



Privatisation & Britain's employment services: some political economic observations

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Today's presentation

- Neoliberalism, welfare markets and accumulation
- Employment services (quasi) markets
- Problems with employment service markets
 - 'creaming', 'parking' and 'gaming'
- Employment services & commodifying people
- Employment services & accumulation by dispossession

Neoliberalism & 'welfare markets'

- The neoliberal counter-revolution – reaction against the collective
- Principles of neoliberalism:
 - markets are central to society
 - minimal state intervention
 - private property – decentralising decision making
 - rule of law – preservation of liberty through cohesion and stability

Neoliberalism and accumulation

- As an accumulation regime neoliberalism includes:
 - Privatisation of previous state activity
 - Re-commodification of the state sector
 - Deregulation
 - Liberalisation
 - Internationalisation
 - Reduced direct taxation
- Markets born of privatised previously state provided services are often reliant upon states at different scales

Employment services markets in Britain

- Late 1980s – Employment Service becomes purchaser (not provider) of training programmes
- 2007 Freud Report:
 - ‘hard to help’ workless people should be gotten into work by private sector
 - outcome payment (not process-based payments)
 - payment by results
 - payments from future benefit savings (‘DEL/AME switch’)
 - ‘black box’ approach

Employment services markets in Britain

- Private sector seen as neoliberal alternative to collective provision:
 - ...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)
- Work Programme:
 - 83 percent of prime contractors are from the private sector
 - contracts value £800,000 - £1 billion per annum

Problems with employment service markets

- ‘Creaming’ and ‘parking’
 - services concentrated on those closest to labour markets. Work Programme payment structure supposed to discourage such behaviour, but
 - ‘embedded in the Work Programme and could be seen as a rational response to PbR since a proportion of customers would always be very unlikely to get a job’ (Rees *et al.*, 2013, p. 19)
- ‘Gaming’
 - “when providers seek to exploit weaknesses in programme design by undertaking activities which allow better performance on contractual criteria but do not improve employment outcomes. At its most extreme ‘gaming’ may involve fraudulent activity” (Finn, 2011, p. 3)

Commodification

- Policy for workless people central to the commodification of labour power
- Employment service markets commodify people – they have a economic value to service providers
- Is there anything new in this?
 - Traditional and contemporary forms of slavery
 - Private employment agencies
- Capitalism and wage-slavery – the alternative to wage labour is ‘starvation or social degradation’ (Fine, 1975, p. 24).

Accumulation by dispossession

- Imperialism - 'redistribution of wealth from poor countries to the rich' (Harvey, 2005: 262)
- 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
 - the DEL/AME switch and in future the AME is to be capped

Conclusions

- Markets and the imperatives of accumulation
- What do employment service markets offer workless people?
- Creation of work for welfare professionals?
- Is placing people into work a role for the state? Or a role for markets?