

Laudatory Speech for the Egon-Matzner-Price 2023

Awarded to Christine C. Walker

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Christine Corlet Walker receives the Egon-Matzner-Price for her paper “A critique of the marketisation of long-term residential and nursing home care” co-authored by Angela Druckman and Tim Jackson (Walker et al., 2022).

I think the relevance of the topic needs no further explanation, so let me begin on a personal note that, I believe, is quite illustrative: I just visited my grandmother at her nursing home, which is quite modern and beautifully located in a lively city, but is still half empty. Why? Because there are not enough trained nurses who are willing to work under the current payment and working conditions. This case is by no means an exception. For Austria, projections from 2019 predict an additional need for long-term care nurses of around 24,000 by 2030 – mostly due to increased demand (Famira-Mühlberger/Firgo 2019). So, the relevance of the topic for the economy and for state budgets, but also for private investors is quite obvious.

Let me now say a few words on the paper itself: at first sight, it seems a somewhat unusual choice for the Matzner prize as it was published under the category of “Personal View” – albeit in the *Lancet*. I believe that for the awarded paper this category is somewhat misleading as the authors do not simply put forward their own opinion backed up by selective studies or statistics, as is often the case in political and even scientific debates.

On the contrary, each of their arguments is based on long-standing, validated economic theories. The piece is hence far from an ideologically driven polemic but is a clear and concise description of the current state of the long-term care sector, firmly resting on empirical and theoretical foundations. It also offers an integrated view by discussing the linkages of the sector with general labour market dynamics, demographic change, and financial market forces. Last but not least, the authors offer concrete recommendations on how to transform the long-term care sector to ensure high-quality and sustainability in light of the current trend of commodification of care.

As you can see, I enjoyed reading the article for its substantial and well-researched arguments. I also enjoyed reading it in light of Egon Matzner’s own work. Especially his

edited book “Der Wohlfahrtsstaat von morgen” (Matzner 1982) – which literally translates to “The Welfare state of tomorrow” – provides a nice, almost historic, embedding for this analysis of marketisation and state intervention. The book was edited by Matzner and published in 1982, which for us now seems to be a time when the neoliberal worldview became mainstream and state interventionists became somewhat old-fashioned. Surprisingly, more than 40 years later, Matzner’s work reads quite timely. In the book’s preface, for example, Matzner mentions that what he calls the “financial crises of the state” cannot be solved by exclusively relying on either the market or the state. A debate about either/or is, as Matzner puts it, “unfruchtbar” (Matzner 1982: 15) – unfruitful.

What Matzner finds fruitful, however, is a thorough investigation of the circumstances under which one institution should be preferred over or regulated by the other, and what role the so called autonomous, or third sector, plays. Christine and her co-authors followed this request, probably unknowingly, by building their main argument not only on the current market structure of the sector, but also on the inherent characteristics of the provided services. The authors call these the “dual core of long-term care” – namely that care relies on time-intensive work with little room for efficiency gains in the long run, and the fact that demand is quite sticky or inelastic – once a person is in a care home a change of provider based on quality or price differentials is rather unlikely. These characteristics are the main reason for market failures in the care sector and justify or even call for state intervention.

While the paper by Walker and colleagues focusses on the long-term care sector, there are some generalizations that can be drawn from it. For one, there are numerous other sectors, especially in the foundational economy, that are amenable to similar problems and marketization forces. There is a long-standing debate, for example, in health economics, whether public or private ownership of hospitals is more efficient. The main problem identified in this literature is that certain outcomes, such as quality, are difficult to monitor. It has been shown conceptually and empirically, that this non-contractability of outcomes

leads private providers to invest in reducing costs, rather than in increasing quality (Sloan et al. 2001).

Second, I would like to point out an issue, which I think is exemplified beautifully in Walker's award-winning paper: the fact that to be able to criticize something, one needs to understand it. So, no matter how sympathetic we might be towards certain worldviews, we, as teachers and educators, need to make sure that our students – who are the next generation of economists– understand the neoclassical models that are still mainstream with their

notion of efficiency through free markets, so that they will be able to identify the shortcomings and failures of these models. This will allow them, as Christine and her co-authors have brilliantly shown, to critically dissect policies and regulations that were based on the promises of these neoliberal models. Again, I want to point out one of Matzner's appeals from 40 years ago, that we need to apply, both, dialectic and analytic methods – not only to avoid self-referential research but also to put a stop to the exploitation of dialectics for the justification of ideology-driven policies (Matzner 1982: 35).

References

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