
The Privatization of Risk

Introduction by Craig Calhoun

The early 21st century has seen a concerted effort to limit protections and privatize risk, to roll back public provision of public goods, and to restructure public communications on the basis of private property rights rather than any broader conception of communicative rights. These are all pronounced trends in the United States, and also advanced abroad by both the prominence of an “American model” and the direct policy interventions of the US government and some US-based businesses. But they aren’t unique to the United States. Preference for private property over public institutions has become a global policy.

Efforts to replace public institutions with market mechanisms shift the burden of life’s many risks disproportionately to those without substantial private wealth. The loss of life and livelihoods after Hurricane Katrina was increased, thus, by decisions to cut public investment in social services, physical infrastructure, public communications and public administration. As is often the case, the burden fell disproportionately on racial minorities, women, and children.

This issue needs to be in the forefront of public attention, and public understanding needs to be informed by serious, empirically grounded, social science analyses. It is a pressing concern not only with regard to natural disasters and “homeland security” but with regard to pensions and social security, the availability of health insurance and health care, and the stability of financial institutions and markets.

Issues of risk, disease, and disasters should be central concerns for social science. So should the availability and viability of social institutions to minimize risk where possible, to share costs, and mitigate harm. And not least of all, social science should address inequalities in how well people are served by such institutions, whether they are government funded and operated or independent. The question is not simply public vs. private—indeed, as the public importance of nominally private pension funds reveals, the two are inextricably intertwined. The issue is what makes institutions effective, and what makes them responsive to public needs. Social science should be part of the answer. But social science cannot be merely a source of technical expertise, or advice to those with power. Social science must also inform public communication, bringing not only capacity to manage but also understanding and insight to inform public choices.

The SSRC is responding to the challenge of the privatization of risk by creating a Working Group chaired by Yale’s Jacob Hacker. The members of this group have helped organize a web forum on the issues raised by the privatization of risk—including especially their distributive consequences. Another Working Group on Humanitarian Action, chaired by Michael Barnett of the University of Minnesota, has led inquiry into the way international organizations and

governments respond to “emergencies”. A web forum on these issues will appear soon, and in the meantime, web forums on Understanding Hurricane Katrina and on issues of vulnerability and response in the Pakistan earthquake and in Central America’s recurrent experience of floods are also being launched. See, for example, <http://understandingkatrina.ssrc.org>.

Behind the specific questions of the privatization of risk, of course, are broader questions about the future of the public sphere—in many different senses of the term. What public goods will be provided by governments through taxation, what public goods will be provided by private philanthropy or organizations in civil society, what will be provided by market actors, and what will not be provided? These are basic questions for social science. And they are questions for a broader public discussion that needs to be informed by social science.