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Work Enforcement in Liberal Democracies

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Abstract

The paper aims to contribute to the normative debate concerning work enforcement in liberal democracies. In the late 1980s, OECD countries began to revert to the pre-welfare-state tradition of attributing unemployment to personal failure. The new welfare-to-work policies emphasised individual responsibility for securing employment. Stepping up job search requirements and sanctions for failure to meet them was presented as a public intervention that helps unemployed individuals return from dependency to autonomy. Jobseekers have been made to believe that success in obtaining employment depends on how doggedly they search for work and how adaptable they become to employer needs. These presumptions are challenged in the paper. Contracts that jobseekers are forced to sign with providers of employment services curtail their autonomy not only to the extent that they cannot avoid unproductive activity tests imposed on them, but also from a lifetime perspective in cases where they are forced into inferior jobs. In job-short economies, employers are also certain to discriminate against disadvantaged jobseekers notwithstanding the intensity of their effort or openness to occupational change.

Introduction

Since the late 1980s and early 1990s, welfare-to-work reforms have been carried out throughout the OECD countries. They have tightened eligibility for income support, attached work conditions to widening client groups, toughened sanctions for non-compliance with activity requirements, and let benefits decline in real value. The purpose of these changes was to ensure benefit claimants' speedy return to paid work and to discourage potentially voluntary unemployment with the ultimate end being a reduction in unemployment and associated poverty. This escalation of coerciveness in contemporary labour market policy had been justified by certain empirical suppositions and normative claims. This article re-examines the normative foundations of such coerciveness in the light of its empirical outcomes.

'Activation' is an umbrella term for various measures that are intended to get individuals into jobs. Such measures can be enabling or punitive. Enabling measures can be exemplified by public assistance with job search and placement. Punitive activation relies on the use of negative incentives, such as a reduction in

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access to and the amount of unemployment/social assistance benefits, as well as financial sanctions for non-compliance with activity requirements (Kenworthy, 2010). Enabling activation has only attracted criticism in terms of its insufficient levels or poor design, but punitive activation has attracted much controversy over its very essence. While reiterating criticisms about the essential normative flaws of punitive activation, the argument here will be that it is now obvious that it has failed as a practical solution. Instead of eliminating or at least reducing unemployment and poverty in the OECD countries, supply-side policies have worked to perpetuate and exacerbate socio-economic marginalisation.

To demonstrate this, the article will start with a discussion of current conditions in the labour markets across the OECD. Next, the ideational changes that led to intensified work enforcement will be outlined and critiqued as a retreat from the egalitarian, emancipatory promise of liberal democracy. The final section of the article will present recent empirical research into the outcomes of welfare-to-work policies that further reveals their misconceived and oppressive character.

Neo-liberal labour market conditions

Travelling by different routes, but reaching an essentially similar endpoint, OECD countries have, since the 1980s, implemented a concerted overhaul of industrial relations and of welfare state regimes. Either through institutional deregulation (that involves alterations in institutional form) or through institutional conversion (that involves modification of institutional functions), industrial relations have been transformed to expand employer discretion (Baccaro and Howell, 2011). The linchpin of the old, post-war system of industrial relations and the main mechanism of maintaining the more egalitarian wage distribution that characterised this period was centralised collective bargaining. Where the institutions of centralised collective bargaining have suffered the greatest decline in the course of the neoliberal transformation (or were weakly established in the first place), the postmodern rise in earnings inequality has been the sharpest (Oskarsson, 2005).

This new inequality reflects skill polarisation in the labour markets of advanced economies, where middle-income, middle-skill manufacturing jobs have largely disappeared under the impact of off-shoring and technological displacement (Autor and Dorn, 2013). The standard pattern of employment in the post-war boom decades – full-time, continuous from an early age and with steadily rising pay – began to break down in the 1980s and the relaxation of employment protection laws throughout the OECD facilitated the process.

The current labour market condition is characterised by a triad of labour utilisation problems: overemployment, underemployment, and unemployment. 'Overemployment' denotes the intensification of work both through the lengthening of working hours and the delay of retirement. Work intensification

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by hours has occurred in the so-called 'core' of the workforce. To explain what the core means, yet another term needs to be introduced – 'dualisation', which refers to the unequal distribution of employment opportunities across the working-age population. In a dualised labour market, one can observe the existence of a privileged 'core' and a disadvantaged 'periphery'. Core workers enjoy comfortable levels of remuneration, favourable working conditions, secure job tenure and access to career advancement. The rest of the workforce is underemployed or unemployed. Underemployment occurs in two forms: not being able to work as many hours as one desires or having to make do with temporary jobs while wanting to hold a continuing one; and working in positions that are not commensurate with one's education, level of skill, and experience (Feldman and Maynard, 2011: 1). Those confined to the margins of the labour market often juggle multiple part-time or casual jobs and are churned between such jobs and unemployment (Bertram, 2013). Working poverty can be also regarded as a form of underemployment – underemployment by wage (Boyd, 2013: 21). Finally, underemployment itself is not that different from unemployment in terms of its individual and social costs (Dooley and Prause, 2004).

There are certain workplace dynamics that tend to create overemployment (i.e. inability to work fewer hours despite such a preference). Firstly, there are fixed labour costs (at least in the English-speaking countries) that impose limits on the minimal number of hours that permanent staff can be hired for. Such costs incentivise employers to maximise hours per worker rather than hire more workers during upturns, or to lay off workers during downturns rather than implement temporary reductions in hours (Hart, 2004). Secondly, employees know too well that those among them who signal preference for shorter hours are usually the first to be dismissed, to suffer a pay cut or be demoted during reorganisation. Conversely, 'presentism' (i.e. visibility on the premises) is known to be just the right strategy to signal promotability/profitability to employers who tend to interpret longer hours clocked in as a sign of dedication, especially when it is difficult to measure individual productivity (Golden, 2006: 44–45; Sousa-Poza and Ziegler, 2003).

There are also factors outside the workplace that contribute to overemployment. Longer work hours have in many cases been made unavoidable by rising levels of household debt (Golden, 2006: 45–46). The boom in credit consumption over recent decades had been an outcome of the neo-liberal economic restructuring that was driven by beliefs that it was necessary to increase returns to financial capital if economies were to be revitalised. This was indeed achieved through wage share compression, facilitated by the flexibilisation of employment relationships as mentioned above. However, the consignment of growing sections of the population to precarious, low-paid employment was undermining their purchasing power and therefore aggregate demand. The neo-liberal answer to the falling aggregate demand was to artificially prop it by easily

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accessible credit (Tridico, 2012; Trumbull, 2012). Debt-financed consumption (and the longer working hours needed to earn enough to service the debt and stave off personal bankruptcy) has also been fuelled by competition for relative social status, which was made more acute by escalating income inequality (Frank, 2012; Golden, 2006: 45–46). All these factors have contributed to overwork in the core, i.e. 'work beyond one's capacity for sustainable well-being' (Golden, 2006: 51).

Observing labour market transformation at a much earlier stage, Ulrich Beck suggested that the newly emerging system of flexible employment served to mask unemployment in the guise of various forms of underemployment, thereby helping remove the 'political scandal' of *open* mass unemployment from the public agenda (Beck, 1992: 146, 143–148). Yet, more than two decades later, open mass unemployment is still very much with us – along with growing underemployment and (yet another way of masking the scope of unemployment) sub-unemployment. The latter refers to the so-called 'discouraged' workers who no longer officially register as 'unemployed', having lost hope of finding a job. After the massive upsurge in unemployment in the Great Recession of 2008–09, the labour market recovery in the OECD as a whole has been slow and is projected to stay so in the near future. There has been only a slight drop in overall unemployment, and long-term unemployment has continued to increase (OECD, 2014: Ch. 1).

Lawrence Mead (1988), the leading American advocate of work enforcement, admitted in the late 1980s that the debate on whether the unemployed were unwilling or unable to find jobs unfolded largely in empirical darkness since job availability was not routinely measured at the time. It is now. In 2002, the American Bureau of Labor Statistics began to publish a new survey – the Job Openings and Labor Turnover Survey (JOLTS) – that gauges the unmet demand for labour in the US labour market. Similar vacancy monitoring instruments are also used in the EU (the European Vacancy Monitor) and other countries of the OECD. While the size of the gap between available jobs and jobseekers fluctuates from survey to survey, its presence and significance remain constant. Even if all the available vacancies were filled, there would still remain a large pool of surplus labour. It can be considered empirically ascertained that it is far from possible to find jobs even for those who genuinely look for them. It is also a fact that not all jobs are taken. However, the existence of unfilled vacancies indicates, in most cases, a skills mismatch and deficiencies in the skill-formation system rather than unwillingness to take on the jobs. Skills mismatch has structural origins and dealing with structural unemployment is a matter of policy design and implementation, of collective action and not of isolated individual efforts. European labour markets, in particular, suffer from entrenched structural issues in skill formation, maintenance and utilisation (Mourshed *et al.*, 2014) that have nothing to do with the moral hazard generated by social protection.

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Thus, across all advanced economies, opportunities for continuing training are stratified. Among the employed, those with higher skills and educational attainment (professional and managerial workers) are more likely to participate in training, including training sponsored by their employers. Older workers are less likely to participate in job-related training. Part-time and temporary workers are less likely to receive training than full-timers. The unemployed are less likely than the employed to receive training, and the discouraged jobless are less likely to receive training than job seekers. In other words, the distribution of training opportunities is in inverse relation to need and therefore can only serve to reinforce labour market inequalities (Dieckhoff *et al.*, 2007; Lindsay *et al.*, 2013).

While employment insecurity has become generalised (fuelling overwork in the core as mentioned above), risks of income loss/poverty are far from being randomly spread, as the life-course perspective on social exclusion would have it. Unemployment (and household joblessness in particular), low-paid employment, ill health, and single parenthood still fall disproportionately on lower socio-economic strata and hit them harder (Pintelon *et al.*, 2013).

Disparities in wages, access to training and occupational mobility, working conditions, job security, and social security, that characterise dualist labour markets, contradict the egalitarian foundations of liberal democracy. But they are also questionable in economic terms. Dualist labour market structures may be privately efficient inasmuch as they enable parties directly engaged in bargaining to maximise their advantage. However, the maximisation of private advantage tends to create externalities for third parties. If dualist structures result from institutional rigidities, they also prevent efficient contracting. Hence, for both these reasons, dualisation contradicts the economic purpose of optimising resource allocation (Deakin, 2013). Dualisation therefore has not only damning implications for political legitimacy, but also results in socially and economically suboptimal outcomes.

While the proponents of the individualisation thesis in the 1990s anticipated a liberating impact from the end of permanent occupational and organisational attachment in 'liquid modernity', things have played out differently. Flexibility can be liberating, especially for female workers who have to combine paid employment with domestic work. However, it is not for this liberating potential that employers favour flexibility, but as a mechanism that enables them to shift business risks onto employees. As we came to know it, flexibility is subordinating in most cases, not liberating. The same goes for the other ostensibly attractive slogan of the transformation era – 'lifelong learning'. Also a seductive option (at least to some) if it is taken to refer to ongoing personal development, but depressing (to all) if it stands for 'a lifelong treadmill of acquiring new sets of tricks in order to be competitive' in the market for odd jobs (Standing, 2002: 172). It is in this latter version that new opportunities for lifelong learning have materialised for most people.

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The destandardisation of employment relations has seen the rise of adult career guidance that orients individuals now of *any age* (not only the young ones preparing to enter the job market for the first time) towards ongoing self-matching to the labour market through permanent concern with keeping one's skills 'labour market relevant' (in contrast to a specific professional orientation and sustained focus on its substantive content) and thus maintaining 'employability' (the 'lifelong learning' imperative) and conditioning their mentality by means of market and quasi-market mechanisms (Darmon and Perez, 2011: 78–79, 89). Invariable components of this model of labour market coaching are: adjustment (i.e. lowering) of expectations about their job prospects, responsibility (finding a job through one's own effort), and displaying the right attitudes of 'motivation' and 'positivity' (Darmon and Perez, 2011: 87).

The welfare state has also undergone institutional change both in form and function. The implementation of New Public Management principles saw the delivery of social services outsourced to both for-profit and non-profit agencies, while the residual public sector has been subjected to commercial criteria of operation. Functionally, the welfare state has morphed into a 'workfare state' as social policy has been reoriented away from redistributive concerns and rights protection towards subsidising and enforcing low wage labour (Jessop, 1993). The reorientation has been discursively rationalised as a shift in social security goals from 'meeting needs' to 'managing risks'.

It was not accidental therefore that, starting from the early 1970s, there was a growing interest throughout the OECD (later also encouraged by international agencies) in active labour market policies (ALMPs). ALMPs spending in the OECD area nearly doubled between 1980 and 2003 (Bonoli, 2010: 436). ALMPs were pioneered by Sweden in the 1950s. However, the Swedish experience was emulated elsewhere in truncated versions, in which ALMPs were decoupled from the broader macro-economic policies that characterised the original Rehn-Meidner Swedish model. These were fiscal and monetary discipline, economy-wide wage coordination, commitment to human capital development (upskilling), and expansive public sector employment (Dostal, 2008: 24–25).

The 'activation turn' from the mid-1990s marked a new stage in labour market policy making, although it was not about a shift from passivity to activity of benefits (a common, but inaccurate perception (Bonoli, 2010: 446)), but about innovation in policy discourse and welfare provision delivery (Dostal, 2008: 23), which became associated with Third Way governments. The term 'activation' comes into more frequent use as workfare becomes more prominent in welfare programmes. English-speaking countries with liberal welfare regimes were the earliest adoptees of punitive labour market policy, and countries with corporatist welfare regimes were the last to shift in that direction – in the 2000s (Bonoli, 2010).

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From socialised responsibility to punitive individualism: fighting unemployment as a 'life style choice'

The escalation of work enforcement since the 1990s has been widely criticised as a throwback to the pre-welfare state poor relief system, as it existed under early capitalism and before. It was commonly suspected then (as it is again now) that idleness among the poor frequently resulted from indolence and that public philanthropy encouraged it. Since indolence is sinful in Christianity, it was essential for public authorities to ensure that public aid did not reward sinfulness. However, there did occur periods of full employment in the late 19th and early 20th century, during which even individuals ordinarily classified as unemployable managed to obtain jobs and, in the face of this fact, it was becoming increasingly untenable to attribute joblessness to attitudinal factors. One by one, many European governments in the years after the First World War were setting up compulsory unemployment insurance schemes or extending the existing ones to cover all industries (Garraty, 1978: Ch. 8). Keynesian economics that prevailed by the time of the Second World War, and stayed hegemonic during the 'glorious three decades' that followed, attributed unemployment to a deficiency of aggregate demand, and stimulating such demand was thought to be the appropriate method to tackle unemployment. The period between the 1920s and 1970s can be summed up as an era when the right to waged labour and the responsibility of the society to realise that right through macroeconomic regulation were accepted and emphasised. Welfare support came to be seen as a citizenship entitlement in contrast to poor relief that used to result in the forfeit of citizenship (as in Britain until 1918). As the availability of employment began to be perceived as dependent on the society's capacity to use human resources rather than individual willingness to work, the attitude of mistrust towards the jobless became attenuated.

The 'stagflation' (i.e. recession combined with inflation) of the 1970s was a new macroeconomic phenomenon that the Keynesian approach proved unable to combat (Harvey, 2008: 172–173). The public confidence in left-wing policies began to erode and, as 'fear changed sides' (Standing) in the capital-labour relationship, the right-wing forces launched a successful counter-offensive that has enthroned financial capital and its institutions as the shapers of a new regulatory regime that is currently in operation (Standing, 2002: Ch. 1). Leaders of the new era had an acute sense of international competition, and the enhancement of national competitiveness became the centrepiece of the neoliberal policy paradigm.

The key to enhancing competitiveness under this paradigm was the creation of a positive climate for entrepreneurship, including an improved supply of labour available to employers. The success of labour mobilisation seems to have required a different socio-symbolic landscape, including explanations of unemployment, the character of public attitudes towards welfare recipiency, and the conception

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of social citizenship (Cox, 1998). Individualised, behavioural explanations for unemployment and poverty, that were common in the era of early capitalism, resurfaced (initially) in the US, when Lawrence Mead put it straightforwardly that 'government must persuade them [welfare recipients] to *blame themselves*' (Mead, 1986: 10, original emphasis). The welfare state institutions were also to be blamed for enabling (the culture of) 'worklessness'. Unemployment benefits that used to be an expression of social citizenship status under the earlier system came to be disparaged as 'passive', i.e. as disincentives to participation in the national economy, and a brake on national competitiveness (Hay, 2004: 47). The theme of welfare abuse rose to prominence in the 1970s and has remained a constant presence in the media since.

In New Labour's (internationally influential) discourse of social inclusion via employment, citizenship was reframed from a basic *status* of equality into an *achievement* (Plant, 2003). Part of the political mission that New Labour set itself was to awaken citizen's awareness of their obligations that had become overshadowed by their sense of entitlement. Social rights were to be enjoyed in the form of opportunities to work, which New Labour promised to extend and at the same time to 'take tough measures to ensure that chances that are given are taken up' (Blair cited in Morrison, 2004: 171). Thus, in the Third Way conception, social inclusion occurs and social citizenship is realised through the fulfilment of the obligation to participate in the labour market (Morrison, 2004: 175).

The revival of classical ideals of liberalism also brought with it a new contractualism as a universal mode of regulation for the new era. It became popular to conceive of social relationships, such as between politicians and bureaucrats, educational institutions and students, parents and children, etc., in terms of partnerships, where parties pledge to abide by certain rules and deliver certain outcomes, with such pledges formalised through quasi-contracts (Ramia and Yeatman, 2002). This trend has been extended to activation as well, where participant jobseekers are required to sign contracts in acknowledgement of their rights and obligations. There are two interlinked ideational merits to such contracts. Firstly, they project the government's respect for the individual, inviting a new sense of the government's legitimacy (Carney and Ramia, 2001: 11–12). Secondly, they are imagined to create scope for the claimants to exercise their autonomy through negotiating their own obligations (Freedland and King, 2003: 467, 469). That is assumed to stimulate jobseekers' involvement and motivation and therefore improve reintegration results (Sol and Westerveld, 2007).

In practical implementation, though, the client's autonomy ends at the moment of signing the contract, where he or she has to choose (hence 'compulsory choice') within a set of pre-determined options (e.g. on-the-job training or community service). Once an option is picked, the client is required to follow a standard sequence of steps that comes with the selected option (Howard, 2012).

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The choice of a service provider or personal case manager is generally not a part of reintegration contractualism.

The scope of clients' autonomy has been also undercut in the degree to which they are able to maintain an attained social/occupational status. The jobseeker cannot refuse a second or third offer regardless of how distant the job may be from his or her previous occupation or of how unfavourable its conditions may be. The revision of the notion of 'suitable employment' to mean any available vacancy after the expiration of a short initial period of being on benefit has been especially striking in Germany and France where, until recently, professional status had been protected (Betzelt and Bothfeld, 2011: Chs. 6–7; Frade and Darmon, 2006: 29–31).

Furthermore, since the floor separating the core from the marginal pool of workers has been hardening, once a jobseeker finds himself or herself in the lower pool, the chances of returning to the core appear to be slim. The acceptance of low-wage jobs can facilitate transition to higher-paying jobs in some cases. This springboard effect has been confirmed for people (men more than women) with low or intermediate levels of education, for those who had experienced longer periods of unemployment, and in cases of low-wage jobs associated with a relatively high social status. In contrast, high-skilled individuals with college degrees are more likely to hurt than improve their long-term labour market prospects by taking employment in the low-wage sector (Knabe and Plum, 2013; Mosthaf, 2014). The loss of social standing that is likely to become irreversible cannot but diminish the jobseeker's autonomy in a lifetime perspective, as 'access to a social status predetermines her life course and represents a 'corridor' for the individual life planning and activities' (Betzelt and Bothfeld, 2011: 247). Thus, the claim that contractualism 'furthers the freedom of people to build their own lives' (Wolfson, 2012: 680) does not seem convincing in this context.

The means testing of claimants ensures that they are unable to meet their basic needs other than by complying with the welfare provider's directives whatever those may be (Goodin, 2002: 589). Although framing the relationship in contractual terms may appear to create a potential of holding service providers accountable as contractual parties (Sol and Westerveld, 2007: 307), it remains largely theoretical. Even frontline workers are not always sufficiently aware of all the applicable rules and regulations (that also change all the time), let alone their clients. This, as well as the various costs involved in challenging bureaucratic disentitlement, precludes in most cases the option of appealing against an agency's decision (Handler, 2004: 251–252, 262–258). The empirical prevalence of peremptory unilateralism in the process of activation exposes the use of the notion of contract or agreement with the unemployed too readily to charges of incoherence at best (Sol and Westerveld, 2007: 308) or window dressing at worst (Carney and Ramia, 2001: 16–17; Nilssen and Kildal, 2009).

Admittedly, employees are not equal to employers in the labour market context either. However, there may be a more credible scope for freedom of

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consent as long as there is more than one potential employer for a worker or as long as a person unable to find suitable employment can avoid surrendering his or her labour on pain of starvation. The assurance created by social security provision (known as 'decommodification') preserved this scope of freedom. From a conflict-theory perspective, labour protection legislation and social security mitigate the basic power inequality of the market employment relationship. In neoclassical economical thinking, however, which is blind to the power imbalance, these institutions are merely market 'distortions' (Berg and Cazes, 2007–2008; Korpi, 2002: 373–374). Through contractualism, the post-welfare state shifts the bulk of responsibility for getting employment onto individuals, while reducing its own to monitoring personal behaviour and enforcing the work ethic. The formerly recognised responsibilities of mitigating market failures and their social costs have been abandoned (Nilssen and Kildal, 2009: 318). Unemployment or social assistance benefits functioned in the post-war welfare state as *compensation* to those rejected by the labour market. Under the post-welfare state, the market, the very cause of individual distress and the reason for social security provisions has been recast as the solution for it (Henning, 2009: 161–162). Social policy has been subordinated to the imperative of labour mobilisation in the service of international competitiveness, as 'post-welfare' benefits are manipulated to force recipients into poorly paid, insecure 'flexiwork'.

Does punitive activation benefit unemployed individuals?

It has been firmly established that unemployment is a major mental health risk (Paul and Moser, 2009). It may seem to follow from this empirical fact that any job is better than no job or that 'work is the best form of welfare'. On this logic, the psychological satisfaction of regaining self-reliance and thus self-respect should outweigh possible dissatisfaction if some aspects of the new job fall short. Jobseekers are therefore encouraged to be adaptable, tireless in job hunting, and are expected to be able to stay almost fanatically motivated.

Adaptability

One of the presumptions that have guided work-first policies of the activation turn (in which the speed of re-employment is given absolute priority) is that unemployed individuals' readiness to embrace occupational change promised both a speedier re-employment for the individuals concerned and benefits for the economy as a whole, as it would reduce structural unemployment by re-channelling labour supply into areas where demand for labour does exist. However, a pioneering empirical inquiry into the validity of this presumption has come to negative conclusions (Vansteenkiste *et al.*, 2013). According to its authors, analysis of recruitment practices tells a different story. Employers generally look for the closest match to their requirements (relevant educational background,

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experience and aspirations) and, if such a match cannot be found, they prefer to leave the vacancy unfilled rather than hire someone who merely displays a can-do attitude.

The applicant's openness to various options can actually backfire as it may suggest to the interviewers that he or she has no clear career focus and therefore lacks motivation for the specific vacancy he or she is applying for. It is also hard for such applicants to make a convincing case for their suitability for a job that is not in line with their earlier experience and education. Flexible jobseekers are also effectively penalised in the sense that they expend more time and energy on searching for job openings, putting in applications, and attending interviews per number of job offers they eventually receive, as compared to those who apply for jobs that correspond to their occupational profiles (Vansteenkiste *et al.*, 2013). This points to market rigidity on the demand side, generated by employers who do not seem to appreciate broad adaptability in jobseekers. While current policy guidelines advise jobseekers to adjust their preferences to market realities and apply for available vacancies outside their normal preferences, if evaluated in terms of quality (Van Hooft *et al.*, 2012), this behaviour would be characterised as poor-quality job search. Recent microeconomic level studies suggest (Salognon, 2007; Sverko *et al.*, 2008: 426) that it is time to also look at employers' attitudes and behaviour for explanations of the poor performance of labour markets across advanced economies.

Job Search Intensity Versus Discrimination

Welfare-to-work policies also prioritise job search intensity. However, the assumption that the chances of re-employment crucially depend on the intensity of job search (i.e. the number of job search activities and the amount of time spent on it) finds no support in more recent empirical studies. Rather success in finding employment seems to depend crucially on the quality of an applicant's profile (McArdle *et al.*, 2007: 261; Sverko *et al.*, 2008). In other words, pushing unemployed individuals with characteristics that are less attractive to employers to look harder is unlikely to increase their chances of getting a job. Moreover, this low productivity of job search that the individual cannot control is damaging to the morale and mental health of such jobseekers (Vansteenkiste *et al.*, 2013; Wanberg, 1997: 740).

Strong competition for jobs does tend to induce jobseekers to improve the quality of their job search, and better search quality does correlate positively with better hiring outcomes for such jobseekers as compared to others with similar profiles (Van Hooft *et al.*, 2012: 29). However, if recruiters, with a large pool of applicants, prejudge an applicant negatively based on his or her biographical characteristics, then even the best quality of the applicant's job search can do little to influence hiring outcomes. This is especially true of younger and older jobseekers.

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During the screening stage, recruiters ordinarily proceed on perceptions of potential productivity and will group applicants according to such assumed indicators of productivity as age, education, sex and previous employment history. It is therefore all too common to screen out applicants with profiles that may appear less productive. Pre-selection, based on résumés, distances such 'statistically discriminated' applicants by precluding interaction and thus deprives candidates of any negotiating power in the recruitment process (Salognon, 2007).

Age, in particular, has been identified as a decisive barrier to re-integration into the labour market, and it has been argued that early retirement among long-term unemployed should be understood at least in most cases as economic exclusion (Larsen, 2001: 16–19). As physical and mental agility normally decrease with age, it is to be expected that older workers on average will be less likely to meet the increasing demands for productivity and flexibility. They are more likely to be unwilling or unable to learn new skills and adapt to the technological and cultural change in the workplace environment. Older workers may be also more prone to injuries and illness. Advanced qualifications are customarily associated with higher rates of remuneration; therefore – regardless of whether the applicant is willing to forego the premium pay for the sake of securing the job – recruiters assume that a senior employee will be more expensive. For all these reasons, recruiters tend to perceive age and seniority as liabilities (Roscigno *et al.*, 2007).

Another major reason for statistical discrimination is unemployment itself. The status of unemployment and its duration, in particular, signals to the recruiter that the applicant's productivity is likely to be diminished due to two processes. Skills are known to obsolesce in the absence of continued on-the-job-training, and long-term unemployed individuals are known to often undergo psychological decline. Employers may also assume that job loss had something to do with personal deficiencies, such as questionable work ethic, lack of talent, or disagreeableness, which is consistent with how the unemployed are portrayed in the popular media (Young, 2012: 611). Screening out applicants with a history of recent unemployment thus becomes a simple method to minimise the risk of hiring problematic employees (Darity and Goldsmith, 1996: 134). Unemployment then (in the US at least) can cast a shadow on a person's profile no less than 'having a criminal record' (Young, 2012: 610, 614).

The fact that the problem has attracted legislative attention in the US points to its significance. At least five states and cities have passed laws prohibiting discrimination against unemployed applicants (Straker and Usenheimer, 2014). At the federal level, a bill proposal was introduced on January 29, 2014 that seeks 'to prohibit discrimination in employment on the basis of an individual's status or history of unemployment'.[1] If the act is adopted, employers will not be able to insert phrases to the effect that 'unemployed need not apply' in their job advertisements, but it is hard to see how they can be held accountable for anything else. Employers are legally disallowed to discriminate, but they cannot be forced

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to hire a worker. If pressed into the corner, the employer can simply suspend or cancel the vacancy. Picking the best candidate for a position is an employer's prerogative. For the sake of pursuing excellence, they are literally expected to be 'discriminating' in the sense of being demanding in terms of perceived employee quality. With multiple applicants, there will always be at least one other candidate with a similar profile but without, or with shorter, interruptions in his or her employment record. Unemployed applicants can therefore be rejected without any need to mention or even imply that his or her unemployment history was the reason.

Individuals with impaired mental health are also more likely to lose a job and less likely to regain employment. Psychological problems are likely to diminish the effort and efficiency of job search, as well as the applicant's impression management at interviews (Paul and Moser, 2009: 267). The relationship between psychological wellbeing and job-search success seems to be constituted as a vicious circle: unsuccessful job searches diminish psychological wellbeing and diminished psychological wellbeing worsens employment outcomes. Empirical research indicates that negative affect (that can be a *trait*, known as negative affectivity/neuroticism – i.e. general pessimism and low self-esteem – or a more situationally determined *state* – i.e. depression, anxiety, stress) has a dual effect on job search outcomes. On one hand, by decreasing motivation and search intensity, it inhibits success in finding a job; on the other hand, it can facilitate reemployment by forcing jobseekers to lower their employment goals (Crossley and Stanton, 2005). What this means is that punitive activation is likely to only contribute to the labour market marginalisation of psychologically vulnerable individuals who are either dispositionally sensitive or situationally distressed.

Hassling into Autonomy

Punitive activation measures aim to motivate unemployed individuals to escalate their job search. However, if the psychological wellbeing of such individuals matters, it is not only the strength of motivation, but also its basis that should be taken into account by policy makers. Controlled motivation, induced by stigma and work conditionality that financially constrained jobseekers cannot avoid, enhances their feelings of social isolation and worthlessness (Darab and Hartman, 2011). Both internally and externally motivated jobseekers suffer from the denial of employment and, ultimately, it was the confidence of expectations that a job could be found that allowed unemployed individuals to feel better (Vansteenkiste *et al.*, 2005: 282–283).

Search theory presumes that the individual's commitment to employment precedes and affects the labour market situation. Against this presumption, it has been argued that commitment to employment should not be considered 'a stable attitude characteristic of individuals and independent of the surrounding social context' (Nordenmark, 1999: 617; also Wright, 2012). Punitive activation measures

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are informed by what is known in psychology as 'context minimisation error' that results from underestimating the impact of enduring environmental contexts on human behaviour. The fallacy inhibits adequate understanding of psychological dynamics and undermines efforts at social change (Shinn and Toohey, 2003). The tendency to attach crucial importance to personal adaptability and being proactive in 'creating' opportunities exemplifies this context-minimisation bias in labour market policies. It seems reasonable to call on individuals capable of taking care of themselves and their dependents to live up to the expectation of independence. What this policy orientation misses, though, is that the demand for labour in complex modern economies is governed by factors far removed from control by any ordinary individual. It is therefore unfair to claim that those who are denied access to economic independence through various systemic flaws are not willing to assume it and therefore should be forced to prove their willingness through performing various otherwise useless and abusive 'activity tests'.

A more recent study that specifically seeks to elucidate the impact of macroeconomic factors on shaping jobseekers' behaviour reveals that indeed unemployment rates in the area where unemployed individuals reside affect their behaviour. It has been found that financial strain has a more damaging effect on jobseekers in areas of high unemployment, as they respond to low employment availability by losing their job search efficacy (Dahling *et al.*, 2013). Expanding employment opportunities and, especially, access to stimulating jobs raises motivation levels. De-motivation actually helps to retain good mental health where individuals are trapped in continuous unemployment and socially respectable options outside of the workforce (e.g. return to studies, maternity leave) are not available (Darmon and Perez, 2011: 88; Nordenmark, 1999: 617). Financial hardship does push unemployed individuals to intensify their job search, but relates negatively to employment success. A meta-analytical study has found individuals in greater financial need to be less successful in finding employment despite greater efforts. Biographical factors and social support predicted re-employment better than job search intensity caused by financial hardship or commitment to working (Kanfer *et al.*, 2001: 850–851).

Conclusion

In traditional economics, employment has been regarded as disutility and withdrawal from the workforce was assumed to signal preference for leisure over income/consumption. Removing access to unemployment benefits, it was reasoned, makes leisure unaffordable for those who have no other sources of income, and this should push them back into the workforce. This pattern of thought overlooks the fact that not only does increased labour supply not guarantee increased labour demand but, also, that limited employment availability generates the opposite response – learned helplessness

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(or discouragement). The latter is both rational and psychologically necessary as it helps to cope with the psychosocial distress of involuntary unemployment, which may be even greater than pecuniary deprivation (Bjornstad, 2006). Punitive activation is premised on a fictionalised conception of human invincibility and is badly out of line with current knowledge about human agency (Wright, 2012).

In the face of the empirical failure evidenced by the persistence of labour underutilisation and poverty and, after decades of normative criticism of workfare, the commitment to supply-side intervention focused on 'availability for work' rather than full employment remains staunch. There is therefore a continued need to argue that attempts to expand labour force participation, without fundamental reforms to address the shortage of jobs and labour market inequalities, are irrational and iniquitous and therefore incompatible with the principles of liberal democracy, as enshrined in human rights (Raffass, 2014).

Note

1 H.R. 3972: Fair Employment Opportunity Act of 2014, https://www.govtrack.us/congress/bills/113/hr3972/text, accessed 1 May 2014.

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