



Centre for Disability Research

Conditionality and political economy: some observations

Chris Grover
Senior Lecturer in Social Policy
Lancaster University

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Today's presentation

- Approaching conditionality
- Political economy and social policy
- Dilemmas of capitalism
- Conditionality, labour supply and wage inflation
- Conditionality as a (quasi) market opportunity

Approaching conditionality

- Administrative
 - available resources and maximised outcomes
 - does conditionality use resources effectively?
- Philosophical
 - justifications for conditionality from ideas about what is desirable
- Ethical
 - is conditionality the right thing to do

Approaching conditionality

- Administrative and moral concerns with conditionality are closely related to political economy issues:
 - moral issues conjoin with concerns with the operation of market-based economies and productive engagement with them
 - administrative concerns with gateways to and exits from working age benefits; work incentives; comparisons between low paid workers and out-of-work benefit recipients

Political economy and social policy

- Political economy is concerned with the social relations of the production, distribution and consumption of resources
- Much social policy analysis is political economic
 - who gets which resources and why?
- Conditionality as part of social security/labour market policy can be understood in political economic terms
 - How does it relate to the production, distribution and consumption of resources?

Dilemmas of capitalism

- As a system of accumulation capitalism creates dilemmas:
 - for individuals:-
 - instabilities of work at a micro and macro level
 - various forms of unemployment
 - work as exploitative, exclusionary and disabling
 - why would people work?
 - for the state
 - how can the commitment to wage work be sustained?
 - consequences of unemployment/workless
 - tensions between accumulation, social reproduction and legitimation

Dilemmas of capitalism

- Conditionality located in the dilemmas unemployment and worklessness creates for the state:
 - diswelfares of long-term labour market detachment
 - state intervention Vs neoliberal preference for the private over the public
 - conditionality as state regulated/funded practice in the accumulation of capitalism:
 - reproduction of labour discipline in a contradictory economic process
 - development of welfare (quasi) markets

Conditionality, labour supply and wage inflation

- Conditionality as a means of ‘producing’ workers
 - the commodification of labour power
 - active proletarianisation – the ‘lasting transformation of non wage labour into wage labourers’ (Offe, 1984, p. 92)
 - ‘Merely to deny aid does not tell people what they should do instead of being dependent’ (Mead, 1997, p. 20)
- ‘Production’ of workers held to be good at an individual, but also at a macro-economic level

Conditionality, labour supply and wage inflation

- Conditionality as a supply-side measure – role in managing wage inflation
 - long-term detachment from labour markets reduces competition for paid work:
 - ‘In any economy there has to be some short-term unemployment to ease mobility and restrain wage pressure by providing employers with a pool of workers able to fill vacancies. But long-term unemployment appears to be largely useless as it exerts very little downward pressure on inflation. This is because employers are generally unenthusiastic about long-term unemployed people as potential fillers of vacancies. Whether this reaction is justified... or not is unimportant’ (Layard, 1997, p. 190)

Conditionality, labour supply and wage inflation

- The problem of labour market detachment and the effective labour supply:
 - ‘...by bringing workless people closer to the labour market and making them more effective at competing for jobs, total employment can be increased. With a more effective supply of labour, employers can fill their vacancies more easily and the economy can grow without hitting skills shortages or running into inflationary pressures. In a dynamic labour market, that growth leads to higher employment’ (HM Treasury, 1999, para. 4.10)
- Conditionality, commodification and economic stability:
 - supply and competition at entry level

Conditionality as a (quasi) market opportunity

- Conditionality provides new opportunities for accumulation
- The neoliberal preference for the private over the public
 - ...a competitive market with larger and longer contracts, rewarding providers for sustained outcomes and significantly reducing costs, using competition on a continuing basis as the spur to greater effectiveness (SSWP, 2008, p. 21)
 - ‘welfare to work’ markets worth at least £1 billion per annum
 - c.20,000 people work in employment related services (the creation of a new class of welfare professional?)

Conditionality as a (quasi) market opportunity

- Workless people as commodity:
 - economic value to service providers
 - traded between contractors and enterprises
- ‘Accumulation by dispossession’ (Harvey, 2005):
 - inter-country redistribution via commodification & privatisation – shifting resources from the poor to the rich
 - public sector austerity cuts in social security spending while large amounts paid to support employment service markets

Conditionality, accumulation and the dangers of functionalism

- Conditionality has the potential to create its own tensions:
 - passive, rather than active, proletarianisation:
 - non-participation – conditionality as deterrent to claiming (what do people do as an alternative?)
 - long-term dependency – ‘parking’, ‘creaming’ and ‘gaming’ and the profit logic of conditionality
 - economic efficiency
 - under-employment – hours and work relevant to qualifications (low pay is better than no pay)
 - labour costs, under-investment and productivity
 - reproduction of labour power:
 - affects of conditionality on health
 - the emotionality of conditionality (anger, frustration, resentment)

Conclusion

- There are ways of understanding conditionality beyond administrative and moral concerns
- A focus upon the political economy of conditionality suggests roles that include:
 - concerns with labour supply and macro-economic effects
 - constitution of (quasi) markets
- Conditionality is framed by tensions, that will require further interventions in the future