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(L) Rethinking the Welfare State

Restructuring Welfare States for Effectiveness

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“How can welfare be equalised? Rethinking the Welfare State in Western Societies”

Abstract

The objective of this paper is to discuss what to equalise: opportunity resources or welfare. And, how can we equalise welfare in western societies.

In this work, we aim to define equality and study the contributions of the some distribution theories.

Equality is a fundamental right of western societies.

However, this fundamental principle has not been addressed equally around the world and the definition of the principle is subject to varying interpretations.

Economists, philosophers, politics, sociologists have tried to clarify questions such as:

- What do we mean by equality?
- Why equality?
- Equality of what?

In this work, we look at some of the perspectives of the distribution (Utilitarian equality, Sen’s theory and William’s equality of opportunity). And we will try to

understand the value of each one, in order to achieve a better comprehension of this multidimensional problem.

In addition, we examine the egalitarian theory. Egalitarians believe that we should try to equalise welfare. They believe in equality of outcome.

But how can we equalise welfare?

We have some difficulties in doing it. The trade-off between efficiency and equality being one of them.

It is essential for policy makers to be fully aware of the profound and far-reaching implications for society of each strategy to achieve equality.

Key words: equality; efficiency; distribution; opportunity resources; welfare; social entrepreneurship

SECTION I – INTRODUCTION

This essay, has two fundamental parts, first we make a Review of Literature in order to try answer to the question: What to equalise?; Secondly, we appoint some challenges to the Welfare State. And the transition to the new model - The Emergent New Alliance- in order to increase Welfare State effectiveness.

We doubt what is better for citizens: Equality of resources or equality of welfare. These expressions are used and applied in divergent situations. Therefore, we are trying to summarize the equality concept used in this work. However, the big question is what to equalise. It depends on how we are egalitarians.

Today the welfare state model (the case of Europe, mainly) is in transition. Harsher budget problems, age structure modifications, social and economics alterations and globalization problems imply welfare state adjustments. The resolution of these problems may pass through a New Alliance between State, Enterprises, Households and Social Enterprises. The solution implies new solutions applications, in a social innovative way, whose name is social entrepreneurship. This net strategy could bring the response to the citizens social needs, increasing the society responsibility.

SECTION II – A REVIEW OF LITERATURE

I – WHAT IS MEAN BY EQUALITY? LOOKING FOR A DEFINITION

Egalitarianism is a primordial concept, and essential for everyone. The concept of equality has been assumed as an essential right in any nation. Therefore, every one has been created equal. Moreover, everyone is equal before the law. All citizens should have the same basic rights to freedom of speech, assembly, association and religious practice, and criminal justice rules should be applied equally to all citizens.

Williams (1962) distinguishes two principles about the concept of equality “Firstly, it is used as a statement of fact, that is ‘all men are equal’, and, secondly, as a statement of

political principle, that is that ‘all men should be equal’ (and at the present they are not)” (p 110). As we know people are different (gender, ethnicity, class, personal attributes,...). So, how can we defend equal treatment for everyone.

We must reflect about the principle of absolute equality. Equal treatment for everyone can be an unjust vision of social reality.

We must look at conditional equality, which says that everyone should be treated equally but can have a discrimination in treatment when there is a reason. Sometimes it can be fair positive discrimination, when someone is in a disadvantage position.

As Aristotle said that the important question is to know: equals and unequals in what? .

Like Sen (1992) defends “two central issues for ethical analysis of equality are:(1) Why equality? (2) Equality of what? The two questions are distinct but interdependent. We cannot begin to defend or to criticize equality without knowing what on earth we are talking about, i.e. equality of features (e.g. incomes, wealths, opportunities, achievements, freedoms, rights)? We cannot possibly answer the first question without addressing the second.” (p 12)

The principal contemporary theories, discussed these questions. Rawls (1971), argument “equal liberty and equality in distribution of primary goods”, Ronald Dworkin (1981) defence “treatment as equals and “equality resources”, Thomas Nagel (1986) claim “economic equality”. Each one accepts equality as a primary goal.

However, there is not a agreement about what should be equalised.

II – EQUALITY RESOURCES VS EQUALITY WELFARE. THE MAIN DIFFERENCES.

The resourcist idea was associated with equalising opportunities (we will discuss this later in IV, Section I). They defended that equality means equalising the resources available to individuals and allowing their preferences to dictate eventual outcomes. The purpose of resource egalitarianism is to “eliminate involuntary disadvantage, by which is meant disadvantage for which the sufferer cannot be held responsible, since it does not appropriately reflect choices that he has made or is making or would make” (Roemer, 1995, p181).

Resources can be external (material goods, such as land or property), and also attributes (talent, intelligence) or instruments to help people to achieve them.

However, there are some critiques to these theories, because, at one end, it can be difficult to identify and rate resources. At the other end, preferences and ambitions may possibly influence outcomes, if we allege that preferences of an individual reflect a welfare maximizing choice of the individual .

Defenders of Welfare theories, believe that the ideal of equality of welfare holds that it is desirable that an amount of human good gained by each person for herself or himself (and by others for her or him) during their life should be the same. Human good, also known as welfare or well-being or utility, is what an individual gets in so far as her or his life goes well for herself or himself (Parfit, 1984, quoted in Stanford Encyclopedia of Philosophy, p 12)). They believed in fair distribution. That morality involves that every person acquires the same welfare or wellbeing.

Nevertheless, there are some critics to this approach. One of them is based in the supposition that society sustains equality of welfare or equal opportunity for welfare, it is the first priority to oblige to continue “transferring resources from better off to worse off no better how many better off people must then suffer any amount of welfare loss just so long as the pertinent welfare condition of a single still worse off individual can be improved even by a tiny amount” (Stanford Encyclopedia of Philosophy, p12). Another critique refers various societies, where individuals will convincingly diverge about what is good in the end, and important in human life.

In short, the discussion about what to equalise is very philosophical, and the answer to the questions cannot be consensual.

III - SOME DISTRIBUTION PERSPECTIVES

In this work, we consider some of the perspectives of the distribution equality. In addition, we will try to understand the value of each one, in order to achieve a better comprehension of equality between whom and equality of what.

Hayek claimed that since no people are equal, treating them alike into a free market environment will normally confer unequal outcomes. Hayek’s central thesis is that the

appeal to justice is rhetorical and illusory because in a pluralistic state there will never be agreement on what constitutes distributive justice. Any attempt to redistribute in a pluralistic state leads to the capture of the process by parochial pressure groups who attempt to appropriate the distribution for themselves. (Vaithianathan, 1995, p 5).

Utilitarian equality, have the maximization of the total sum utility as a goal. The reaching of this target wants to make sure that the distribution of goods is responsible to equal marginal utility for everyone, according to Sen (1979) “Utilitarian equality is the equality that can be derived from utilitarian concept of goodness applied to problems of distribution”(p 198).

This theory can be used to justify vast inequalities of resources and welfare, because not everybody has the same function for utility.

But, a problem occurs, as it does not attend the real level of utility of each one, save for the marginal rate of utility, the fewest increase in total utility sum would be enough to compensate remaining distributional inequalities. To Sen’s utilitarian equality is “the pure distribution problem: the problem of dividing a given homogeneous cake among a group of persons. Each person gets more utility the larger his share of the cake, and gets utility only from his share of the cake; his utility increases at a diminishing rate as the amount of his share goes up (...) marginal utility being the incremental utility each person would get from an additional unit of cake. (...) the position is a bit more complicated when the total size of the cake is not independent of its distribution. But even then maximization of the total utility requires that transfers be carried to the point at which the marginal utility gain of the gainers equals the marginal utility loss of losers, after taking into account the effect of transfer on the size and distribution of the cake” (Sen, 1979, p 199). According to Sen, Utilitarianism is ineffective for the reason that utility is an inadequate basis upon which to make moral judgements about a state of affairs.

Rawls proposed a new theory named Veil of Ignorance; he supposed that people are positioned before this veil and through their decisions, arriving at two principles of justice. These principles sustain an egalitarian position. Sen’s account explains Rawl’s two principles of justice “characterize for equality in terms of – what he has called – primary social goods. These are ‘things that every rational man is presumed to want’ Including ‘rights, liberties and opportunities, income and wealth, and social bases of self

respect' ...'each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others'. The second principle supplements this, demanding efficiency, and equality, judging advantage in terms of an index of primary goods. These incorporate "Difference Principle" in which priority is given to furthering the interests of the worst-off. (Sen, 1979, p 202)

Rawls theory has an enhancement of typifying several objective principles of well being, i.e. the index of primary goods.

Sen develops a theory named Basic Capabilities Equality which "combined grounds of Rawlsian equality and equality under the two welfarist conceptions, with some trade-offs among them. (Sen , 1979 , p 217). Sen says that this approach connects Rawls subjects with primary goods with the more utilitarian subject of the connotation among goods and humans.

It is arguable that what is missing in this entire framework is some notion of 'basic capabilities': a person being able to do certain basic things. The ability to move about is the relevant one here, but one can consider others, e.g., the ability to meet one's nutritional requirements, the wherewithal to be clothed and sheltered, the power to participate in social life of the community" (Sen, 1979, p218).

In another words, every person should be able to do some essential things. This author considers the differences amongst citizens, it allocates in different combinations the resources with the purpose of taking everyone to an equal situation of basic capabilities.

Sen appreciates this as an intermediate view between an outcome approach and a resource approach.

We may assume, in this work, that Sen's approach according with Hausman and McPherson, is more consistent because it "focuses research on well-being in different directions, which link up more naturally to the normative terms in which policy is debated" (p692)

IV – EQUALITY ACCESS OR/AND OPPORTUNITY. WHAT IMPROVES WELFARE?

To attain the goal of this work, it is important to know what is the meaning of equality of access and equality of opportunities.

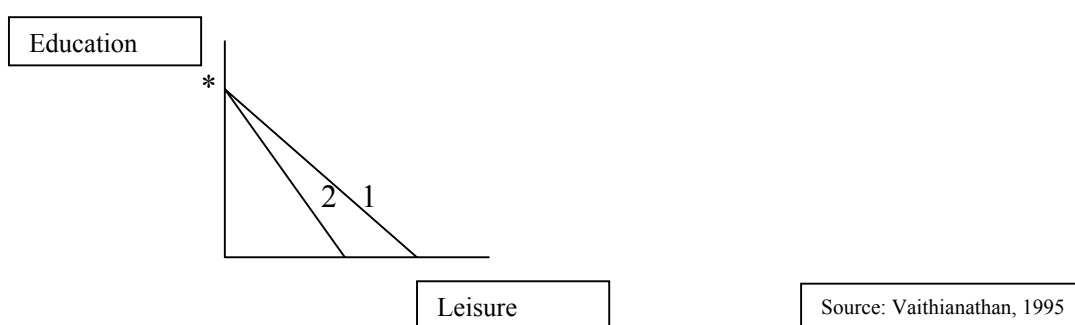
Related with distribution theories are two authors who help us to define what means equalising of access. Olsen and Rogers (1991) explained, “access to a good or a service is defined as freedom or ability to make use of that good or service”. (p92)

Olsen and Rogers show that if equality of access is integrated as an argument in the welfare function, then it is efficient for the government to get involved and supply some equality of access. This implies that all individuals should be able to consume the same amount of education, for example. Still, each one selects the quantity of any public good which he wants to consume (if government does not fix a minimum limits, e.g. basic level scholarship). “There may be a number of reasons why some individuals choose to educate themselves less than others, including differential tastes, time preference and knowledge but these factors need not to be neutralised since they are assumed to be controllable by the individual. (...) Olsen and Roger’s definition of equal access does not state whether individuals face the equal prices and whether they have the equal resource endowment although these factors place additional constraints on the individual’s ability to attain equality.” (Vaithianathan, 1995, p 21).

For example, public supply of education implies that all persons are able to consume an equal quantity of education – although, students belonging to the ethnical and cultural minorities in Portugal show a more accidental school history than Portuguese students, mainly gipsy students. They face a larger opportunity cost than Portuguese students .

Figure 1, shows a budget set to two persons who met distinct cost of education, but have equal access, because they can equally consume the equivalent quantity of education (*). However, person 2 has an elevated price in terms of opportunity cost. As a result, regarding the agreement with Olsen and Rogers they nonetheless both have the same access to education given by (*).

Figure 1. Budget Sets with equal Access a la Olsen and Rogers



This approach, is important because it focus the notion of equality “ability”, specifically, the real ability of individuals to be capable to consume goods which depends on the opportunity costs they face and the individuals preferences.

To this approach, it is important, to try to define what means equality of opportunity. So equal access will not inhibit the reproduction of the disadvantaged.

Subsequently, we must try to define equality opportunity to complete this analysis.

According to Vaithianathan (1995) “equality of opportunity is generally the idea that individuals are participating in a ‘fair race’: where all start at the same time and no one is required to carry a greater burden. The rewards go to the fastest competitor, and not the one with a better family background, nor, the person who cheated or used anabolic steroids!” (p 2). This approach would join equal access with measures to guarantee that everyone initiates the race from the same position, so the winner is the person who is the fastest with most ability.

This is a meritocratic approach to equality. In this perspective inequality in personal attributes, that are casually associated to the outcome, result in understandable inequality. Meritocratics assume that simple conventional equality access, could create considerable social and economics inequalities.

Equal opportunity to be functional has to be put in, without fail, transversely in different policy areas involving health, education and labour market.

Williams explains the concept of equality of opportunity as the “notion that a limited good shall in fact be allocated on grounds which do not a priori exclude any section of those that desire it” (1962, p 243)

Many egalitarians believe that we should try to equalise “welfare” so they believe in equality of outcome.

Equality opportunity approaches were not harmonious with Utilitarian Theories, because they wish to maximize marginal rate or total utility, not equal distribution of primary goods (Rawls) and the welfare of ill favoured. Attending to Sen’s theory, it is not easy equalising capabilities.

V –TRADE-OFF EQUALITY – EFFICIENCY

According, to Putterman and others (1998) we use the expression equality – efficiency trade-off and not equity- efficiency because “equity connotes justice, a notion that may or may not be associated with a situation of equality” (p 865)

Putterman and others (1998) examine the effects of labour, profit, and wealth taxes on the equality-efficiency trade-off, and what options reward, insurance, and ownership arrangements could accomplish, and they argue the following:

1. “An improvement in efficiency can accompany more equal distributions of wealth, due to its felicitous effects on effort and educational investment choices(...);
2. (...) Substantial redistribution has taken place in advanced democracies, why sharp inequalities continue to exist in democracies. We noted that capitalism has manifested considerable resilience when faced high levels of taxation and government expenditure (...);
3. Substantial wealth and income inequality continue to exist in democracies, not only because citizens recognize the necessity of providing incentives for the exercise of talent or entrepreneurship, but because of other implications of asymmetric information, and because of nature of democratic politics” (p 867)

When we look at distribution theories, we find some weakness. They defend the equalising welfare (equality of outcomes), but they do not considerate the difficulties to do this. For instance, the problem of high-priced preferences is one of them, if one person acquires greater utility out of eating hamburgers as another gets out of eating

caviar, to equalise welfare we must distribute more resources to the caviar eater. Consequently, welfare equality can be criticised based on efficiency. “ Redistribution to equalise equality reduces incentives which reduces the total amount of wealth in society and consequently everyone is made worse off “ .(Essay Bank.co.UK, p 5)

The equality of resources defenders point the last argument against welfare theories. “The notion seeks to raise the general level of resources whilst benefiting the worst off. It seeks to give everyone the equal capacity to pursue their desires but, crucially, provides no guarantee of success” (Essay. CO. Bank, UK, p 5).

Dworkin (1981), proposes a solution for this problem among the distribution of a “bundles of goods”. In that way, the distribution of resources was equal.

This approach takes into account personal attributes, some have more talent or work hard and use their equal share to create more. However, some inequality of resources resulting from talent or hard work should be legitimate. Dworkin (1981) does advocate “some redistribution through a tax system to partially neutralise the effects of differential talents and thus blunt the inequalities that may result. (...) incorporates initially equal starting position allowing people with talents and thus catering for some late redistribution”. (pp 312-4)

Dworkin’s theory and Sen’s Capabilities theory, in opposite to the equality of welfare and Rawls principles, is an encouragement to improve efficiency, combining the equality of opportunity with equalisation of resources in alleviating unfavourable social conditions.

We may assume, according with Sen (1992) “there is, an exactly similar multiplicity of efficiency notion as we have already seen for equality, related to the plurality of spaces” (p 26). However, we may assume “efficiency comparisons can be made in terms of different variables” (p25). For instance, if gain is an appreciated basis on individual utility, subsequently the concept of efficiency emerges directly from the notion of “Pareto optimality”.

Though, according with Sen (1992) “efficiency can also be similarly defined in the spaces of liberties, rights, incomes, and so on.” (p 25). Sen give as an example: Pareto optimality in a space of utilities, efficiency in terms of liberty as the requirement of the situation is such that no one can improve his liberty without reduction of the liberty of someone else.

VI – EQUALITY AND/OR LIBERTY. CONCEPTUALIZATION

Equality concept is also connected, with distributive justice liberty concepts.

For example, Robert Nozick may not demand equality of utility or equality of holdings of primary goods, but he does demand equality of libertarian rights – no one has any right to liberty than anyone else. James Buchanan builds equal legal and political treatment –indeed a great deal more – into his consideration of a good society.

If we define equality approaching Sen, equalise basic capabilities, and define liberty as the absence of coercion, we agree with Bovard (1977) that “the true liberty (absence of coercion) and the most valuable equality (before the law) can and must exist together” (p 1).

Sen’s account “Liberty is among the possible fields of application of equality and equality is among the possible patterns of distribution of liberty” (Sen, 1992, p 22).

Liberty’s concept implies responsibility. If we attend to different spheres: State, Households (civil society), social enterprises and enterprises. We can join alternative form of responsibility: Enterprises (Social Citizenship) and Civil Society (Citizenship Rights vs Duties). Social Enterprises can help to reduce social risk, to help improve welfare. State may create conditions to improve opportunities and provide free and equal participation to everyone (Social Policy).

Likes Gutmann argues “Only by allowing and encouraging equal opportunities for all citizens to participate in a variety of spheres that affect their lives will citizens see themselves and be seen as possessing equal dignity... deny effective equal participatory rights or fair equality of participatory opportunities is to deny the equal dignity of individual citizens” (quoted in Michaels, 2002, p 1496).

Sen’s capabilities approach can be used in this way, according to Anderson(1999) and Walzer (1983) the use of capability conceptualization is attached to the suggestion of each one needs to function as a full participating member of modern democratic society. Each citizen has to be sustained throughout his or her life, as far as this is feasible, in the capabilities to achieve a satisfactory level in all ways, to absolute membership and participation in democratic society.

SECTION III – THE EMERGENT NEW ALLIANCE

The goal of this section is to identify the principal challenges faced by the Welfare State in Western Societies. At the moment, the rivalry among social protection and economic growth is being challenged. There is greater than ever acknowledgment that social spending for some intention and/or in some forms will be able to improve both economic growth and social development. Reflecting on this, the best social policy alternatives, imply social entrepreneurship, which can improve Capabilities (theory adopted to do this analysis).

I – SOCIAL ENTREPRENEURSHIP AS A STRATEGY TO IMPROVE WELFARE SOCIETY

Social entrepreneurship means the possibility to do something (in social field) using the innovative way, which brings the permanent results to the people with special social needs.

Consequently, we may affirm that all social agents (State, Social Enterprises, Enterprises and Households) may also be social entrepreneurs. Each one of them can make decisions, according with this role, helping to improve Capabilities (Sen).

According with Dees, the social entrepreneurs play the role of the change agents in social sector by: “Adopting a mission to create and sustain value (not just private value); Recognizing and relentlessly pursuing new opportunities to serve mission; Engaging in a process of continuous innovation, adaptation and learning; Acting boldly without being limited by resources currently in hand, an exhibiting senses of accountability to the constituencies served and for the outcomes created.” (Dees, 1998, p 4)

We can affirm that social entrepreneurship, could have similar characteristics to public goods.

Two features characterize public goods:

- 1) Nonrivalry: Goods can be consumed concurrently by more than one individual;
- 2) Nonexcludability: Goods can be accessed freely.

Social Entrepreneurship improves welfare society, everyone could enjoy his or her benefits. Those with the special social needs can be helped in the solution for their problems. For the other ones, social entrepreneurship might be a benefit in order to sustain a status quo society and social order (minimize social risks, like criminality, gangs).

The inter relation between the four social agents can originate social innovation, in particular, social solutions to solve social problems, in a period of historic transformation of the Welfare State.

II – COMMON CHALLENGES FOR WELFARE STATE

For the past two decades the Welfare State redefined their role. Huber and Stephens in our study (1998) make a quantitative and comparative case work on Welfares States concluding that rollbacks and restructurings in Welfare State programs have been a universal phenomenon in the last two decades, some programs mainly public pension systems, have been significantly restructured of which the benefits have not been significantly cut but contributions or taxes have been increased to make the pension system viable.

In the United States the reasons for the concern “are the threatening deficit in social security that may result from the retirement of the baby boom generation and the budget constraints arising from political decisions in the 1980s to cut taxes” (Huber,1999, p 2)

In last 20-25 years Europe fronted some alterations in demography, economy and social fields, which implied profound mutations in the role of Welfare State, essentially in social protection.

We can identified five major trends¹:

1. The ageing of the population. The largest expansion will be in the number of people of 75 and over, who tend to have greater demands towards pension systems, health care and social services. The falling birth rate over many years

¹ Some of these points was appointed by Commission for Social Development (2001),

- also causes a prospective decline in the number of people of working age, which could compromise the financing capacity of the pension system;
2. Changing gender balance and the growing participation of women in labour force, which has been accompanied by increasing demand for support services (child care and people with disabilities). This reality put in European agenda the gender issues;
 3. The persistence of high and long term unemployment (specially between women, young workers and old workers) and precarious work;
 4. The increase in the number of households, the decline in average size of households, with more people living alone, single parents households, and the increase of households with no one at work.;
 5. Globalization, technological progress and organizational change. The free movement of capital, goods, people and information can compromise the effectiveness and raise the costs of some national social policies. In harmony with Putterman and others (1998) “ extent to which individual states can effect redistribution through fiscal policy may well be limited by increasingly frictionless international capital and commodity markets” (p 897). Many authors argued that globalization made welfare state outdated. They represent an interference with market that is practicable only in context of the protection of the national economies through obstruction to the free flow of goods and capital.

Today welfare policy can not be reduced to employment, but employment is a fundamental issue, and we must create employment for men and women.

The welfare state should not only cover social risks, traditionally defined by unemployment, illness and disability and old age) it should also cover new social risks (lack of skills, causing long-term unemployment or poor employment single parenthood) and respond to new social needs (namely, the need to reconcile work, family life and education, and the need to be able to negotiate changes within both family and workplace, over one’s entire life cycle).

State must be preventive, not only engage in a social spending but also in social investment (like education and training).

III – RETHINKING WELFARE STATE. THE EMERGENT NEW ALLIANCE

The increasing complexity of actual societies implies new challenges to Welfare State in order to improve citizen's well being (capabilities) and system effectiveness.

These challenges can be gained, with the creation of a new alliance between State, Enterprises, Households and Social Enterprises².

Like Rein (2000) argues “the state acts as only one possible source of welfare activities...many of the activities can be carried out in markets, firms and households. It appears desirable to shift attention from ‘welfare state’ to the ‘welfare society’” (p 2). This mix between the four actors, and the strategic alliances between us (Figure 2) can be a promising direction to rethinking Welfare State.

In these interrelations between the four actors, none of these should be dominant. They should have ‘force equilibrium’. According with Rein (2000) the relationship among the four forces can be characterized as a cooperative antagonism, rather than dominance or exclusion. However, the role of State may be redefined, because it can not abandon public accountability for social functions regardless of who pays and administers these services.

According to Austin (1998) the four partners collaborate by three kind of forces:

1. “Political Forces: There has been a major rethinking in the role and size of government;
2. Economic Forces: Government downsizing is driving and driven by fiscal austerity. The political mandate for a balanced budget created the economic imperative of massive spending cuts;
3. Social Forces: The magnitude and complexity of our social and economic problems have expanded.” (p 3)

We can observe in Figure 2, diverse Intersectorials strategic alliances which help to solve needs, and improve participation of all in welfare society.

These strategies imply various types of collaboration, according to Austin (1998):

² We defined social enterprises, whose act in the market to satisfy social needs. Some authors call her, in the wide mean, third sector (Non Profit Organizations – NGO's).

1. Austerity Alliances: related to financial problems. The aim is to remove duplicative cost or excess capacity through share facilities services or activities;
2. Critical Input Combinations: It is not possible to solve some social problems without supply services panoply. In this case collaboration becomes a prerequisite to effectiveness;
3. Synergy-creating combinations: Here one brings together entities with complementary capabilities.
4. Scale-expanding configurations: These alliances can extend the markets or client bases of similar organizations, improving economies of scales;
5. Scope- enhancing configurations: Enhanced breadth of services might increase the convenience and utility of the organization and thus attract mores clients to the combined entity:
6. Critical Mass Constellations: Public and private entities have different experiences, and cooperating can achieve efficient solutions;
7. Investor Partnerships: Involves cooperation between diverse entities, with benefits to everyone, which imply the increase of responsibility;
8. Commercial Engagements: Involves some furnishing contracts between the partners;
9. Expertise linkages: Here the non-profit is allied with expertise (knowledge relationship).

The motivation to collaboration is particular to each one. State could ultra pass or minimize some of challenges discussed in part I of this section.

Households (for instance volunteering) , could have an increase of participation in the social problems resolution, enhance citizenship, help to reduce inequalities, poorest, and maintain status quo.

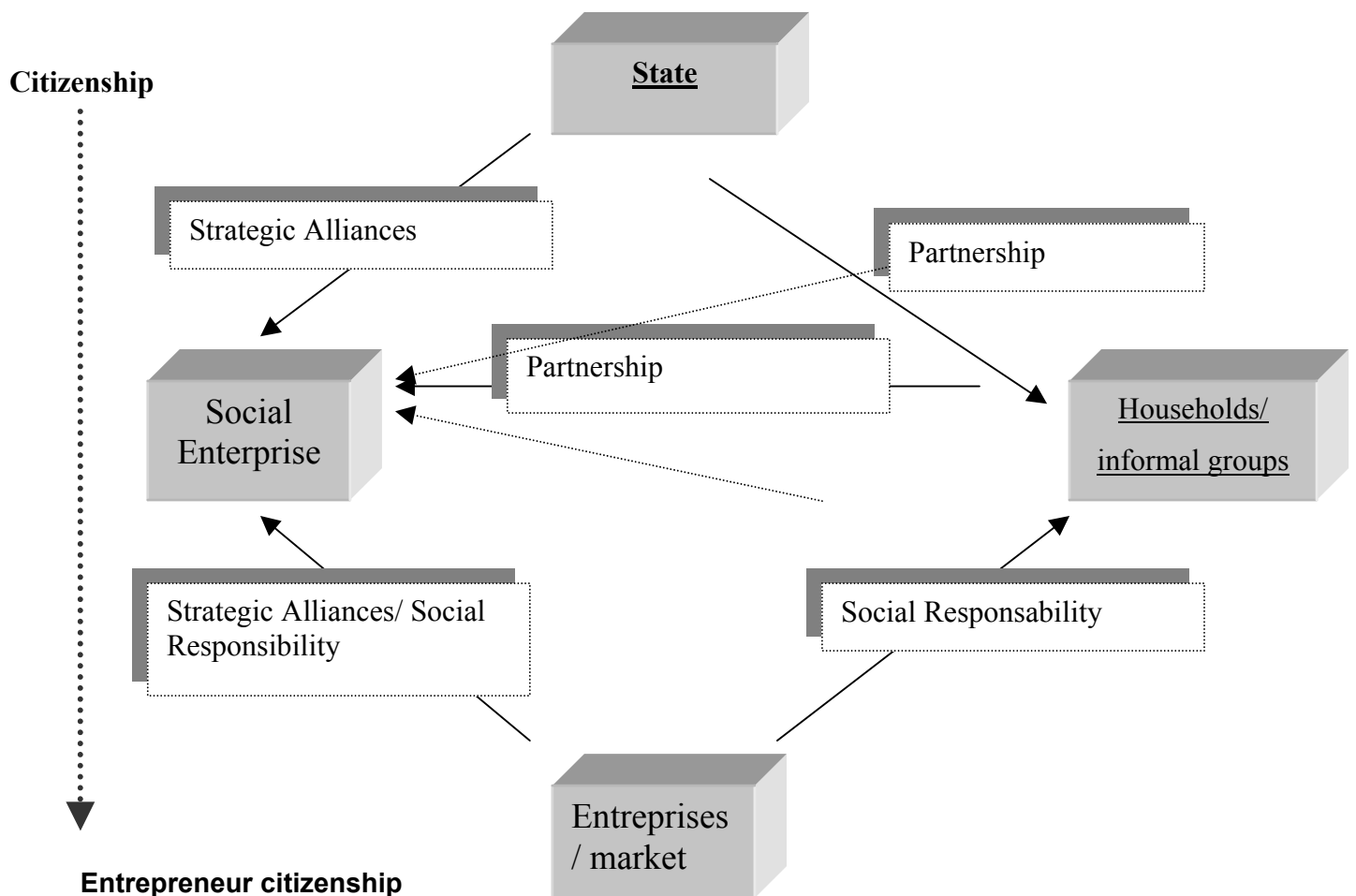
Social Enterprises can improve our mission (to solve social needs) and secondly create employments. This sector might have an important function: helping volunteering recruitment and management.

Enterprises obtain economic benefits, from the motivation of their employments; building an entrepreneurial culture (values, ethics) and business diversify.

Of course, problems can happen, and they have to follow some strategies to make collaborating work, like Austin (2000) argues: **ensuring participation** (everyone is

equality important), build **bridges** (partnership between business and government and non-profits may not just happen. They must work proactively and enhance strong relationships based in trust); **creating value** (the power of collaboration comes from leveraging the partners core competencies and combining them in the most reinforcing ways) ; **achieving accountability** (in more effective collaborations, partners will increasingly have high mutual performance expectations and hold each one other accountable for results) and **keeping the torch lit** (a basic challenge that communities face is how to ensure the engagement of the next generation of collaboration, this task has been further complicated by the globalization of businesses).

Figure 2. Quaternary Structure - Intersectorials Strategic Alliances



Source: Carvalho and Sardinha, 2003

To these success alliances with a reflection in increasing the wellbeing of everyone we can identify entrepreneurs strategies, which use social innovation (new solutions, efficient and effectives to solve social problems).

SECTION IV – CONCLUDING REMARKS

The first questions “how could we equalise welfare?” and “what to equalise: opportunity resources or welfare?”. Like we discussed in Section II, the response to these questions depends on the term of each one as egalitarian.

We identified a fundamental boundary among who wished to equalise welfare (or utility) – who was focused on equality of outcome – and who wished to equalise resources – a position which may not yield equal outcomes.

We were faced with problems when we tried to equalise welfare. The first issue was the measurement, some economists assumed the difficulty to do interpersonal welfare comparisons. The second one, is that it can not be ethically required to equalize welfare levels between persons, even if interpersonally comparable welfare measurements is viable. Because of different levels of tastes.

Independently to any theory, the welfare state must provide equal opportunity for all people. The recent society transformations imply an alteration on the role state, and the coming of new era, with the new alliance between State, Enterprises, Households and Social Enterprises. They can work together to improve wellbeing of all people.

Today European countries have two goals: high employment rate and an old ambition of the welfare state to offer adequate social protection, with the help of the enterprises, civil society, and NGO's. This approach implies the transition from Welfare State to the Welfare Society.

We can affirm that entrepreneurship applies to this area, namely social entrepreneurship, might help to solve social problems, among social innovation. Social innovation implies a new thinking and approach by State, Households, Social Enterprises and Enterprises, which can be more creative in social problems resolution.

These alliances between these four actors (State, Enterprises, Households and Social Enterprises) may catalyze the process to increase capabilities, through the exercise of actor's citizenship rights. In sum, this can be one strategy to enhance welfare. This may prove a fertile area for further research.

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