

## **RISK AND WELFARE**

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### **ABSTRACT**

The welfare state developed as a state-centred response to the problem of handling the risks encountered in a typical life-course. Recent theoretical work on manufactured uncertainty and reflexivity implies that changes in the experience of risk and in confidence in the expertise of planners and professionals undermine the viability of the traditional welfare state. This article reports research on the perceptions and behaviour of social security fraudsters, house buyers and sellers and individuals considering provision for long-term care needs carried out under the ESRC's *Economic Beliefs and Behaviour* programme. Uncertainty in employment, housing markets and care provision is widely recognized, as is the weakening of the welfare state services which might mitigate the resulting problems. However, individual responses are more complex than the above theory implies. They include two elements: an awareness that individuals are in a position where they must take greater responsibility for meeting their own needs, and endorsement of the continued provision of welfare state services. Members of a risk society are not alienated from state welfare.

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## **RISK AND THE WELFARE STATE**

The welfare state has been the traditional western solution to many of the risks encountered in a typical life-course in industrial society. The post-war welfare settlement relied on Keynesian macro-economic intervention to ensure full employment and a high level of economic activity and Beveridgean redistributive welfare policies to maintain levels of consumption throughout the population and meet social needs. This approach is now contested. The expansion of international capital, labour and commodity markets and technological changes with implications for the stability of national production regimes cast doubt on the viability of the macro-economic strategy. Changes in the apprehension of risk and in ideas about how it should be met, to do with cultural globalization and social reflexivity, challenge the traditional state-centred approach to welfare. In this article we draw on evidence from the ESRC's *Economic Beliefs and Behaviour* (EBB) programme, to shed light on people's perception of and responses to risk in a number of concrete contexts. First we review briefly some of the literature which charts shifts in understanding of welfare needs and how they should be met.

### **1. Theories of Welfare and Risk**

Four interlocking themes have influenced recent developments in sociological theory which challenge the welfare state tradition: globalization, at both an economic and a cultural level; the omnipresence of risk; mistrust of expert knowledge; and the social reflexivity of an increasingly well-informed citizenry, who are increasingly aware of risk and whose confidence in the capacity of bureaucratic rationality and professional judgment to meet their needs is in decline.

#### **Globalization - Economic and Cultural**

Economic globalization concerns the rapid expansion of international competition, as a result of three processes: first the emergence of recently-industrialized economies, the

breakdown of trade barriers and the entry of former socialist countries into the world market; secondly, the increase in resources available for international speculation that can destabilize national currencies; and thirdly, the growth of multi-national companies and transnational political institutions. These developments have been extensively discussed elsewhere (Michie, 1994; Hutton, 1995:ch.3; Wood, 1994; Carnoy et al, 1993:49; Marginson, 1994: 64, Hirst and Thompson, 1996; Taylor-Gooby, 1998:ch.1). The net result is that governments can no longer claim to be in full control of their own economies in the way that Keynesian interventionist management assumes.

Cultural globalization extends the economic notion of globalization to refer to the impact of improvements in communication whereby individuals in any part of the world can be conscious of developments elsewhere on the planet, almost simultaneously, just as their material interests are directly influenced by economic developments at a distance. People also have an immediate access to the life-styles and values of disparate groups and an awareness of how people live their lives in different cultures. They are able to set their own choices and behaviour in a global context. This change has profound implications for the way we live our own lives. Giddens refers to the process whereby traditional frameworks of time and space are dissolved, and argues that cultural globalization contributes to the erosion of traditional social structures:

Globalization should not just be seen as an 'out there' phenomenon, but as an 'in here' one also: it affects not only localities but even intimacies of personal existence since it acts to transform everyday life...thus for instance the emergence of local nationalisms, and an accentuating of local identities, are bound up with globalizing influences to which they stand in opposition. (1994b:23)

### **The Omnipresence and Inscrutability of Risk**

Beck's *Risk Society* (1992) first published at the time of the Chernobyl disaster, was pivotal in drawing attention to the importance of 'manufactured risk'. The claim is that, while risk and uncertainty remain continuing features of human life (see Giddens, - for example, 1994b:21), recent developments have imported a new perspective into the perception and understanding of risk. In traditional society, risk was understood primarily as the outcome of the operation of natural forces or of external human interventions perceived as analogous to natural forces (plague, drought, barbarians at the gate). The

modern perception of risk includes the awareness that human interventions into nature (through technology) and into society (through government policies or economic activities) may also generate damage that is typically unpredictable and uncontrolled.

The argument is clearest in the fields of interventions in the environment (acid rain, the Oklahoma dust-bowl), agricultural practices (CJD) or pharmacology (Thalidomide). However many of the problems that individuals face in everyday life are also the outcome of social and economic forces over which government control appears limited. This applies, for example, to un- or sub-employment as a result of technical innovation or competition from industry overseas, unpredictable swings in mortgage interest rates that may dispossess one of one's home, or the changes in life-expectancy and shifts in family size, in the roles that women pursue and in patterns of female employment that have thrown the traditional domestic system of care for older people into crisis. Titmuss argued perceptively that the objective of the welfare state was to tackle the 'diswelfares' of modern society (1974:ch.2). Satisfaction with the success of social policy in achieving this goal has declined. Risk appears endemic.

### ***Mistrust of Experts and of Planning***

'Risk society' is associated with a growing mistrust of expert opinion which is the exact contradictory of enlightenment confidence in the power of reason. This operates at a political as well as cultural level. As Giddens argues: 'The founders of socialism believed..that the more we as collective humanity get to know about our social and material reality, the more we will be able to control them in our own interests..not just the authors but the masters of our own destiny. Events have not borne out these ideas' (1994:3).

The experience of the tawdry outcome of the grand political projects of socialism and of the damage resulting from applications of technology, as well as of the shortcomings of social planning in fields like transport, agriculture and high-rise town planning all contribute to undermine trust in expertise based on reason (Lyotard, 1984). In Weberian terms allegiance to bureaucratic-rational authority is weakened (Abercrombie, 1994: 53). The suspicion of experts is reinforced by the growing influence of rational choice theory over policy making (for an insightful analysis, see Le Grand, 1997). This approach argues that behaviour is governed primarily by an individual calculus of advantage. It claims that politicians propose policies to gain votes rather than meet needs, and that the officials and

professionals who deliver services are more concerned with their own position as determined by the size of their budgets or their control over their work-load than the public interest (for example Schumpeter, 1944; Buchanan and Tullock, 1962).

### **Reflexivity and Political Consciousness**

Giddens also links the mistrust of expertise and of traditional authority to globalization and to diversity to argue that contemporary political consciousness is undergoing a profound realignment. Individuals are increasingly aware of the range both of expert opinion and of cultural practice in relation to issues ranging from individual life-style and relationships to the operation of the political economy and of the fact that they can rely on no one to sift it for them. This reflexivity of social consciousness can be understood as a world of 'clever people' who are proactive: 'information produced by specialists..can no longer be wholly confined to specific groups, but becomes routinely interpreted and acted upon by lay individuals in the course of their everyday actions' (1994b:24). Individuals cannot escape the awareness that they must take responsibility for managing their own needs.

### **2. Implications for the Welfare State**

The theory implies that these four changes - globalization, endemic risk, mistrust of expertise and social reflexivity - undermine the traditional strategies of the welfare state. Governments find it increasingly difficult to pursue universalist state-centred strategies and people are increasingly aware of risk but sceptical of any approach which assumes that service-providers know best.

One response is a Schumpeterian Workfare State: 'an emerging coalition between flexible production, differentiated and segmented consumption patterns, post-modernist cultural forms and a restructured welfare state' (Burrows and Loader, 1994:1 - see Jessop et al, 1991). Such an approach is concerned to support continuing capital accumulation through policies designed to enhance the competitiveness of national industry in the world market. Redistributive policies to support high levels of consumption across the national society are abandoned. The new strategies may range from neo-liberal deregulation and a minimalist welfare state to a more extensive emphasis on education, training and the support of a high-quality/high-skill labour force - the typical Northern European model (Esping-Andersen, 1995:264-5; Gough, 1996:218).

An alternative approach stresses the importance of complementing traditional political frameworks with new forms which enable the diversity of interests within modern society to negotiate - a 'dialogic democracy' outside state institutions (Giddens, 1994:112) which would respect a 'differentiated universalism' in citizenship (Lister, 1997:1). Both approaches imply welfare state retrenchment and restructuring, because the traditional state-centred method of tackling risk is no longer acceptable, and propose greater reliance on individual responsibility. In the next three sections we review evidence on how people regard risk and uncertainty in three major areas of social need where state provision is currently a matter of contention - getting by without a job, managing house purchase when house values and interest rates are prone to rapid fluctuation and paying for long-term care needs in old age. Is risk perceived as inscrutable and endemic in the way that the theory reviewed above implies? Is government seen as increasingly unable to plan services to meet the needs that people anticipate? What responsibility do citizens feel they should take themselves for meeting those needs? Evidence from surveys conducted by the EBB programme sheds fresh light on the question of the challenge risk society poses to the traditional welfare state. Further details are available in chapters by Dean, Munro and Parker in Taylor-Gooby, 1998 or from the programme web pages at <http://www.ukc.ac.uk/ESRC>.

### **3. Getting by Without a Job**

Faced with the uncertainty of the labour market, one of the ways in which people without legitimate employment can get by is to supplement their social security entitlements illegally by taking undeclared employment in the informal economy. In so doing, they expose themselves to another kind of risk: that of detection and prosecution by the authorities. One of the projects within EBB was a qualitative study of social security benefit fraud. Thirty-five discursive interviews were carried out with individuals who were fraudulently claiming social security benefits (Dean and Melrose 1996 and 1997; Dean 1998). Most of the fraud committed by the sample related to undisclosed earnings from informal employment: nearly half the respondents were currently engaged in regular undeclared employment, and all but four had undertaken undeclared work at some time. Building work and freelance skilled work featured prominently, together with low-skilled shopwork, cleaning and catering jobs. In 15 cases, it was implied or admitted that employers had colluded in the fraud.

#### ***Economic Insecurity versus the Risk of Detection***

Associated with economic globalization has been a drive in western countries to deregulate labour markets and to maximise the flexibility of labour supply. The effect at the periphery of the labour market is sustained levels of unemployment, underemployment and 'hypercasualisation' (Jordan and Redley 1994) - the proliferation of casual or temporary employment and intermittent self-employment and also informal and illegal forms of employment, much of which is covertly subsidized through benefit fraud. This process has coincided, particularly in Britain, with shifts away from universal state welfare towards more selective forms of social security provision and the emergence of a more parsimonious yet increasingly complex benefits system. The effect of low benefit levels and the perverse incentives associated with means-tested schemes is to encourage participation in the informal economy (Evason and Woods 1995). The result is that, for those in the weakest positions in the labour market, employment is an uncertain source of income.

The main reason given for defrauding the benefit system by those interviewed in the study was economic necessity. Benefits did not provide an adequate income. For most respondents, the vicissitudes of life on a very low income represented a bigger worry than the prospect of getting caught for benefit fraud, the risk of which is in any event perceived to be relatively low (see Rowlingson et al 1997). None the less, many of these claimants did live with considerable anxiety. The only thing which would have dissuaded virtually all of them from continuing to defraud the benefit system was a 'proper' job at an acceptable wage. Hardly any of the respondents were at all 'streetwise' about the benefit system: they were neither knowledgeable about their entitlements nor keen to maximize or prolong their claims on the state. The overwhelming impression was that most people who claim benefits and work 'on the side' are not exercising a conscious life-style choice, so much as muddling through and waiting, like late twentieth century versions of Mr. Micawber, for something better to turn up. Few of them felt that what they were doing was fundamentally dishonest, but most experienced the process as uncomfortable and hazardous; as part and parcel of struggling to make ends meet.

### ***Perceptions of the Role of Government: A Sense of Betrayal***

An earlier study (see Dean and Taylor-Gooby 1992: 102-11) had suggested that there might be a link between claimants' willingness to defraud the benefits system and their sense that they were being unfairly treated. The EBB study therefore focused on the

beliefs of a sample of actively fraudulent claimants about the nature of their rights and obligations as citizens.

In practice, most respondents had somewhat vague or depleted concepts of citizenship and its obligations. None the less, their understanding of citizenship could be explored through the way they talked about 'rights' and 'fairness'. Most believed they had a right to claim social security benefits, but this was not a right they valued highly because of the discomfort or stigma associated with exercising it. Most respondents (25 of the 35) pursued discourses by which they justified their own disobedience as citizens. At their simplest, such discourses translated economic necessity into justification and sought to blame inadequate benefit levels and the perversities of the benefit system. However, some respondents, because of the difficulties entailed in establishing their claims to benefit, were reacting to the way they had been 'messed about' or given 'a hard time' by the system. Such discourses often touched directly on issues of equity or justice. Feeling they had not received that to which they were entitled, respondents might justify their actions with reference to the taxes and contributions which they or their forbears had paid in the past. Implicit here was the idea that the welfare state has betrayed them; that the Schumpeterian Welfare State was unfair.

Most respondents were not enthusiastically supportive of the welfare state and a few were openly hostile to it. However, there was a sense in which, for some respondents, the very nature of citizenship had been impoverished. Sometimes, with evident scepticism or resentment, they equated citizenship status with consumption, lifestyle or wealth. It was not only that these respondents felt excluded from citizenship, but they sensed that they were experiencing a retreat from the values associated with the social democratic welfare state.

### ***Competing moral repertoires***

In suggesting that fraudulent benefit claimants may be reacting to the demoralization of the welfare state it is important to emphasize two points. First, fraudulent claimants as a group are extremely diverse. Second, the range of discursive and moral repertoires upon which they - and all of us - draw is also diverse. The EBB study analysed this diversity along two cross-cutting dimensions - the degree of reflexivity which they brought to fraudulent claiming and the degree of anxiety which they experienced.

Though reflexivity and chronic anxiety may be endemic to risk society, it cannot be assumed that they affect all subjects uniformly. Of the claimants who were relatively low in reflexivity, the small group (7 out of 35) who were not anxious tended to be the least principled of all the respondents, while those who were anxious (8) were characteristically fatalistic about their situation. Of the claimants who were relatively reflexive, the few who were not anxious tended to be the most subversive of all the respondents (7), while those who were anxious were acting largely out of desperation. The latter group was the largest in the sample (13) and it was the group which, given the opportunity, would have most readily sought to provide for themselves by legitimate means.

Findings from the study of benefit fraud have since informed a further project which has sought more generally to explore popular perceptions and discourses in relation to poverty, wealth and citizenship. This more recent work entailed interviews with 76 working adults with very widely differing levels of income (Dean with Melrose, forthcoming). The findings help to explain the ambiguous mixture of guarded altruism and pragmatic instrumentalism which characterizes public opinion towards the welfare state (see Rentoul 1989; Brook, Hall and Preston, 1996). People seem predisposed towards free-market individualism and harbour a certain fascination for wealth, but they retain a pragmatic and self-interested commitment to elements of state collectivism and a deep fear of poverty: a fear which extends right up the income scale. However much people may mistrust the state, the abhorrence of poverty exceeds the desire for wealth. By implication, the preference is for a form of citizenship that protects against the risk of poverty before it secures the opportunity to achieve wealth.

However, any progress towards a remoralisation of the welfare state - whether this be along the lines of Giddens' 'dialogic democracy' or Lister's 'differentiated universalism' - must also take account of the chaotic variety of contradictory repertoires upon which popular discourse draws. It is not only that people differ in the degree of reflexivity or 'cleverness' which they exhibit and in the amount of anxiety which they suffer. They also differ in the moral and ideological substance of the explanations they use (which can rest on solidaristic, universalistic or collectivist values on the one hand, or contractarian, autonomistic or individualist values on the other), and in the 'voice' or forms of expression upon which they can call (which might rest on reflexive or radical conventions on the one hand, or on received myths or established traditions on the other).

Those who supplement benefits with informal work to get by are, in this respect, no different than those with jobs. Many are prepared to accept individual responsibility in the face of risk, but most also demand a measure of state protection against such risk. This does not necessarily emerge coherently from the diverse ways in which such claimants justify their behaviour, but neither are the manufactured risks experienced by those at the periphery of the labour market in any sense coherent or calculable.

#### **4. Uncertainty and House Purchase**

##### **Risk in the Housing Market**

The risk and uncertainty involved in house purchase has been brought home dramatically to house buyers in Britain in recent years. The housing market had previously been seen as relatively risk-free. Investment in bricks and mortar was traditionally 'as safe as houses' and increasingly a secure passport to capital gains. In the boom of the 1980s relatively little attention was paid to the escalating interest rates which more than doubled many people's mortgage payments. Instead, popular and academic debates focused on the availability and importance of profits in the housing market in relation to the creation of class cleavages (Saunders, 1990; Thorns, 1981) and the longer term impact of inheritance (Holmans and Frosztega, 1994; Munro 1988; Hamnett, Harmer and Williams, 1991). In the late 1980s and through the early 1990s prices stagnated and fell, trapping many house buyers in 'negative equity', where the value of the house fell below the amount of the mortgage secured on it (Dorling and Cornford, 1995). At the same time, the number of those who found themselves with insufficient income to continue to repay their mortgage increased and the number of repossessions also grew rapidly, peaking at over 75,500 in 1991 and subsequently levelling at between 40 and 50 thousand each year (Wilcox, 1997). This revealed that the greatest risk in the housing market - homelessness - could affect those in owner occupation as well as those more traditionally seen as disadvantaged.

Housing was at the forefront of the privatization agenda of the Conservative government. Since 1980, over 1.6 million houses have been sold to their tenants by social landlords, a reduction in the council housing sector that has not been offset by significant new investment. More recently, support for mortgage interest payments for those dependent on income support has been curtailed. The safety net for those unable to attain or sustain owner occupation is therefore shrinking both in terms of welfare state provision of social housing and in help with housing costs when owners get into difficulty (Wilcox and Ford, 1997).

Two linked surveys carried out by the programme in 1995 and 1996 show how homeowners perceived and reacted to the changed climate of risk in the housing market. A structured survey of recent first time buyers, recent movers and longer term owners was conducted in the contrasting housing markets of Bristol and Glasgow (over 800 interviews, drawn on a quota sample basis). Related in-depth interviews were undertaken in the two cities with over 40 people who had either moved recently or who wished to move.

### ***Perceptions of Risk***

The majority of respondents saw risk as endemic; across the structured survey sample, 68 per cent agreed with the statement that 'owning a house can be a risky investment' and just 19 per cent thought that house purchase had become less risky in the previous three years. Risk was also seen to be inscrutable in the sense that most owners could not provide an explicit rationale for expected changes in house prices or interest rates - even though they are clearly critical to their own housing market position and the ease with which they can afford the mortgage. The qualitative survey confirmed the sense of concern about future unpredictability and the financial climate:-

Interviewer: Do you worry about things like increases in interest rates or reductions in tax relief for mortgages?

Mrs Young: Oh, yes, definitely. You see it on TV and you wait for that letter coming. It's a nightmare because where do you get the extra money from? Like if you're living on a budget from week to week.... It would be nice to see interest rates kept level instead of going up and down. (Glasgow: Trader)

Mrs Walker: I worry about interest rates over say the next three to four years, while I'm stuck in [with the baby] with just one wage coming in. (Glasgow: Trader)

Although this sense of worry was widespread it was not universal. As for the dole fiddlers, reflexivity was associated with varying degrees of anxiety. For instance, in response to the same question another respondent says:-

Mrs Cox: Well, I can't say that I do.... Until it hits the headlines and hey're wittering on about the Halifax and the Abbey National, then I think, what does that mean to us? But, on a day to day, month to month basis, no I honestly can't say that I do, but [husband] probably does, because he does more sums than me. But not in general, no. (Glasgow: Trader)

The sense of riskiness was exacerbated by an evident feeling of powerlessness in terms of having little grasp of why such changes might occur. Reflexivity here was allied to a mistrust of 'experts'.

Mrs Stevens: I don't think we'll ever get to the stage where body, where we could sit back and say fine, the mortgage rate is 12 per cent, 10 per cent, 15 per cent whatever... and that's us settled. I think it changes so much, it's at the whim of politicians and bankers who think they know what they're doing. You know, they just say well we need to put the interest rates up because of this, that or the next thing, and we're really just at the whim of their involvement in running the country, or running the banks'. (Bristol: Trader)

This pervasive perception of heightened riskiness was also bound up with an almost universal acceptance that there is now 'no such thing as a job for life' increasing the risks of long-term indebtedness.

### **The Role of Government**

The government role in helping home owners cope with the changing risk environment was perceived to have been actively counter-productive in four main ways. First, the government was seen to be broadly responsible for interest rates and most people were aware that these had fluctuated considerably.

Ms Mitchell: But I always think you're talking about a government that in essence is responsible for interest rates and then they should be helping people, because if those interest rates go through the roof, then, I mean nobody expects to be paying 15 or 16 per cent when

they first buy a property if the interest rate at that time is 5 per cent.  
(First time buyer: Glasgow)

Few owners expected outcomes to be any better in the future. Many respondents, therefore, explicitly took the responsibility for ensuring they could cope with the risks.

Interviewer: How would you see interest rates going in the future?

Ms Graham: Probably up. Probably up, I'm not sure. At the time, I was told the highest that they had been for so long was 15 per cent and I asked them to work out what my mortgage would be at 15 per cent, just to see how could afford it. I could, I wouldn't have a life, but I could still make it. (Glasgow: First time buyer)

Mr Kemp: I work for a leasing company so I can see, all the things the money market is doing or is likely to do. So when we take out the next mortgage we'll look at when the rates are likely to rise, how far they're likely to go, can we afford that? What would happen if [wife] and I lost our job? How could we survive? (Bristol: Trader)

Second, the government was believed to bear a considerable responsibility because it had promoted owner occupation as the high road to individual security at the same time as fiscal and public spending policies had increased the risk associated with home ownership.

Mrs Robb: Well, they're discouraging first time buyers because they're taking MIRAS away, which although it doesn't actually make a big difference to your payments, people perceive it's a big benefit.... Interest rates as well I suppose. But there's no job security any more.... whether that's down to the government or whether that's just a natural change in the way the job market is, I don't know. They're taking away the DSS support if you take out a mortgage after October. They're not doing anything to help really (Bristol: Trader)

Third, the government was perceived to have acted counter-productively in relation to council housing. There was considerable ambivalence in support for the right to buy which

was not directly associated with other political attitudes. Many people recognized that it had allowed those able to take advantage of it to attain the tenure and status to which they themselves aspired. On the other hand, much less council housing was now available to those who needed it and that what remained was often unattractive. Eighty-five percent of those interviewed in the structured survey agreed with the statement that 'council rented housing should be expanded' Most owners assumed that council housing provision was designed to meet the needs of others and did not acknowledge that they might need such help themselves.

Fourth, as one quote above shows, respondents were well aware of the reductions in the direct support owners received from tax relief and though income support. The survey found strong support for the continuation of mortgage interest tax relief - 75 per cent disagreed with the proposition that it should be phased out.

### **The Responsibility of Coping with Risk**

Whether or not they believe that the government is no longer willing to support marginal or unlucky purchasers, home-owners see themselves as required to take responsibility for meeting their own needs. Our survey was confined to owners and buyers. One of the strongest ideals associated with the tenure is the stalwart independence of participation in a 'property-owning democracy'. While most people said they were prepared to face the risks inherent in the housing market, they did so in the belief or hope that the worst consequences would not befall them, and in any case saw the alternatives to home ownership as even less attractive. However, most of those interviewed strongly regret the reduction in state support for social housing needs and support the expansion of a state programme in this area. A widespread mistrust of 'expert' solutions was also revealed in the considerable scepticism that private insurance could ever effectively fill the gap left by the (time-limited) withdrawal of state help with mortgage repayment.

## **5. Paying for Long-Term Care**

### **The Risk of Needing Care**

As people approach advanced old age they are more likely to need social care, whether at home or in residential accommodation. At present, roughly one in four of those over 85 are in some kind of institutional care. The number of over-85s is rising and is set to double during the next half-century (Government Actuary, 1994). Individuals cannot predict their own risk of needing care, but overall demand will increase.

Recent demographic, social, political and economic change have shortened the odds. Changes in four areas are important. One cluster of these changes surrounds the 'traditional' source of care - the family. Reductions in family size, potential changes in patterns of inter-generational responsibility as the effects of higher levels of divorce and remarriage become apparent, geographical mobility and married women's greater participation in the labour market have all raised questions about the continued ability and willingness of the 'family' to provide care at the level it currently does. Another cluster of factors relates to the need for care and individuals' ability to pay for it themselves - uncertainty about whether longer years of life are also longer years of healthy life, the extended period of retirement, during which financial resources accumulated during working life diminish, but set against the perception that older people are more affluent than in the past and therefore some are able to pay for care needs

A third cluster relates to changes in health and social care policy - the reduction of 'free' long-term care provision in health settings, the increase in the 1980s of social security spending on residential and nursing home care, and the subsequent NHS and Community Care Act (1990) which introduced assessment of the need for care, as well as the ability to pay for it, into the publicly funded system. The number of long-term care beds in the health service fell from 56 to 37 thousand between 1976, while the number of over 75s rose from 2.4 to 3.3 million (Health Committee, 1996). Finally, there is the increased emphasis in politics on individual responsibility for welfare. Social care in residential settings has not been 'free' to those with more than very modest means since 1948, so it could be argued that individual responsibility has always been a feature of this area of policy. However, another area of 1980s and 1990s policy - the extension of home ownership - has, perforce, pushed this issue into the limelight. People assumed that care would be available when they needed it in old age; they did not anticipate that they would be expected to pay for it if their resources, including the value of their homes, exceeded a modest limit, typically set at £16,000. People in the UK thus face a series of uncertainties about their future care - whether or not they will ever need such care, whether or not their 'family' might be able to provide it, and, if not, what level of individual responsibility might be expected of them in relation to financing provision. Research in the EBB programme has revealed some of the ways in which (if at all) people recognise and deal with these uncertainties. We carried out a nationally representative sample survey of 950 men and women aged 25 to 70 and a follow-up survey of 102 from the first stage, chosen

on the basis of the different views expressed (Parker and Clarke 1997a, 1997b and 1998, in press).

### **Recognising Risk**

In order to respond to our own need for care, we need to be able to judge how likely we are to need it. This is difficult. We have no UK-based longitudinal studies which can predict the individual, life-time risk of needing care in old age. The UK insurance industry relies heavily on US actuarial calculations. However, accurate information on population risk would still leave us as individuals relatively uninformed. We would also need to take into account a large number of individual behavioural, environmental and genetic factors which might influence our length of life and its quality, but which are currently the subject of scientific controversy. Respondents to the survey consistently over-estimated the proportions of people over the age of 85 who might currently need different types of care - help with domestic tasks, help with personal care, or care in a residential or nursing home. National survey data indicate that about 68 per cent of over-85s need help with domestic tasks (Bone, 1996) and about 25 per cent need residential care (Darton, 1992). The average estimates of those we interviewed put the population need at 75 and 50 per cent respectively. Our respondents also over-estimated the likelihood that they themselves would need such provision, giving average responses of 77 and 40 per cent. They over-estimated the amount of residential care needed in the same way. In practice 63 per cent of stays are for less than three years (Joseph Rowntree Foundation, 1996), but only 18 per cent of our sample put the average stay as under 3 years, 33 per cent put it at three to five years and 36 per cent at over five years. In sum, people recognise a risk, but one that is generally inflated. However, people tend to assess their own risk of the most 'serious' form of care as lower than that for the population as a whole. In relation to care in old age, people are aware that they live in a risk society, but a distinction is drawn between personal and overall risk.

### **Dealing with Risk: The Role of Government**

Despite having these exaggerated perceptions of risk, people were not universally likely to feel that any action on their part towards securing care was warranted. The research demonstrated a strong and persisting attachment to the belief that the state had a fundamental responsibility for the care of older people, albeit with some degree of means-testing, a view shared by 72 per cent of those interviewed. As a consequence there was little spontaneous enthusiasm for the leading policy option currently under consideration,

long-term care insurance as a way of preparing for old age. However, we did find evidence that 'expert' opinion can influence response in this area. After the questions which had elicited their own estimates of risk for different types of care, we gave respondents a range of risk figures and asked them, at each level, how they now viewed long-term care insurance. Even at our lowest risk level (which was itself lower than the average risk level respondents had estimated in the earlier question) more people now felt positive towards insurance. Even here, however, we suspect that we picked up responses which reflected people's personalities as much as anything else; some were risk averse - and therefore susceptible to 'expert' information which apparently increased their knowledge of risk - others were not and would be unlikely to respond to any information of this sort, no matter how high the apparent risk. Further, people clearly tempered the information we gave them with their personal experience and knowledge, for example, referring to their parents' current age and level of independence as reasons why average risk levels did not apply to them. Although most people felt that the state still has a responsibility for the care of older people in some general sense, more detailed questioning revealed a growing realisation that government is increasingly unwilling or unable to provide universal care services. When asked who they thought might provide or pay for different types of care for them if they needed it in old age, between a quarter and a third stated that they or their families would have to do so. Generally, these responses reflected a grudging recognition either that personal resources would take them out of the reach of state assistance, or that by the time they were that old everyone would be expected to be taking personal responsibility for meeting the risk of needing care in old age.

## **6. Conclusion**

Work on globalization, manufactured uncertainty, the mistrust of expertise and social reflexivity suggests that pressures from a number of directions will erode popular support for the traditional welfare state. The question arises of whether there is then no alternative to the liberal market model which is seen as successful by criteria of growth, job creation and low inflation, although not in relation to poverty, equality, health standards and social cohesion in the US and, some would argue, in the UK. The research reported in this article shows that many people are highly aware of the uncertainties associated with many of the needs of everyday life and with the strategies commonly adopted to meet them. They are also conscious of the weakening of welfare state policies designed to mitigate those uncertainties and meet those needs. In recent years labour market flexibility has been pursued through deregulation, curtailment of union rights, abolition of wage councils

and the replacement of unemployment benefit by a conditional jobseekers' allowance; monetarist fiscal policies and the demutualisation of building societies have exacerbated instability in mortgage costs, while social housing and benefits which pay mortgage interest are cut back; and NHS and local authority long-term care beds are being reduced in number while individuals are encouraged to provide for their own care needs. Both main parties endorse policies which stress individual responsibility for meeting these needs.

Experience in relation to the welfare needs dealt with in this article consequently includes strong elements of manufactured uncertainty. Many people are (reflexively) aware of the weakness of state provision and of the expectation that they will recognise an obligation to provide for themselves. However, this does not lead simply to mistrust and rejection of welfare state institutions. Most of those interviewed were devising strategies to cope with the need for adequate income while unemployed or secure housing despite market uncertainties. They are aware of the risks associated with these strategies but typically assume that they will be able to 'muddle through'. Orientation to risk among this group reflects that of Mr Micawber.

In relation to social care, most of those interviewed acknowledge the need, but are highly mistrustful of private insurance, as is also the case for mortgage protection insurance. Their plans for care rely instead on savings, relatives or, again, the hope that the need will not arise in their case. However, despite the acknowledgement that responsibility for meeting all the needs discussed increasingly devolves on the individual in the modern world, there is strong support for state welfare provision to help people gain adequate incomes from employment, to support those who are unsuccessful (or unlucky) in the housing market and reinforce private insurance for social care costs, should these arise. Social and economic changes challenge the traditional forms of top-down service provision, but they do not imply state withdrawal from welfare. The new welfare consumers are acutely aware of their need for an extensive government-provided safety net, and, as research carried out elsewhere in the programme demonstrates (Brook, Hall and Preston, 1996: 186-90), are willing to pay the tax necessary to provide it. Individual responsibility does not preclude state support and the self-conscious members of a risk society are not necessarily convinced that traditional state-centred collective institutions no longer serve common interests.

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