the tools for government intervention are regulatory by nature. However, much of the present day literature denounces the hierarchy of command and control regulation as old fashioned, ineffective and inefficient.²¹ Instead regulators are experimenting with forms of regulation that allow for more flexible and tailor made solutions to threats of public values. Typically there are three general deviations from the traditional command and control kind of regulation to be seen.

The first deviation is with the conception of regulation. While the traditional view requires binding rules to be made by a democratically controlled legislature, present day approaches stretch the involvement of stakeholders in the rule making process. Responsive regulation is one concept for such an approach.²² Self regulation and other forms of soft law, sometimes backed up by a threat of public regulation, is another form.

The second deviation is with the application and enforcement of rules. Where the traditional view of regulation stretches the importance of equal treatment, latter day approaches empha-

20 See Plantinga in this volume.

21 Solomon 2008.

22 Ayres & Braithwaite 1995.

size case by case problem solving.²³ Not adherence to the rule as such, but tackling the problem that the rule is supposed to cover should be the essence of regulatory and supervisory activities. Thus we may observe experiments with ‘interactive implementation’, ‘compliance assistance’, ‘testing best practices’ and ‘bench mark assessments’. It is quite apparent that the old paradigm of legality and equal treatment under the law is in jeopardy here.

A third deviation is aimed at enhancing market mechanisms. Digressions from a norm or rule are not enforced so much as well as exposed. Naming and shaming, transparency and other public exposure techniques are used as incentives for customers to choose those providers that adhere best to public values. Research shows however, that public opinion may well differ from the opinion of the regulators on what constitutes best value for money, and that consumer exit is not necessarily an effective sanction to promote norm compliance.²⁴

Even though these new approaches are presented as ‘the state of the art’ in safeguarding public values, it remains to be seen whether they constitute more than a gradual shift. Constraints to be found in time honoured legal principles governing public intervention, such as legality, equality and the prohibition of arbitrariness, could very well limit their practical value. Beyond that, some features labelled as new inventions, such as interactive rule making, have been practiced for a long time in some jurisdictions. It might very well be that we are witnessing a modification in approach and attitude, more than a shift in regulatory paradigms.

4 Safeguarding public values in social security

Government involvement in social security, or more generally, in safeguarding income security under dire circumstances, has a long tradition. Income security as such can be considered a public value in the modern welfare state. It falls in the general public value category of ‘compensating for unequal distribution’. History has shown that neither the market nor civil society on their own are capable of producing sufficient safeguards against loss of income generating capacity, due to impairing accidents, illness, old age and such on the one hand, and loss of income due to lack of jobs on the other. For instance, experience learned time and again that safeguards against ‘occupational health and safety’ could not be contracted for in normal labour contracts. Therefore in most industrialized nations some kind of legislation to correct this market failure can be found. Over time, more such threats to income security have been met with collective arrangements. In fact industrialized nations usually have a complicated system of welfare provision by which all kinds of risks to a larger or lesser degree are covered. Still, there is a large variation from country to country as to the range of risks and the strength of protection that public arrangements offer. Or in the terms of our previous discussion, there is a large number of ways in which public values in social security are being upheld. Just like each policy system, a welfare system can be conceived of as the whole of institutions and legal arrangements that provides social welfare in a society.²⁵ Welfare systems differ from one to another, depending on the public values that go into system

23 Sparrow 2000.

24 Janssens 2005.

25 Korpi 2001.

(its input), on the dynamics of those values within the system (its throughput) and on the way the system is designed to provide for outputs and implement policy.

There is not just variation across nations, but also over time. Over the years, a shift in emphasis in institutional arrangements of social welfare systems can be observed, from community to state, and then to market mechanisms.²⁶ The first welfare arrangements in the 19th century heavily relied on private initiative, with an auxiliary regulatory role for the state. The churches looked after the poor and the employers and employees developed funds to cover employment related risks. State regulation should not interfere with these private initiatives. During the 20th century governments increased their role in the provision of welfare, creating agencies that provided coverage for a host of income security risks, while involvement of community-based associations dwindled. As from the end of the 20th century, there is a tendency to apply market type mechanism and engage private firms in the institutional arrangements of the welfare systems.²⁷ Underlying these recent shifts toward the market is the same expectation that has driven the NPM wave as a whole: the belief that it will increase the efficiency of the system and therewith decreases public spending.²⁸ State agencies are withdrawn from direct provision of welfare services, and the state intervention is gradually reduced to regulation. For some these developments are a reason to qualify present welfare systems as ‘regulatory welfare state’.²⁹

We will now take a closer look at issues concerning the safeguarding of public values in such a more privatized social welfare system.

5 Safeguarding at the input side

On the input side, we find three distinct policy dilemmas that are inherent to all welfare systems:³⁰ - universality vs. selectivity; - redistribution, especially between generations; - individual responsibility vs. collective responsibility. Welfare policies that are selective, target specific groups, primarily the poor and needy, while universal policies cover a much broader range of risks and will also encompass the middle class. The degree of redistribution that a welfare system is allowed to generate is a second value choice. A third one is the degree of collective responsibility and the trade off with individual responsibility that a welfare system may engender.

At first glance, all three dilemmas seem to represent pretty straightforward public value alternatives. Safeguarding those values then would imply designing a welfare system that is capable of transforming these values into practical policies and to implement those policies in the realization of entitlements. However, safeguarding of public welfare values turns out to be more complicated than that. Public values themselves, that is public support for specific policy choices, are influenced by design parameters of the welfare system. Beyond a certain threshold, too much selectivity erodes support, launching a vicious circle of increasing se-

26 Huber, Maucher & Sak 2008.

27 Van Oorschot 1998.

28 Walsh 1995; Bredgaard & Larsen 2007.

29 Leisering 2003.

30 Van der Veen 2008.

lectivity and decreasing support. ‘The more we target benefits at the poor and the more concerned we are with creating equality via equal public transfers to all, the less likely we are to reduce poverty and inequality’.³¹ Just the same there are self-enforcing effects the other way around: universal systems tend to buttress support for welfare. More so, it has been shown that a universal system enhances social capital and participation of a civil society in the common good.³² Bowling alone is more likely in societies with a selective system than in societies with a universal system. Similar positive feed back effects have been observed for public values concerning redistribution and collective responsibility. Organized solidarity spawns a sense of solidarity while collective responsibility may enhance individual responsibility.

Yet negative feed back effects may occur as well. Thus an overly universal system can erode individual and community responsibility. If the government takes care of everything, why should citizens take care of anything? Avoiding this type of moral hazard is a necessary system requirement. Instruments such as residual risk for citizens and giving citizens choice in selecting service providers (through a voucher scheme for instance) are some of the latter day attempts to remedy such deficiencies.³³

More generally, in order to sustain a social welfare system, welfare policies should aim at strengthening positive feed backs and limiting negative feedbacks. Solidarity and social trust are precarious yet indispensable resources for the maintenance of social welfare systems. Both can be eroded by negative feedbacks such as a sense of wastefulness or signs of inequity in the system. In this sense, the safeguarding of public values in social security starts with the choice of its goal parameters.

6 Safeguarding through system design

Next, safeguarding of public values of social welfare are to be found in the throughput of the welfare system, that is: in the allocation of tasks and powers to different public and private actors and in the devices for coordination and control.

The overall design of social welfare systems may include direct provision by the state (in the Netherlands: administration of social assistance by municipalities and of unemployment benefits and disability benefits by the state agency UWV); provision by corporatist arrangement (employers and employees) under a legislative umbrella; provision by private collectives under a legislative and supervisory umbrella (pension funds), provision by private insurance firms under a legislative and supervisory umbrella (life insurance companies). As is often the case, in the field of social security too, there is some competition or trade off between several public values. Prime public values, apart from the income security itself, are those of ‘social and economic participation’ and ‘efficient provision’.

The prime order of the market may provide for the latter value. For instance, private insurance companies are thought to operate relatively efficient. Yet the value of income security

31 Korpi & Palme 1998.

32 Salamon, Sokolowski & List 2003.

33 Heinrich & Choi 2007.

might not be fully realized: firms in the market are under the incentive to avoid bad risks for instance (adverse selection), and to take more entrepreneurial risks than are compatible with long term social security ('firms should be able to fail, but life insurance firms are not allowed to fail'). For the policy mix there is the choice between accepting the greater risk of the market in exchange for more efficiency, or to build in additional state safeguards to promote equal access (prohibit adverse selection for instance) or to prevent insurance company insolvency.

The value of 'social and economic participation' may be jeopardized by income security schemes, as the incentive for unemployed to invest in new employment is blunted ('moral hazard'). To counter this, the state could moderate benefit schemes, or put in additional instruments to promote the return of unemployed to the labour market (employment reintegration). Here again, employment reintegration services can be provided for by the state itself or by private firms, and again there may be trade offs between efficiency on the one hand, and other public values such as equal access on the other.

Under present day more privatized conditions, the overall system design tends towards a division of labour by which market parties provide forms of income security and related services, while state activities are more and more limited to providing safeguards against breaches of public values through regulatory interventions. In a well known NPM slogan, state interventions shift 'from rowing to steering'.³⁴ There is increasing evidence that a social welfare system loaded with market type mechanisms, requires a strong regulator, a market authority that can limit or even purge infringements into what constitutes the core values of the system (Mertens 2006). Market type mechanisms harness specific incentives such as profit maximization, hoping to reap efficiency benefits.³⁵ Yet these same incentives may elicit perverse effects: opportunistic behaviour such as adverse selection or shirking. Such effects not only harm public values but will erode support for the system as a whole as well.

Yet a regulatory approach has its own drawbacks. An abundance of literature covers criticisms ranging from 'agency capture' to lack of effectiveness and perverse effects such as stifling innovation.³⁶ General reactions to such criticism have been discussed in a previous section. As for the regulatory welfare state: it being a recent development, there is still little documented experience about its effectiveness in guarding public values. There is no reason to assume however, that welfare regulators can easily avoid the pitfalls that regulators in other policy areas have been wrestling with.

7 Safeguarding at the output side

Lastly, public values are at stake at the output side of a welfare system. Solidarity, the kind of social capital that is indispensable for maintaining a welfare system, will quickly wear down if the system proves inadequate: unable to produce administrative justice, or inept at efficient and effective service delivery. It is in the management of social welfare that public values are preserved or endangered at the output side of the system. And it is in the manage-

34 Osborne & Gaebler 1992

35 Van den Houten 2003.

36 Moran 2002

ment of social welfare, that experiments in re-balancing the three forms of social order are taking place in their most concrete and visible form: marketization of public administration, primarily by way of outsourcing (Van Berkel & Van der Aa 2005).

One important argument underlying the use of market type mechanisms in general and outsourcing of social security services in particular concerns the attitudes of the public servants. Traditionally the professional public servant is thought to have public value motivations: his aim on the job is to discharge of his duties in the best interests of citizens and clients. The administration of justice is considered to be his primary motivation. Empirical scrutiny put cracks in these assumptions as early as the late 1970's: it turned out that the sheer pressure of case overload forced street level workers in public service bureaucracies to develop coping strategies that diverged from the ideal of the administrative justice.³⁷ Still, in these public administration studies, not the attitude of the civil servant but the circumstances under which the street level bureaucrat had to function were considered to be the heart of the problem. Twenty years later, NMP thinking started questioning the very idea that public bureaucrats would have a different approach to their job than for instance workers in the private sector. It was wrong, Le Grand (2003) held, to portray civil servants as 'knights' – and giving them all the discretion to act as they please. The starting point for managing public service delivery should be to regard street level bureaucrats as much as 'knaves' as any other employee. A proper set of incentives and des-incentives would be needed to discipline the doctor and the social welfare worker. In this view it was required that public service delivery would operate under the same market type incentives as for profit providers. Giving citizens different options concerning the service and the provider ('choice') would be an effective way to break public monopolies.

The prime example of the application of such ideas in social welfare systems is the outsourcing of employment reintegration activities. In many cases this has meant the emergence of a quasi market of reintegration services in which public agencies buy such services from private providers on behalf of their clients.³⁸ Sometimes this arrangement is accompanied by a voucher system or another way to give clients a choice. Over the last ten years, a host of studies has been conducted to evaluate these market type arrangements and to test their underlying assumptions. Many were done in the USA,³⁹ but also in Australia,⁴⁰ the UK,⁴¹ the Netherlands,⁴² Germany,⁴³ Denmark⁴⁴ and Switzerland.⁴⁵ Most studies show that so far outsourcing seems not very effective: the record of private entrepreneurs in reintegrating unemployed is, on the whole, not better than that of public agencies. The same is true for efficiency. Contracting out comes with a lot of transaction costs to counter opportunistic behaviour of contractors. It seems that such costs offset any gains made by lower rates of the service delivery itself. Beyond that, managing reintegration contracts in such a way that other public values are adhered to, is a complicated task. For Dutch municipalities, this was a reason to

37 Prottas 1979; Lipsky 1980

38 Le Grand & Bartlett 1993

39 Domberger & Jensen 1997; Brown & Potoski 2003; Heinrich & Choi 2007.

40 Grub 2006.

41 Finn 2005

42 Van Berkel & Van der Aa 2005; Sol & Westerveld 2005

43 Jahn & Ochel 2007.

44 Bredgaard & Larsen 2008.

45 Bonvin & Moachon 2007

reduce their outsourcing and embark on a strategy of ‘modular buying’. The public account manager controls and merges the contributions of private contractors into one reintegration plan for individual clients.⁴⁶

All together, management at the output site of social welfare systems – the implementation of welfare policies – is still moving back and forth between neo-weberian hierarchy and contract management of marketized service delivery. The state of the art in guarding public values in this area is hardly a fixed state.

8 Conclusion

Safeguarding public values is, from the point of view of administrative sciences, a matter of institutional balancing of the three basic forms of social order in such a way that an optimal mix of administrative justice, effective social security and efficient use of public means is achieved. It is a continuous quest that has a lot in common with aiming for a moving target. ‘Muddling through’ while learning on the way seems, in most cases, the best available option.⁴⁷

Safeguarding public values in welfare systems has some specific features that have to do with the feed back mechanisms that are intrinsic to welfare institutions. Safeguarding in this area is not only a matter of harnessing adequate control mechanisms from the three areas of social order or of devising the most fitting management for welfare service provision. Beyond that, the preservations of the value of solidarity in a society, fundamental to any welfare system, requires the expression of solidarity in the make up of that welfare system.

46 Corra, Plantinga & De Ridder 2009.

47 Lindblom 1959; Bendor 1995.

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