

Risk, Welfare and Work

MUP SOCIAL JUSTICE SERIES

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Risk, Welfare and Work

Edited by Greg Marston, Jeremy Moss and
John Quiggin



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INTRODUCTION

Shifting Risk?

Greg Marston, Jeremy Moss and John Quiggin

Over the last twenty years, an expanding social science and popular literature has examined social institutions in terms of the way in which they manage and allocate various kinds of risks. Government funded unemployment benefits and public health systems that developed in the 20th Century, for example, have been seen as ways of sharing or pooling risks that may affect members of society over the course of their lifetime. There is also considerable discussion in contemporary social theorising and in social commentary about a profound change in these institutional arrangements, in particular the individualisation of collective responsibility for managing risks and insecurities.¹ While there are many institutions and practices where the discussion of risk has played a role, none perhaps better exhibits the impact of risk analysis than that of the welfare state.

Changes in the treatment of risk have played an important role in setting the parameters for a series of changes to welfare systems associated with the resurgence of ideas variously referred to as market liberalism, neo-liberalism and economic rationalism. A central feature of this process has been a reallocation of the risk of disadvantage (of the costs of unemployment, health and child rearing) from the state to the individual, household or charities. This transfer of the burden of risk is what has been called the 'great risk shift'.²

The central argument in favour of such a transfer is that individuals are best qualified to judge their own circumstances and should, therefore, be free to choose their own risk management options. This might mean providing a mechanism for citizens to choose whether to take out private health insurance or remain within the public health system. In one sense, this is an intuitively plausible argument; the importance of exercising autonomy over one's life is widely recognised as having intrinsic value. However, critics of the market liberal approach have argued that, in practice, providing incentives for private insurance, for example, is really just a way of transferring risk and costs to individual workers and households.

Some writers³ have seen this 'great risk shift' as heralding a fundamental transformation of society. Others⁴ have pointed to the resilience of the welfare state, noting the persistence of most of the main institutions developed during the social-democratic era (public health and education systems, pensions and other forms of income support and so on) and the absence of any sustained decline in the ratio of public expenditure to national income. There are other scholars who argue that the distinctions between past and present offer over-unified accounts of a stable and settled past, against which can be set a view of the present as dynamic, mobile and fluid.⁵ Whether or not this shift has had as large a negative impact as these writers make out, it is nonetheless true that a trend of shifting risk from traditional institutions to non-state agents and agencies has resulted in a huge change to people's experience of welfare and how the welfare system is understood.

This shifting of risk through a mix of social and economic policies raises important moral and political questions for policy makers, the public and the social sciences. Should we design welfare states to provide sufficient financial security so that individuals are supported to take economic and social risks? What risks are generated by transferring responsibility for welfare and wellbeing to individuals and non-state providers? What are the costs and benefits of turning citizens into entrepreneurial risk managers?

This book engages with these questions on both a theoretical and empirical level by interpreting and evaluating the role that risk plays in institutional change in the Australian welfare state. Our aim is to foster interdisciplinary engagement and debate among the social

scientific and policy making communities about the dynamics and consequences of economic and social risk, as well as to introduce a more nuanced tone to the populist political discussion on risk and responsibility.

What is noticeable for this discussion is the necessity of an interdisciplinary approach to these questions. The shifting of risk that is taking place requires both an understanding of the interrelationship of different disciplines and institutional settings as well as the policy context. In introducing this book we provide some brief comments on the debates about risk and responsibility in the social politics of welfare and we provide an overview of the book itself.

Risk and the welfare state

Risk talk is not new. Welfare provision over past centuries has always been, at least to a certain extent, about the management of risks. However, the social politics concerning the struggle over public and private responsibility for managing risk have certainly changed over time, as have the human and non-human technologies governing risk. Knowledge about the risks we face collectively and individually has grown exponentially with the development of scientific inquiry and the availability of information and communication technologies that assess and calculate risks of various kinds.

Scientific knowledge and its relationship with risk management can be very contentious. A government's decision to add fluoride to the drinking water of a given population, for example, is based on scientific evidence about the public health benefits. At the same time, there is counter scientific evidence that suggests adding fluoride to the drinking water does more harm than good. Add to this the frequent protests from individual citizens that they should have a choice about whether they should be drinking fluoridated water and we can see that risk management decisions become increasingly fraught in light of the increasing availability of contested scientific knowledge.

The moral dimension of risk is also in a constant state of flux. Risk taking by individuals and organisations can be publicly rewarded in certain times and spaces, and yet these same practices can be decried when the risk taking behaviour of a few negatively affects many others. The Global Financial Crisis is a case in point. A popular explanation of the financial crisis is that irresponsible lending and

the failure of key US investment banks caused a liquidity crisis and loss of confidence in financial markets. In an essay for the December 2008 edition of the *Monthly* magazine, Judith Brett⁶ reflects on what we can learn about the nature of risk from the global financial crisis:

The big lesson of the past few months of financial crises is that government is the ultimate risk manager. When all else fails, be it the weather, our marriage, the banks, or even our child care provider, we turn to the state. Natural disaster relief is a regular feature of Australian politics, income support for single parents is now well entrenched and many people have always thought that child care was an essential service best provided by governments, but it is a long time since any of us have thought about whether our money is safe in the bank.

Judith Brett's assessment of government as the 'ultimate risk manager' echoes the thesis developed by the political economist David Moss⁷ in *When All Else Fails*, which deals with these issues in an American context. The thesis of Moss's book is that there is a cultural disjuncture between, on the one hand, the image of American politics as a laissez faire celebration of freedom from government interference and on the other hand, the reality—where governments have become increasingly involved in the regulation of social and economic life in the United States.

What is also apparent is that a shifting of risk from state institutions to non-state agents often has dramatic consequences for individuals. Welfare policies that require more activity from recipients often lead to increasing numbers of the disadvantaged with reduced benefits. This raises important questions about whether this type of shifting of risk can be morally justified.

Risk regulation by governments in western countries began with finance and trade, but with external shocks (such as economic depression and world war) spread to the population at large. It is the twentieth century where the collectivisation of economic risk comes of age. Convinced by the principles of Keynesian economics, governments across the western world sought to demand-manage the economy through policies that would increase aggregate demand,

which would in turn increase economic activity and reduce unemployment. These sets of institutional arrangements were dependent on centralised fiscal policy, and protectionist policies in the area of trade and immigration.

The guiding assumptions in the post-war period about the role of governments in regulating risk came under fire during the mid 1970s as a result of rising unemployment and inflation and the subsequent loss of faith in Keynesian prescriptions for economic and social security. Since the 1970s economic policy turned away from demand side job creation and welfare state expansion. From the late 1970s, mass unemployment started to be more or less accepted as ‘fighting inflation first’ became the mantra of economic governance in countries such as the United States, the United Kingdom and Australia.

The significance of this paradigm change must not be underestimated in terms of its impact on economic and social policy. The Australian economist, William Mitchell⁸ argues that in less than thirty years in Australia the ‘full employment vision’ had been transformed into the ‘full employability model’. In this model, risk is understood as something that has undergone an historical transformation, from something that has been more or less collectively managed through the institutional arrangements of state responsibility and regulation to a system where managing the social and economic risks of life is devolved to individuals, households and civil society. In practice, Australia has always had a mixed economy of welfare where responsibility for social protection varies across different policy fields and over time.

The narrative about collective responsibility to individual risk management is only one of the meanings that risk has in social policy. There are other discourses of risk, each of which operates at a different level of abstraction from the social reality it seeks to interpret or amplify. While Hacker’s description of the Great Risk Shift and Moss’s account of historical change are embedded in national contexts, the contribution of Ulrich Beck and Anthony Giddens on the conditions of the ‘risk society’ is more ambitious in its scope and more optimistic in its assessment of how individuals manage risk in late modernity. While Beck acknowledges that more social and economic risks accumulate for those at the bottom end of the income scale, he is also keen to promote the idea that there is a certain form

of freedom that can be found in individualisation. For Beck⁹, individualisation is different to individualism associated with neo-liberal social policy. Individualisation is about reflexivity. In a similar vein, the sociologist Anthony Giddens¹⁰ believes that the social institutions of family, work and education offer a multiplicity of identity projects that are now less prescribed by tradition. According to Giddens, this state of 'reflexive modernity' opens up greater possibilities for individual citizens to be the author of their own biography. While some of this interpretation appears to be an accurate reflection of social change, particularly in relation to the relationship between knowledge and self-guided action, others have criticised both Beck and Giddens for failing to take sufficient account of social class and the nation state.¹¹

In contrast to Beck and Giddens' sweeping account of risk and the welfare state are the micro-relations of risk management, which focus in on the level of citizen-client management in specific contexts through risk profiling and risk indicators. In areas such as child protection, health and unemployment policy there are a multitude of risk management tools being applied to ascertain the inherent 'riskiness' of individuals, as either a harm to themselves or a harm to society. In these spaces, categories of risk are constructed on the basis of statistics and observation, facilitated by the use of Information and Communication Technologies (ICTs).

The relationship between human and non-human actors in the management of perceived and real risk is an area that is receiving some attention in the social sciences. A critical dimension to research into these practices has been introduced by scholars using governmentality as a theoretical framework to highlight how citizens are being constituted and governed in these spaces.¹² Inspired by Foucault, Mitchell Dean's¹³ work on 'administering the unemployed citizen' highlights how different forms of social scientific knowledge constitute the unemployed subject. This line of research is able to show how social problems are being turned into private and therapeutic concerns.

In some cases, these risk categories may themselves produce unintended negative consequences for the target population. As Bessant, Hill and Watts¹⁴ argue, the use of an 'at risk' discourse in

empirical social scientific research can contribute to a stigmatisation of certain populations. Matters like family status, heredity, socio-economic circumstances, psychological dispositions are treated as 'risk factors' and are said to 'cause' problems, now called 'risks'—like 'crime', suicide, 'delinquency', unemployment, drug use, sexual activity, violence, school-based activities, gang membership, computer hacking and graffiti and so forth. The elucidation of these kinds of 'risk factors' in turn 'explain' the persistence of populations at risk—like 'youth at risk'. Bessant, Hill and Watts¹⁵ argue that this talk about 'risk' and the way it sanctions the use of numbers to convey an impression of precision, objectivity and credibility, is at best highly ambiguous, and at worst highly problematic.

What these different discourses of risk highlight is that we need to be critically reflexive about the categories we use to understand transformations in the welfare state. While the concept of risk has utility in thinking about the shifting boundaries between public and private responsibility for welfare and wellbeing, it becomes more contentious when used as a grand narrative to describe new relations of power, authority and autonomy in modern society. Similarly, the use of risk factors in social research can create a form of probabilistic thinking about the causes and consequences of social problems, which can end up resembling the 'sociology of deviance' that was popular as a mode of social inquiry in the 1960s. As the contributors to this volume illustrate in the chapters that follow, risk talk has many different variants, with different moralities and modalities. Contributors have all taken a critical stance towards the concept of risk, but at the same time they are not seeking to prove or disprove its conceptual or empirical worth.

Organisation of the book

The book is divided into four sections. The first section considers historical and international comparisons on risk discourse and welfare states. The chapters in this section provide a context for the more specific case studies that appear later in the book. These chapters also serve the purpose of unsettling the taken for granted assumptions about the perceived newness of risk talk and the inevitability of a linear risk transfer from the state to citizen and households. One of

the themes that is brought to light in this section is that the risk shift metaphor can sometimes downplay the friction between dominant policy agendas and citizen resistance.

The second section of the book takes a step back from history and political economy and considers the philosophical principles at stake in debates about risk, individualism and society. Both of the chapters in this section ask probing questions about the sort of citizen that is constructed in debates about risk, autonomy and welfare. Questions are raised about the appropriate mix of obligations, rights and responsibilities in social assistance, particularly as this assistance is extended to different population groups with different expectations about what is expected in return. Here we are reminded that social justice must be concerned with both the distribution of benefits and burdens across society. The myth of rugged individualism is also taken to task. The argument is persuasively made that the rhetoric of maximising choice in the name of individual autonomy has not only provided a justification for the individualisation of risk and responsibility, but has also led to a de-emphasis on the social factors that constrain choice.

These philosophical themes are revisited in the third section of the book in relation to specific case studies covering some major policy domains where these issues are being played out. Higher education policy, human services management, mainstreaming economic risk for Indigenous communities and labour market reforms are all covered in a critical and engaging manner by the contributors. In each case, the authors are making the point that the adoption of a risk framework has been problematic for different constituents, including clients, citizens, community organisations and workers. In each case the reader is reminded that the policy implementation has very different outcomes than what is espoused in political statements about the benefits of maximising individual choice. One of the conclusions to be drawn from the chapters in this section is that risk management frameworks can lead to a legitimisation and 'naturalisation' of structural inequalities.

In contrast, the fourth and final section of the book takes a more optimistic tone in terms of the proliferation of risks and the role of the welfare state. Here concrete policy proposals for managing risks

are considered in more detail. Time accounts and learning accounts are discussed in terms of their value for managing risks over the life course. The value of extending income contingent loans to other social policy domains beyond the higher education sector in Australia is carefully considered. The value of these discussions is that it reminds the reader that there are no shortages of good ideas for managing life transitions, some of which have been found to be very successful policy instruments in other national contexts. The final chapter in the volume considers the way in which young people are embracing uncertainty, while holding onto the importance of economic security. The arguments covered in this final chapter neatly sum up the paradox that lies at the heart of the concept of risk. Arguably, in order for citizens to willingly take risks requires a degree of ontological security, which in itself is furnished by economic, cultural and social security. Perhaps in the final analysis, risk and security are two sides of the same coin.

Clearly 'risk talk' is going to be part of the social and political discourse well into the 21st Century. This book provides a space to think critically about how this multidimensional concept is constituted and deployed by social scientists, politicians and policy makers and the likely effects on citizen-state relations. We are confident that readers will find something of both intellectual and practical value from the thoughtful and original papers that are brought together in this volume.

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Notes

- 1 Beck, *Risk Society*; Beck and Beck-Gernsheim, *Individualization*.
- 2 Hacker, *The Great Risk Shift*.
- 3 Beck, *Risk Society*; Hacker, *The Great Risk Shift*.
- 4 Pierson, *The New Politics of the Welfare State*.
- 5 Clarke and Fink, 'Unsettled attachments'.
- 6 Brett, *Comment*, p. 10.
- 7 Moss, *When All Else Fails*.
- 8 Mitchell, *Dangerous Currents Flowing against Full Employment*.
- 9 Beck, *Risk Society*.
- 10 Giddens, *Modernity and Self-Identity*.
- 11 Garrett, 'The trouble with harry'.
- 12 Marston and McDonald, 'Workfare as welfare'; Henman, *Governing Electronically*.
- 13 Dean, 'Administering asceticism'.
- 14 Bessant, Hill and Watts, *Discovering Risk*.
- 15 Bessant, Hill and Watts, *Discovering Risk*.