

The Culture of Welfare Markets

The International Recasting of Pension and Care Systems

Ingo Bode



Routledge
Taylor & Francis Group

The Culture of Welfare Markets

Routledge Advances in Sociology

1. Virtual Globalization

Virtual Spaces / Tourist Spaces

Edited by David Holmes

2. The Criminal Spectre in Law, Literature and Aesthetics

Peter Hutchings

3. Immigrants and National Identity in Europe

Anna Triandafyllidou

4. Constructing Risk and Safety in Technological Practice

Edited by Jane Summerton and Boel Berner

5. Europeanisation, National Identities and Migration

Changes in Boundary Constructions
Between Western and Eastern Europe
Willfried Spohn and Anna
Triandafyllidou

6. Language, Identity and Conflict

A Comparative Study of Language in
Ethnic Conflict in Europe and Eurasia
Diarmait Mac Giolla Chríost

7. Immigrant Life in the U.S.

Multi-disciplinary Perspectives
Edited by Donna R. Gabaccia and
Colin Wayne Leach

8. Rave Culture and Religion

Edited by Graham St. John

9. Creation and Returns of Social Capital

A New Research Program

Edited by Henk Flap and Beate Völker

10. Self-Care

Embodiment, Personal Autonomy and
the Shaping of Health Consciousness
Christopher Ziguras

11. Mechanisms of Cooperation

Werner Raub and Jeroen Weesie

12. After the Bell

Educational Success, Public Policy
and Family Background
Edited by Dalton Conley and Karen
Albright

13. Youth Crime and Youth Culture in the Inner City

Bill Sanders

14. Emotions and Social Movements

Edited by Helena Flam and Debra
King

15. Globalization, Uncertainty and Youth in Society

Edited by Hans-Peter Blossfeld, Erik
Klijzing, Melinda Mills and Karin Kurz

16. Love, Heterosexuality and Society

Paul Johnson

17. Agricultural Governance

Globalization and the New Politics of Regulation

Edited by Vaughan Higgins and Geoffrey Lawrence

18. Challenging Hegemonic Masculinity

Richard Howson

19. Social Isolation in Modern Society

Roelof Hortulanus, Anja Machielse and Ludwien Meeuwesen

20. Weber and the Persistence of Religion

Social Theory, Capitalism and the Sublime

Joseph W. H. Lough

21. Globalization, Uncertainty and Late Careers in Society

Edited by Hans-Peter Blossfeld, Sandra Buchholz and Dirk Hofäcker

22. Bourdieu's Politics

Problems and Possibilities

Jeremy F. Lane

23. Media Bias in Reporting Social Research?

The Case of Reviewing Ethnic Inequalities in Education

Martyn Hammersley

24. A General Theory of Emotions and Social Life

Warren D. TenHouten

25. Sociology, Religion and Grace

Arpad Szakolczai

26. Youth Cultures

Scenes, Subcultures and Tribes

Edited by Paul Hodkinson and Wolfgang Deicke

27. The Obituary as Collective Memory

Bridget Fowler

28. Tocqueville's Virus

Utopia and Dystopia in Western Social and Political Thought

Mark Featherstone

29. Jewish Eating and Identity Through the Ages

David Kraemer

30. The Institutionalization of Social Welfare

A Study of Medicalizing Management

Mikael Holmqvist

31. The Role of Religion in Modern Societies

Edited by Detlef Pollack and Daniel V. A. Olson

32. Sex Research and Sex Therapy: A Sociology Analysis of Masters and Johnson

Ross Morrow

33. A Crisis of Waste?

Understanding the Rubbish Society

Martin O'Brien

34. Globalization and Transformations of Local Socioeconomic Practices

Edited by Ulrike Schuerkens

35. The Culture of Welfare Markets

The International Recasting of Pension and Care Systems

Ingo Bode

The Culture of Welfare Markets

The International Recasting of Pension and
Care Systems

Ingo Bode



Routledge

Taylor & Francis Group
New York London

First published 2008
by Routledge
270 Madison Ave, New York, NY 10016

Simultaneously published in the UK
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

This edition published in the Taylor & Francis e-Library, 2007.

“To purchase your own copy of this or any of Taylor & Francis or Routledge’s collection of thousands of eBooks please go to www.eBookstore.tandf.co.uk.”

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2008 Taylor & Francis

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark Notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

Library of Congress Cataloging in Publication Data

Bode, Ingo.

The culture of welfare markets : the international recasting of pension and care systems / Ingo Bode.

p. cm. —(Routledge advances in sociology ; 35)

Includes bibliographical references and index.

ISBN 978-0-415-95801-1 (hardback : alk. paper)

1. Pensions—Western countries—Case studies. 2. Older people—Services for—Western countries—Case studies. 3. Welfare state—Economic aspects—Western countries. I. Title.

HD7105.35.W47B63 2008
330.12'6--dc22

2007018158

ISBN 0-203-93515-2 Master e-book ISBN

ISBN10: 0-415-95801-6 (hbk)
ISBN10: 0-203-93515-2 (ebk)

ISBN13: 978-0-415-95801-1 (hbk)
ISBN13: 978-0-203-93515-6 (ebk)

Contents

<i>Acknowledgments</i>	<i>ix</i>
1 Introduction	1
2 Welfare Markets: Institutional Forms and Organizational Landscapes	11
3 Welfare Markets in Old-Age Provision: The State of Things	23
3.1 <i>Where the Market Comes in: Current Institutional Designs</i>	
3.2 <i>How Welfare Markets Develop: The Dynamics of Change</i>	
4 The Role of (Welfare) Culture: The State of the Art and an Analytical Grid	83
4.1 <i>The Culture of Welfare, the Culture of the Market</i>	
4.2 <i>The Case of Old Age Provision</i>	
4.3 <i>Key Moral Issues in Pension and Care Systems</i>	
5 Sense-making of Welfare Markets for Old-Age	124
5.1 <i>The Study: The General Approach, Research Design, and Methodological Questions</i>	
5.2 <i>Sense-making in Public Debate and the Media</i>	
5.3 <i>Making Sense of Sense-making: Hybrid Settlements Compared</i>	
6 Conclusion: A New Moral Economy of Old-Age Provision	188
<i>Notes</i>	<i>199</i>
<i>References</i>	<i>229</i>
<i>Index</i>	<i>245</i>

Acknowledgments

This book is the outcome of a long journey, in both a literal and symbolic sense. It originates in previous research I conducted on organisations dealing with the allocation or provision of social welfare in three European welfare states. From this research, it appeared that these organisations, exposed to the mantra of ‘market welfare’, increasingly framed their action in terms drawn from big business, but were, at the same time, keen to bring their own interpretations and meanings to these ideas. The market agenda, I found, led these organisations to adopt a hybrid profile and a language full of ambiguity. Was this just a problem faced by these particular organisations? Or was this hybridity and ambiguity (also) rooted in their wider environment, or even in society as a whole? The study considered here is an attempt to provide answers to these questions. Focusing on macro-cultural representations of marketized social welfare provision, it addressed a distinctive social category around which much debate has revolved in recent years: our current or future senior citizens. With an ageing population and extensive public agitation relating to this phenomenon internationally, this category appeared to me as a particularly interesting subject of enquiry. Underlying the attempt to grasp what I term in this book the culture(s) of welfare markets was a deep conviction that advanced societies, whatever the economic pressures they are exposed to, mould their institutions on the basis of normative concepts subject to collective sense-making—concepts that come most clearly to the fore when resorting to international comparisons. Assuming that there is still more to social welfare provision than mainstream discourses would like us to believe, I intended to fill a conceptual, theoretical, and empirical lacuna in the study of contemporary welfare states.

Thus, I embarked on a long journey in the literal sense. As a German sociologist, the preparation for this journey started at home, more precisely at the University Duisburg-Essen where I had been attached as an assistant professor for many years. The departure was made possible by a generous grant from the German Research Council (Deutsche Forschungsgemeinschaft) to which I am deeply indebted, as it also co-funded academic stays at the University of Montréal and at the University of Kent (UK). Moreover, as a guest professor at the Institute of Political Studies in Paris, and, one year

later, as a research fellow at the 'Department for Research on Old Age' of the French National Pension Fund, I was able to carry the project further forward. I completed the book in the School of Social and Political Studies at the University of Edinburgh which, it is worth mentioning, is an intellectually stimulating, but also socially convenient, place to work and study.

There is not enough space here to thank all those who contributed to this book in one way or another. I interviewed more than forty fellow scholars and professional experts, and I benefited from numerous discussions with colleagues and students. I can only mention those without whom the completion of this project would have certainly been impossible. To begin with, I have to thank Dena White and Oscar Firbank, both working at the University of Montréal and in the 'Research Group on the Social Aspects of Health and Prevention' which also awarded me a helpful research grant. Furthermore, I am grateful to John Baldock who invited me to stay at the University of Canterbury and who was very supportive to me. In addition, I thank the Institute of Political Studies in Paris, in particular its 'satellite' team based in Nancy, and the aforementioned Department for Research on Old Age at the French National Pension Fund, especially Alain Rozenkier. Also, this book has substantially benefited from Bernadette Boyle who amended my incomplete English with utmost commitment.

Last but not least, I am indebted to Christina and to Marian—who were both incredibly indulgent to me given the tremendous time constraints imposed by this project—and to my parents without whom I would have been unable to take the very long, and sometimes thorny, professional route many independent social scientists must take in these times.

1 Introduction

Something strange has happened to western welfare states over the last twenty years or so. Until recently, and notwithstanding the differences between the many ‘worlds of welfare capitalism’ (Esping-Andersen 1990), the social order of advanced industrial nations was based on the dichotomy of ‘market’ and ‘nonmarket’ spheres, with the latter providing shelter from what the former tended to generate—disruptive loss of income or long-lasting misery among people with limited ‘market value’ and lacking support from their family. This dichotomy was deep-seated too in major strands of social theory, for which the foundations of modernization were (and still are) often grounded in the differentiation of spheres of life, of societal systems, or of modes of social coordination. To be sure, the protection from market forces as ensured by the welfare state was never all-inclusive and varied over time and between groups, communities, and states. Moreover, welfare states were by no means an exclusive realm of decommodification (in the terms of Esping-Andersen) as they also *enabled* people to ‘go market.’ However, nonmarket-based patterns of welfare provision were deemed to embed the market economy, as Polanyi (1944) put it, with the twin aim of making market economies work and preventing them from completely colonizing human existence.

And now? ‘Social welfare has become big business’ (Gilbert 2002, 111). Across the Western world, there has been a ‘shift towards market welfare’ (Taylor-Gooby 1999, 98) and the creation of the ‘welfare consumer’ (Baldock 2003a; Mann 2006). International bodies are advocating (more) market governance in social welfare provision while public policies have been infused worldwide with ideas adopted from business. Some even see a ‘market economy of welfare’ (Hugman 1998, 87) taking shape in parts of the Western world. At least, the old division of labour between the market and nonmarket spheres has come under scrutiny. With hindsight it appears that the ‘clear demarcation between the sphere of political authority . . . and that of markets . . . was a delusion of the postwar era’ (Jordan 2004, 82). Nowadays, there seems to be an interpenetration of spheres or systems mainstream social theory once assumed as a matter of

2 *The Culture of Welfare Markets*

principle to be separate, with social benefits and social services becoming provided on *welfare markets*.¹

This development is prone to change the foundations of social-welfare provision and the way Western societies organize it quite considerably. It affects various aspects of human existence and different stages in an individual's life course. Not least, it tends to recast the institutional regulation of later life. Indeed, given high-ranking concerns about a changing demography and widespread generational-clash scenarios, the management of old age is viewed by many as becoming a key social problem in the Western world (Gen 2000; Pierson 2001; Clark 2003, 25–35; Vincent 2005; Victor 2005, 79–113).

Against this background, this book examines welfare markets in old-age provision. Its aim is twofold. Firstly, taking the example of care and pension systems, it maps the architecture and dynamics of these markets for a range of advanced Western societies, two of which are commonly referred to as liberal (Britain and Canada) and two others exhibiting more coordinated varieties of welfare capitalism (France, Germany). Secondly, given the fact that social-welfare provision in such advanced societies is entangled not only with economic processes, but also with the way major social groups make sense of regulatory institutions, it looks at how these markets are or become culturally embedded. It argues that the future dynamics of welfare markets cannot be accurately assessed (let alone forecast) unless the dominant patterns of sense-making are fully understood.

WELFARE MARKETS AS A PHENOMENON SUI GENERIS

Welfare markets are competitive spheres in the institutional provision of social welfare, comprising the allocation and the management of services or benefits designed to improve a person's social situation. In the past, such services or benefits were often delivered by the state or its agencies or by the family. Today, however, the 'accommodation of social policy to the values of the free-market economy' (Smart 2003, 71) appears indicative of a paradigmatic change in how the respective roles of the market and of non-market spheres are commonly understood. Many have argued that bringing the market into the provision of social welfare provides better 'value for (public) money' or enhances the overall socioeconomic performance of a given society. This may or may not be the case.² Even if the optimistic beliefs are finally vindicated, however, major sections of society will have to put their faith into these ideas before change can become sustainable. Should the advantages of marketization remain unclear, let alone be debatable, such beliefs would have to be even stronger. It follows from this that the proliferation of marketized patterns of social welfare provision is in all probability related to *mainstream cultural representations*, which differ from those on which the old settlement was built. The recasting of welfare

state institutions, then, seems to connect with new cultural representations, or, to put it more bluntly, with the *culture of the market* colonizing social welfare provision.

There are good reasons to assume that the marketization of welfare provision is an expression of wider cultural, and not just economic, change. For some time now, sociologists have suggested the advent of a commercialized competitive individualism placing the emphasis on the calculating, rational, self-interested subject (e.g., Ray and Sayer 1999). It has also been argued that faith in the virtues of public welfare provision or any other kind of ‘planned social technology’ has by and large vanished. Some have even seen ‘the end of progressivism’ (Stern 1998) as a philosophy underlying the postwar settlement of the welfare state. This is especially endorsed by postmodern writers (Leonard 1997). Whatever the truth in their overall approach(es), postmodernists have, above all, intriguing arguments for their claim that *no* single narrative, and *no* single model of social coordination, will in the near future be an unequivocal reference for human action including public agency. Thus, even though commercialized individualism may be on the rise, it is unlikely that this is the whole story when regarding current cultural change affecting social welfare provision. Rather, this change appears as multifaceted and inconsistent.

The ambiguity associated with contemporary cultural change chimes with what is widely seen as the most striking innovation in the ‘social engineering’ of the welfare state: Practitioners, policy advisers, and academics are in praise of networks, public–private partnerships, independent quangos, mixed modes of governance, in short, hybrid arrangements which embrace, not least, ‘quasi-markets’ (Le Grand and Bartlett 1993; Brandsen 2004; Pinker 2006). Internationally, the emergence of a ‘contract culture in public services’ (Perri6 and Kendall 1997) has indeed raised hopes that social welfare provision will be more efficient and also more responsive to users. Equally, models of ‘managed health care,’ ‘workfare’ or ‘contractual activation’—all based on both market governance and partnerships—have found increasing interest among social policy experts (Powell and Martin 2002; Wyatt 2003; Strathdee 2005). Business tools and social policy objectives, as well as competition and partnership, are now widely being seen as complementary rather than contradictory modes of coordination. The design of welfare programmes is seen to depend on ‘what works’ rather than on a particular institutional choice.

This pragmatism is very much associated with ‘Third Way politics’ (Giddens 1998). ‘New Labour’ in Britain is a case in point, but it does not stand alone (see Clark 2004; or Reutter 2004). The blending of various modes of coordination is fundamental to new social policy designs all over the Western world. Granted, social welfare provision has always been pluralistic to some extent. Today, however, there seems to be a new mixture in the governance of welfare. Market mechanisms take centre stage, without simply superseding nonmarket-based patterns of welfare provision. It follows from

4 *The Culture of Welfare Markets*

this that marketized social welfare exhibits a distinctive character. It is subject to particular regulations and embedded in structures which differ from ordinary (capitalistic) markets; and it exhibits a specific cultural embeddedness. Welfare markets, then, have to be conceived of as a social and cultural phenomenon *sui generis*.

The Case of Old-Age Provision

As already noted, this book investigates the regulation and embeddedness of welfare markets by exploring the particular field of old-age provision. More especially, it examines the cultural underpinnings of pension and care systems by comparing the four countries mentioned above. Undoubtedly, pensions and elderly care are fields where marketization is underway. Regarding pensions, the emergence of what is referred to as 'pension fund capitalism' (Clark 2000) and 'stock market pensions' (Minns 2005) has involved a (gradual) erosion of public- and company-based (final salary) schemes. However, retirement provision in Western societies has always relied in part on 'institutional hybrids' (Whiteside 2006) and the foundations of the pension system remain complex. Public regulation has been preserved and sometimes even become more sophisticated (Hyde et al. 2006), whereas 'tendencies to financialisation are partial, uneven and in the making, not complete and all-embracing' (Langley 2004, 554). The same holds for elderly care. There is a clear international trend to 'market care' (Means et al. 2002; Ascoli and Ranci 2002; Ungerson 2004). In many countries, 'home care is being rapidly reorganized on market-modelled lines' (Aronson and Neysmith 2001, 151), and, in residential provision, the traditionally strong private sector is increasingly controlled by big business. However, markets in elderly care remain subject to public regulation, part of which is being driven by concerns over poor quality and cold-blooded service provision. More generally, a range of public programmes intend to make the elderly more autonomous welfare citizens (see, e.g., Le Bihan and Martin 2006). What is occurring, then, is 'regulated marketization.'

It is from this perspective that this book raises the question of how contemporary society is making sense of welfare markets in old-age provision. The cultural challenge is obvious. Whole generations built their social identity upon welfare state-based arrangements (Estes et al. 2003, 103). These arrangements exhibited various patterns of economic redistribution, including transfers between generations, between the healthy and the ill, between people involved in informal networks, between men and women, between those passing through an ordinary life course and those with disrupted biographies. All Western societies instigated institutions replacing or complementing family-based patterns of elderly care and income security; the 'democratization of retirement' (Myles 2002, 130) and elderly care 'going public' (Anttonen et al. 2003, 171) are major consequences. Against this background, the overall intrusion of market logics into systems of old-age

provision—the emergence of welfare markets—appears as a pathbreaking transformation in the very culture of old-age provision.

The reaction to this is many-sided, though. It may well be the case that recent reforms have been ‘concerned with inculcating a new set of values and objectives oriented towards incorporating individual older people as both players and partners in marketized systems’ (Powell 2001, 128). Also, they may have aimed at ‘changing the culture and behaviour of people prior to retirement’ by conceptualizing these people as welfare consumers interested in choice and flexibility (Mann 2006, 26). Concomitantly, however, politicians and the media have bemoaned new poverty risks among (future) pensioners or care-dependent people. Further, they have discussed how better to protect or to empower ‘pension’ or ‘care consumers.’ Seen from that perspective, the culture of welfare markets in old-age provision appears contradictory and complex—and therefore worthy of more thorough exploration. While ‘it is unclear how far the welfare markets . . . are sustained by a moral legacy from the culture of welfare state citizenship’ (Taylor-Gooby 1999, 111), there remains a broad range of institutions, actors, logics, and references involved in the organization of care and pension systems.

With the aforementioned focus, this book goes beyond mere social policy analysis. Adopting a society-centred rather than policy-centred perspective, it addresses the nature of new forms of social welfare provision through the lens of the ways in which advanced Western societies handle the social and biological risks of frailty and dependency. From the standpoint of an individual, pensions and care arrangements are two sides of one coin, as growing old implies needing both monetary transfers and (more or less) personal care or nursing. True, there are differences between retirement provision and elderly care. Although the pension issue is basically associated with money, the care of older people is understood mainly in terms of patterns of social interaction. And although income in old age is of (almost) universal interest, care in dependency is about risk and problems that will affect only some. Nonetheless, both pensions and care are about how society is coping with the phenomenon of people leaving its wealth-producing sectors. As the two fields are often separated in the cognitive maps of academics and policymakers, their parallel examination in this study offers an innovative crosscutting approach to the societal treatment of old age.

Culture as a Missing Link in the Study of Social Welfare Provision

Major strands in the social sciences argue that culture plays a critical role when it comes to human action in general and to the formation of institutions in particular. Cultural values influence individual and collective behaviour, and there is evidence that institutions persist only when they are backed by entrenched sets of shared values.³ However, the role of culture in the formation of institutions regulating social welfare provision (at large) has remained a marginal topic in both theory and research. True, a range of scholars has

touched upon this issue (see, for instance, Pfau-Effinger 2005a). Yet the social sciences, when embarking on the study of issues of welfare provision, have been much more interested in the impact of economic development and (political) power structures. Taking issue with the one-sidedness of current theory and research, this book attempts to address this missing link by unveiling the ‘cultural loading’ of welfare-regulating institutions against the background of increasing marketization.

In a certain sense, this connects with what has been termed the ‘cultural turn in social theory’ (Alexander 1988; Nash 2001; Smart 2003, 10), including the political sciences (Lane and Ersson 2005) and also the sociology of the welfare state (see, e.g., Clarke 2004, 31–51). Notwithstanding the various directions this cultural turn has taken, it does pertain to questions of old age. A cultural perspective on old age focuses on ideas about what senior citizens deserve, about who is to take care of them, and about human dignity and priorities in (the management of) welfare provision. It is noteworthy that, notwithstanding increasing individualization in Western society, old age, and the way it is ‘managed,’ remains subject to collective normative representations of this kind. Most of the aforementioned ideas are indeed key issues in the public debate, and they are (still) constitutive of how society is defining and handling problems related to retirement and care provision. The development of old-age provision, while being affected by crises and contradictory moves, is considerably influenced through the related processes of sense-making. Accordingly, if the aim is to discern how contemporary societies handle old age *via welfare markets*, then the challenge is to understand how these societies confer meaning to the new hybrid character of pension and care systems.

This study will therefore examine collective representations of more market-based patterns of old-age provision. Such representations include, for instance, questions about what to do with people failing to self-manage their retirement adequately, or about what competitive patterns of service supply imply with respect to fair access to care. The study will, however, *not* attempt to link cultural factors (causally) to social or political outcomes (for such an approach, see e.g., Lane and Ersson 2005). Rather, its aim is to elucidate the symbolic apparatus through which contemporary societies cope with problems of old age under conditions of marketization. This is a sociological agenda par excellence. Indeed, in his seminal work on the foundations of cultural sciences, Max Weber argued that the understanding of culture requires an interpretation of meanings. Accordingly, any attempt to chart cultural influences on social action or policy making needs a realistic assessment of these influences, before translating them into items ready for being used in causal factor analysis. This is where this study is located.

The General Approach

When investigating the *culture of welfare markets* in this sense, two dimensions of cultural influence come into play: The first dimension is the process

of sense-making associated with old-age provision in a given institutional setting. This book argues that this process is mirrored, above all, in public communications. These communications embrace both statements from stakeholders involved in the pension or care market and comments of relevant third parties, such as journalists, think tanks, and (academic) experts. Of course, politicians matter, too—yet they usually are led by tactical considerations to a comparatively strong extent.

It is important to see that market-centred communication does not only occur through advertising (sidestepped by this book) but also through statements basic market players make in the public sphere. Such organizational discourse, although fraught with strategic intentions, contains elements of sense-making which go beyond the commercial purpose this communication is meant to serve. The wider process of collective sense-making embraces all actors who mould, or attempt to mould, institutions and regulations relevant to welfare markets. Indeed, one of the key lessons of economic sociology is that if a new market is going to emerge, this is due to social forces giving a particular shape to it (Fligstein 2001).⁴ Furthermore, it is assumed here that (academic) experts taking a stance in the press are essential to public opinion building, whereas journalists echo major opinion streams of a given society. All these actors know about the legacies of a given welfare state history, but they also may be inspired by ideas drawing on, say, economic liberalism or cultural individualism, that is, newly proliferating values which deviate from those enshrined into existing welfare state institutions.

Fundamental to processes of sense-making, this book argues, is media communication. Speakers in the public sphere operate as ‘mediators between the . . . cultural attitudes in the population . . . and political decisions’ (Pfau-Effinger 2005a, 10). They also express tensions emanating from different and competing interpretations of value-laden notions. This is why the empirical investigation carried out for this study draws upon statements published by quality newspapers. These media can be viewed as a reliable indicator of how a social issue is dealt with in the *official culture* of a given society⁵; it can further be assumed that major Western institutions are moulded in line with those ideas and concepts which gain prominence in ‘reputed’ media consumed by major sections of a society’s elites.

A focus on these media may ignore the subtleties of a pluralized system of media communication (e.g., the role of popular newspapers or TV channels), on the one hand, and the influence of popular culture (as analysed by ‘cultural studies’), on the other. However, the hypothesis underlying this study is that quality newspapers reveal which collective ideas enjoy or gain legitimacy in a given society, regardless of the power structures which underlie the media system and produce ideological biases in the (re)presentation of social facts. Media-processed debates in the public sphere echo the way society makes sense of social issues. In particular, they profile the common-sense corridors in which regulative options and market behaviour are dealt with. Therefore, this book will present findings from a review of articles

published in quality newspapers between 2002 and 2005 and dealing with key issues in retirement provision and elderly care.

Regarding the assessment of the cultural facts, the methodological challenge is evident. As (welfare) culture is only 'revealed by its outward manifestations' (Baldock 2000, 124), it is tricky to chart. One possibility, of course, is survey research. Yet, as the interest of this study resides in the 'official culture' of a given society, another route—an encompassing review of the contents of public statements made by journalists, experts, and collective actors—was taken.⁶ Apart from the press review, the study is based on two further sources of data which, however, cannot be referenced systematically throughout the book, as space for this is limited. One is—often widely dispersed—information as documented by scientific studies,⁷ the 'grey literature,' and reports in specialized media. A further source is interviews with academic experts, conducted with the aim of mapping institutional landscapes and key evolutions.⁸ Among other things, this acted as a control to mitigate the 'national idiosyncrasy' of any researcher working abroad.

The overall investigation relies on a particular conceptual framework which comes out of a theoretical reflection. This reflection will be set out in chapter 4, which discusses theoretical issues concerning 'culture' in general, as well as the culture of welfare and the culture of markets in particular. From this discussion, a concept is derived which draws on a number of key elements seen as fundamental to the analysis of the cultural underpinnings of (institutionalized) old-age provision. Four moral rationales are singled out: deservedness, dignity, responsibility, and 'sound management.' This list is far from complete, but it will be argued that major foundations of the institutional organization of pension and care systems are addressed by these categories. The thus devised grid of analysis will also allow comparison, in the conclusion, of welfare markets in retirement provision with those characteristic of elderly care. Accordingly, the book will deal with *several cultures* of welfare markets.

This also holds with regard to the second dimension in which culture is relevant to this study. As already noted, this study undertakes a comparison of different countries, or more precisely, of national 'clusters' of collective sense-making. Drawing on the idea that nations as 'imagined communities' (Anderson 1991) produce country-specific cultural frameworks, the study assumes international variety in the 'cultural loading' of welfare markets. The value of comparative social science consists of making the 'cultural factor' visible and of uncovering the distinctive traits of the compared cases or systems (Ungerson 1996; Maurice 2000; Valkenborg and Lind 2002). Having said this, it is open to investigation whether and to what extent international divergence exists, and persists with regard to welfare markets in old-age provision. As economic structures and lifestyles seem to become ever more similar across the Western world, it looks plausible that the societal treatment of old age is converging around the globe. The debate held in comparative social policy over the last years has indeed frequently raised

the question of whether welfare systems are becoming more homogeneous under the influence of globalization, with marketization being a key trigger of that movement (see, e.g., Glatzer and Rueschemeyer 2005). An important question then is whether national cultures are eroding with the emergence of a transnational culture of welfare markets. As international comparisons focusing on this question are still in their infancy, the explorative enquiry as undertaken by this book promises new insights regarding this question.

The comparison extends over four advanced Western societies: Britain, Canada, France, and Germany. These are all countries exhibiting 'welfare mix traditions' of one kind or another. As noted at the outset, and in terms of the welfare-regime typology introduced by Esping-Andersen (1990), France and Germany both exhibit a 'corporatist tradition', whereas Canada and Britain are usually conceived of as representing a liberal regime. In that sense, two particular 'families of welfare' are addressed here, rather than a broad range of different welfare regimes. The comparative analysis concentrates on the question of to what extent neoliberal countries, exemplified in this study by typical corporatist, or conservative, welfare regimes, adopt features of liberal regimes which, on the other hand, experience their own history of marketization. With this general perspective, the comparative approach of this study is also relevant to Nordic or Eastern European countries which have equally taken the route to more marketized old-age provision.

The Structure and the Message of the Study

This study will provide major insights into the architecture and the dynamics of welfare markets, including their institutional setup and organizational underpinnings. It will thus be useful for students and scholars interested in the evolution of *social policy* worldwide. At the same time, the book pictures a new institutional management of old age in major Western societies, an issue relevant to those working in *social gerontology*. Moreover, the monograph should be of interest to those examining the *sociology of institutions*, particularly with respect to cultural representations endemic to institutions and to the sociology of markets.

To provide valuable insights to this multiple audience, the argumentation will travel light and work (as far as possible) in simple theoretical terms. Its structure is as follows. The chapter following this introduction provides a brief review of the academic discussion of welfare markets with a particular eye on their institutional forms (and variety) and on the (panoply of) organizations involved with these markets. A crucial point is that welfare markets exhibit particular characteristics concerning both their institutional design and the organizational fields they are related to. The third chapter charts the 'state of things' concerning the development of welfare markets in old-age provision across the four nations under consideration. The first section illustrates where and in which forms market issues play a role in

the institutional architectures of old-age provision as they have taken shape thus far. This embraces a short historical account and a rough sketch of the welfare mix in both pensions and care. The second section charts recent dynamics in these markets, with a particular eye on internal transformations, evolving regulations and major lines of public debate. The final section of the chapter makes a comparative assessment of the evolution of welfare markets for old age in the countries under study. The fourth chapter embarks on a theoretical reflection about the culture of welfare markets. It first looks at general concepts and then at approaches elaborating on old-age provision. Thereafter it sets out a grid of analysis centring on selected ingredients of what will be referred to as the *moral economy of old-age provision*, with the related moral issues being used as basic categories for the envisaged empirical investigation. The fifth chapter constitutes the main body of the book. It starts by picturing the methods applied for the empirical investigation and then proceeds to a media analysis focusing on public comments from journalists, experts, and collective actors with a stake, or an interest, in pension and care provision. The chapter ends by comparing the specific manifestations of what is shown to be the case in every country: the emergence of new hybrid settlements in the culture(s) of old-age provision.

The overall message of the book, as summarized by the conclusion, will be that, throughout the countries under study, old-age provision evolves in contested and contradictory cultural terms, with the rising welfare markets producing new normative tension fields. In all countries, the moral economy of welfare markets in old-age provision exhibits a fuzzy character and is prone to entail more volatile outcomes, as pension and care systems become a matter of permanent soci(et)al re-negotiation. For example, a high valuation of market efficiency and concerns over violated human dignity openly compete with each other. By the same token, there are *different* welfare market cultures on the international scale. Notwithstanding the global proliferation of market-based pensions and care arrangements, national pension and care systems remain unique in that, for example, norms relating to collective responsibility are still rated differently in each country. Overall, then, marketization is culturally dependent rather than global and universal.

2 Welfare Markets

Institutional Forms and Organizational Landscapes

As noted in the introduction, the rise and consolidation of market-based arrangements in social welfare provision is a striking phenomenon throughout the Western world. This chapter provides a brief overview of those institutional forms and organizational landscapes in which this process materializes. It starts by mapping the basic signposts and confines of the new society-embracing market agenda crystallizing from the 1980s onwards. Thereafter, it turns to the major varieties of welfare markets. The third section pictures the organizational landscapes typical of these markets. This helps identify collective actors relevant to the building and reproduction of these markets, including by processes of active sense-making.

THE NEW MARKET AGENDA AND ITS CONFINES

No doubt markets have been on the rise for some time now. Within the mainstream economy, market-based forms of social coordination have been soaring worldwide. Capitalist economies have become ever more affected by short-termism and shareholder-value-driven business strategies. This generates pressures on the social organization of the economic system, as shown by developments in present-day labour markets, where flexible contracts, performance-related pay, and shop-in-shop businesses have become commonplace—regardless of the persisting institutional variety in contemporary capitalism, which is widely discussed in the literature (Coates 2005). Concurrently, the overall *infrastructure* embedding capitalist economies has been subject to various forms of political deregulation, resulting in a growing commodification of public institutions on various scales (Cerny 1997; Slater and Tonkiss 2001; Smart 2003; Miller 2005). Hence, the market agenda touches upon both the organizational forms prominent in the mainstream economy and the institutional framework in which the latter is embedded.

From the perspective of welfare state theory, the interesting point is that the market rationale, although always endemic to the economic system of Western nations, has now far and wide spilled over to genuinely *non-market* (institutional and organizational) spheres, including those regulated by

social policies. This extension of market regulations into the realms of social politics is prone to change the anatomy of welfare states profoundly. In fact, the postwar settlement exhibited a (far) clear(er) separation between the mainstream economy and social politics. A key objective of the latter was the *control of basic social risks* arising from the market interplay or from problems of human existence that the market appeared unable to cope with on its own. These risks embraced, among other things, work incapacity and a sharp drop in personal income. Furthermore, welfare state institutions were entrusted with meeting a number of *basic human needs* which were not, or were insufficiently, satisfied by the mere market mechanism. Decent housing, good health, and basic provision with commodities were meant to be guaranteed by society independently of the capricious dynamics of (labour) markets. Moreover, to an extent depending on the prevailing welfare state regime, the typically uneven outcomes of market interaction were expected to be smoothed out interpersonally through various *mechanisms of social redistribution*, with the fiscal system being a prime lever. All this was ensured by *comprehensive implementation machineries* largely based on law, welfare bureaucracies, and hierarchical coordination. Depending on the national configuration, legal codification of social welfare provision often drew on the concept of social citizenship. What is more, however, the legal apparatus contained (more or less) clear-cut procedures to *directly implement* public programmes.

Granted, these programmes, and also the master plans designed for their implementation, frequently proved fairly idealistic. Even though social inequality was reduced in scope, it remained a key characteristic of Western civilization. At the risk of oversimplifying the past one can, however, posit that, as an institutional script, this programme has served as an influential normative landmark for the key players of the postwar welfare states—that is, centre-right and centre-left political parties, social partners (especially trade unions), professional groups, and (public) interest organizations of various kinds. A ‘welfare consensus’ was crystallizing, even in more liberal regimes (see Hewitt 1992; Slater and Tonkiss 2001, 132–139; Shewell 2001, 167, for the case of Canada). In a nutshell, this consensus implied that the state set *limits* to the markets in order to secure the social well-being of large sections of the population.

Nowadays, the infrastructural embeddedness of markets as emanating from various sociopolitical regulations has by itself become subject to marketization, stimulated by the ‘idea that regulation, where absolutely unavoidable, should be “market-like”’ (Kuttner 1998, 36). This has led to both the liberalization of formerly public infrastructures (for example, water supply, telecommunication, public transport, education) and to diverse patterns of ‘market based governance’ (Donahue 2002) or ‘quasi-market governance’ (Brandsen 2004) within the public, health, and social-welfare sector. Typical results included the ‘commercialization of social welfare services’ (Chappell 2001, 111; see also Gilbert 2002, 117), the spread of private insurance within

health-care systems, or a switch from statutory service provision to schemes combining public subsidies with private-sector delivery (see below).

Importantly, the overall evolution towards more market governance in social welfare provision (including old-age-related programmes) has been vigorously promoted by a number of international organizations such as the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund, the World Bank, the World Trade Organization, or the European Union (Minns 2001; Dostal 2004; see also Holzmann et al. 2003; IMF 2004, 81–119).¹

The overall movement also included the widely disseminated reform agenda known under the label of New Public Management (Lane 2000; Christensen and Laegreid 2002; Talbot 2004).² This agenda has profoundly affected the implementation machinery of the welfare state. It has promulgated ‘explicit standards of performance . . . [an] emphasis on output control [and] increased competition’ (Christensen and Laegreid 2002, 19); its wider objectives are improving cost-efficiency, introducing ‘customer orientation,’ applying predefined and measurable service standards, ensuring higher transparency and accountability, and creating scope for active revenue generation within public administration. In fields as varied as child care, higher education, or job training, the reform agenda has led to institutional innovations such as purchaser–provider splits, contracting out, interagency rivalry, public–private partnerships, and a ‘value for money’-oriented business reengineering in public or nonprofit welfare agencies. Accordingly, these agencies have adopted management tools from the private sector, with far-reaching consequences for those actors who organize or operate the provision of social transfers or services (see Bönker and Wollmann 2000; Dixon and Hyde 2001; Gilbert 2002; Ascoli and Ranci 2002; Clarke et al. 2006).

Market governance, then, has proliferated on an international scale. The different faces of the marketization of social welfare provision will be discussed more broadly in the next section and in chapter 2 (with respect to old-age provision). Yet even at this state of reflection, it is obvious that the recourse to the market rationale to regulate modern capitalism has opened a new era in the history of welfare states. Whereas the institutions of the latter were long viewed as ‘the most prominent of those instruments aiming at “embedding” . . . the market mechanism’ (Leitner and Lessenich 2003, 327–328), this mechanism is now inherent to the embedding infrastructure itself.

It would, however, be erroneous to contend that, in the new marketized welfare state, ‘everything is for sale’ (Kuttner 1998). First of all, it is obvious that contemporary Western societies continue to include ‘islands of respite from marketization’ (Kuttner, 56). Evoking the considerable importance of these islands in the day-to-day life of Western citizens, critics indeed warn against a ‘myth of marketization’ (Williams 2004), arguing that nonmonetarized work, informal exchange, civic action, and private charity are

more than ever cornerstones of public life. The extent to which this matters empirically may differ between social groups, organizations, or nations. Whatever the scope of these islands, however, there still remain sources from which human sense-making arises apart from the laws of the market. Secondly, and this is closely relevant to the analysis of marketized welfare provision, deregulation does not necessarily imply nonregulation. In fact, the newly emerging markets, while affecting spheres previously exempted from commodified (inter)action, often appear as ‘distorted, managed and limited’ (Slater and Tonkiss 2001, 140). The confines of the market agenda therefore require careful consideration.

This especially includes paying attention to tendencies towards the *deliberate control* of market dynamics in competitive public-service provision. The proliferation of quality inspectorates and watchdog bodies is a clear expression of these tendencies. While the agencies emblematic of the ‘golden age’ of the welfare state—central bureaucratic bodies or local authorities organizing welfare provision on all scales—appear to be dying out, it is, in many instances, new quangos rather than fully fledged businesses that have taken their place (Hood 1991; van Thiel 2001; Talbot 2004).³ Moreover, where private agencies have become entrusted with service provision, they frequently comply with a more or less strict ‘quasi-market regime’ imposing a number of binding standards on their organizational practice.

This is why many view quasi-market mechanisms as mere means to improve the efficiency and/or the quality of public service provision without generating effects counteracting the wider objectives of the welfare state as we know it. For proponents of this governance model, a differentiation between ‘market means and welfare ends’ (Taylor-Gooby et al. 2004) is imperative. Quasi markets, it is argued, simply enhance the welfare of citizens through technological perfection; among other things, they ensure a better matching between the welfare state and major social or economic transformations of Western societies (see, for example, Le Grand 2003). Given the empirical evidence, one may certainly cast some doubt on this suggestion. Thus, Taylor-Gooby et al. (2004) have argued (for the case of Britain) that the overall accentuation of market mechanisms in the incentive structure of welfare states puts strain on the provision of secure incomes for citizens with limited ‘marketability.’ Further accounts illustrate that the marketization of public services is prone to imbalances in outcomes (see, for example, Perri6 2003; Beresford 2005; van Berkel and van der Aa 2005). Brandsen (2004, 19), summarizing the international experience with quasi markets, found evidence for a ‘loss of equity in provision’ and an ‘increase in social segregation.’

This book, however, does not embark on an empirical evaluation of the actual social and economic impacts of market governance in welfare states. Rather, it is concerned with its cultural dynamics, as this is assumed to be an (at least) equally important determinant of the prospects of this governance model. What this brief discussion of the market agenda and its confines has

brought to the fore, however, is that a differentiated assessment of its institutional and organizational expressions is indispensable when exploring the subtleties of marketized social welfare provision.

INSTITUTIONAL VARIETIES OF WELFARE MARKETS

The notion of welfare markets appears fairly wide-ranging, if not nebulous. Numerous phenomena are associated with it so that a number of theoretical distinctions are essential to their scrutiny. Welfare markets are generally understood here as competitive spheres in the provision of social welfare, embracing the allocation and the management of benefits or services designed to improve a person's social situation. It has been argued earlier that the recourse to market mechanisms in social welfare provision involves a new mixture in the 'governance of welfare' rather than a process through which crude market mechanisms supersede nonmarket forms of social welfare provision. Moreover, it was maintained that welfare markets are subject to particular regulations and are therefore embedded in structures which differ from ordinary (capitalistic) markets.

However, although it should have become clear thus far that market-governance in the welfare state generates particular social and institutional phenomena, its internal diversity warrants thoughtful consideration. In fact, various patterns of marketization (co-)exist in the field of social welfare provision. First of all, marketization occurs where public spending is cut or capped, as welfare recipients subsequently rely to a higher degree on income or services available on the mere (labour) market. This is mostly referred to as privatization although it addresses further phenomena (see, for example, Spulber 1997, 76–93; Gibelmann and Damone 1998; Walker 2001; Blomqvist 2004). However, privatization per se is not amenable to the rise of *welfare* markets since, as such, it may simply stand for a dislocation of the production of individual well-being, that is, a move from the collectivity to the individual. Private (co-)payments in health care, the individual employment of personal assistants (at home), or the purchase of a private insurance may indeed take place without any institutional regulation informed by social policy objectives.

A second pattern of marketization is salient where such regulation does exist, albeit without any further deliberate mechanism to promote the social well-being of particular groups of individuals. This is, for example, the case where welfare states, possibly after having provided (more) inclusive social insurance schemes in the past, grant tax breaks to citizens taking steps to protect themselves against social risks. In many countries, indeed, enormous fiscal subsidies 'underpin private provision . . . either through tax incentives or public subsidies' (Walker 2001, 139, referring to Britain). Again, this *by itself* does not make deferred-income provision or personal service delivery subject to a fully fledged welfare market.

Rather, the realm of welfare markets begins where *some* purposeful social policy objectives are pursued by means of a market complying with distinctive institutional regulations. Drawing on this definition, one can perceive a third variety of marketization which, this time, goes along the emergence of a true welfare market, namely, the instigation of managed care or quasi-markets for the delivery of social services. This is a field addressed by the bulk of the literature dealing with the marketization of social welfare provision, including under the headline of 'social markets' (Le Grand and Bartlett 1993; Taylor-Gooby 1999; Scott et al. 2000; Wistow et al. 1996; Walsh, et al. 2000; Brandsen 2004). Arrangements falling into this category may be labelled *managed welfare markets*.

In these markets, public bodies or quangos operate as key players but devolve the delivery of services to independent providers to whom they offer contracts on a competitive basis and whom they prompt to operate as (quasi) businesses seeking good return on investments, not least through tough human resource policies and strong pressures on their workforce. The instigation of these managed welfare markets worldwide follows the New Public Management agenda as sketched in the previous section. Managed welfare markets are generally based on a firm purchaser-provider split and often imply public tenders. Usually, they operate through fixed-term contracts with selected service suppliers and are based on different modes of payments (per capita reimbursement, capped block grants, performance-related payment). Frequently, managed-care agencies simultaneously purchase services from different suppliers in order to safeguard an encompassing, and multitiered, provision for one (group of) person(s). This model is particularly widespread in health care (Flood 2000).

Quasi-markets frequently go alongside a 'growing importance of private sector organizations . . . in support of public programs' (Rathgeb Smith 2002, 90, for the case of the U.S.). Furthermore, they have in many places supplanted in-house services of local authorities, and input-based partnerships between public funders and independent suppliers, with the latter often anchored in the nonprofit sector (Salamon 1995; Katz and Sachße 1996; Taylor 2002; Bode 2003a; White 2004). These input-based partnerships implied arm's length funding on the basis of mutually agreed cost-benefit ratios and accountability requirements, which awarded service providers leeway to orient their practice to self-identified and spontaneous needs or citizen claims. They also laid the foundations of a retrospective compensation for expenses related to unforeseen contingencies. A widely alleged drawback was the latitude granted to providers concerning client responsiveness and cost efficiency. This is why many advocated an overhaul of this partnership model from the 1980s onwards.

Quasi markets are an outcome of these claims. They require a decentralization of financial responsibility and a new role of welfare bureaucracies which become 'by-distance- managers' of service delivery. Agreements between purchaser and provider are mostly 'one-way contracts,' with the