

Neoliberal austerity and unemployment

David Fryer and Rose Stambe examine critical psychological issues

Neoliberal fiscal austerity policies decrease public expenditure through cuts to central and local government budgets, welfare services and benefits and privatisation of public resources resulting in job losses. This article interrogates the empirical, theoretical, methodological and ideological relationships between neoliberalism, unemployment and the discipline of psychology, arguing that neoliberalism constitutes rather than causes unemployment.

I am really sorry to bother you again. God. But I am bursting to tell you all the stuff that has been going on behind your back since I first wrote to you back in 1988. Oh God do you still remember? Remember me telling you of the war that was going on against the poor and unemployed in our working class communities? Do you remember me telling you, God, how the people in my community were being killed and terrorised but that there were no soldiers to be seen, no tanks, no bombs being dropped?

['The war against the poor in Britain', Cathy McCormack's Blogs to God, 7 May 2013: tinyurl.com/qbyl7dt]

Mass unemployment is perhaps the most obvious and shocking contemporary manifestation of the consequences of neoliberal austerity programmes. Even advocates of austerity make no bones about this. For example, the Chief Economist and Deputy Secretary-General of the Organization for Economic Cooperation and Development (OECD), Pier Carlo Padoan, freely admitted in the *OECD Yearbook 2013* that '[a]usterity programmes to restore order to public finances can add to the woes of already struggling economies, leading to more job losses and social hardship'. Opponents of austerity (e.g. Bamba, 2013), put it more strongly:

"Want, disease, ignorance, squalor and idleness are being generated by 'austerity' programmes"

'...following Stuckler and Basu (2013) it is not economic downturns *per se* that matter but the austerity and welfare "reform" that may follow: that "austerity kills" and – as I argue here – that it particularly "kills" those in lower socio-economic positions.'

The scale of contemporary unemployment consequent upon neoliberal austerity programmes is colossal. According to labour market statistics released in June 2013 by the UK Office for National Statistics, 2.51 million people were unemployed in the UK (tinyurl.com/neu9l47). This represents five unemployed people competing for every vacancy.

Official statistics like these, which have persisted now for years, do not, of course, prevent the British Prime Minister – evangelist of neoliberal government – asking in a speech delivered in June 2012 'Why has it become acceptable for many people to choose a life on benefits?' Talking of what he termed 'Working Age Welfare', Mr Cameron opined: 'we have been encouraging working-age people to have children and not work'.

But the best laugh God, is our Prime Minister, David Cameron whose government has launched a worse propaganda hate campaign against the poor, unemployed and single parents than Maggie Thatcher did.

['The war against the poor in Britain']

Unemployment is also high across Europe, with the European Commission reporting unemployment rates of around 13 per cent in April 2013, up over 1.5 million in a year (tinyurl.com/2672ohz).

Youth unemployment tends to be even higher, close to 25 per cent. In Greece this figure was more than 60 per cent in February 2013, against an overall unemployment rate of 27 per cent. In May 2013 the International Monetary Fund (IMF: see tinyurl.com/kcnxnku) admitted that the

questions

If we reject the claims both that unemployment causes psychological outcomes and that psychological states cause unemployment, how else can we make sense of the unemployed subjectivity and what are the wider implications for the discipline of psychology?

Is it possible to engage with fiscal austerity and its bedfellows – unemployment, poverty, inequality and neoliberalism – as a psychologist without simultaneously engaging in politics?

resources

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Cathy McCormack, whose 'Blogs to God' give her views on 'The war against the poor in Britain': see tinyurl.com/qbyl7dt and quotes through this article

'notable failures' of its insistence upon 'strong and sustained fiscal consolidation and deep structural reforms' in Greece included 'a much deeper than expected recession with exceptionally high unemployment' (pp.1–2).

On a world scale the International Labour Organization (ILO) calculated that global unemployment was 197 million in 2012, with a further 39 million people having 'dropped out of the labour market as job prospects proved unattainable' (tinyurl.com/ozlnsl5, p.2). This increased

to 202 million in 2013 and 205 million in 2014. Moreover, these shocking figures severely underestimate the number of unemployed people, considering as they do only people of an age to be employed, without employment, available for employment, wanting employment and having actively sought employment in the previous four weeks. Those who do not engage in active job search, the so-called 'discouraged', do not count. This is an operationalisation that constructs a very particular way of understanding 'unemployment', as a taken-for-granted category rather than historically and culturally contingent. Others have explored how the 'problem of unemployment' influenced how unemployment was made intelligible (Walters, 2000) and politically volatile (Baxandall, 2002).

It is vital to reflect on the absence of the 'discouraged' in the ILO definition, because decades of psychological research have demonstrated beyond reasonable doubt that people who become 'unemployed' are disproportionately likely to be positioned by researchers as depressed, anxious, demoralised, discouraged, low in self-esteem and socially isolated (Fryer, 2012; Wanberg, 2012). Becoming 'unemployed' can lead to psychological reconstitution which leads

you to lose your status as 'unemployed'; that is, to be disappeared from the 'unemployment' figures in countries such as the UK using the ILO operationalisation of 'unemployment' (Fryer, 2013).

The costs of unemployment

The accumulating evidence about the psychological costs of 'unemployment' is now vast. Maynard and Feldman (2011), for example, reported that their search of relevant databases (PsycINFO, SocIndex, etc.) had revealed 31,839 peer-reviewed works with 'unemployment' in the abstract published in the previous 50 years, and there was already a huge literature by then (Eisenberg & Lazarsfeld, 1938; Österreichischen Wirtschaftspsychologischen Forschungsstelle, 1933; Pilgrim Trust, 1938; Taylor, 1909). This large and diverse body of research has been conducted in a wide variety of geographical settings, across a range of historical periods, from diverse funding bases and political assumptions, and at a number of 'levels' (individual unemployed people, unemployed families, cohorts of school-leavers, whole redundant workforces, populations of states or whole countries, etc.); it has been characterised by researchers' use of varied methods and research designs (psychiatric assessment, qualitative interviewing, cross-sectional and longitudinal surveys using validated reliable measures, epidemiology, action research) (Fryer, 1986a; but see Fryer, 2013). Meta-reviews have pooled data from a variety of studies (e.g. McKee-Ryan et al., 2005; Paul & Moser, 2009). There has been, effectively, unanimity that 'unemployment' is not only *associated with* but *causes* individual misery and mental health problems including anxiety, depression, negative self-esteem, dissatisfaction with life, social dislocation, community dysfunction and population morbidity (Classen & Dunn, 2012; Jefferies et al., 2011; Kiely & Butterworth, 2013; Kim et al., 2012).

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Researchers in the 1930s carried out unemployment research in the context of mass unemployment and hunger marches to determine whether mass unemployment would lead to revolution or apathy: the answer given was the latter. Researchers in the 1970s, 1980s and since have been more concerned with the question of whether those with poorer mental health were more likely to become and remain unemployed (individual drift), or whether healthy people who became unemployed became less mentally healthy (social causation). Epidemiological and cross-sectional studies, whilst suggestive, were deemed inconclusive. Meta-review studies and large-scale longitudinal studies using measures of accepted reliability and validity were taken to answer the question in favour of social causation.

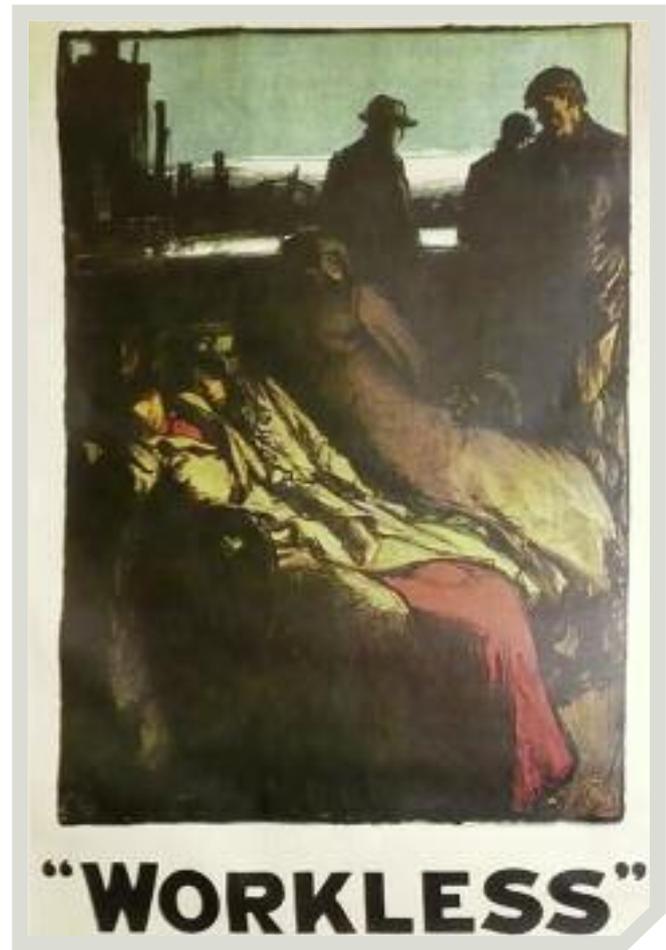
If the association between unemployment and poorer mental health is well-established, this brings us to the question of *why* the lives of so many unemployed people are plagued by misery, morbidity and, according to some research, mortality. The most influential such explanation is that of Marie Jahoda (1982), who argued that although the intended function of employment was to earn a living, employment also had unintended functions (an imposed time structure, engagement in regular social contact, participation in a collective purpose, receipt of a social identity and required regular activity) the deprivation of which – by unemployment – was responsible for the psychological consequences of unemployment.

What is psychologically bad about unemployment, according to this account, is that it constitutes a deprivation of benevolent psychologically structuring features of employment. However, many privileged, secure, wealthy and privileged people in the hugely unequal societies of the OECD manage ‘psychologically’, relatively at least, very well indeed without having the ‘psychological benefits’ of employment imposed upon them. Of course there is also another literature documenting that the employment of

many people is psychologically and physically destructive, so this cannot be the whole story. Indeed,

we have long offered a thorough critique of Jahoda’s account (see Fryer, 1986b).

We previously offered an alternative meta-approach in terms of the restriction of agency through unemployment by poverty and powerlessness, especially over the future (e.g. Fryer, 1986b). These days we are exploring the ways people, when unemployed, are subjectively and materially (re)constituted so that they come to embody – and perform themselves to reproduce – a socially and historically produced and psychologically destructive, unemployed identity. Whilst some variation from person to person in the experience of unemployment is reported – widely explained by researchers in terms of the moderation of the relationship between unemployment and mental health by age, length of unemployment, employment commitment, poverty, gender, etc. – strikingly, the broad psychological impact of unemployment is widely reported as not only psychologically destructive but also oddly consistent in the nature and detail of that destruction across time, space and culture. This consistency is particularly notable when we consider the huge variation in the nature of employment, the labour



The new Labour government in 1945 committed to social provision of income, education, housing, employment and health care

market, the degree of support for people, distribution of wealth, dominant social values, etc. from the 1930s to the 21st century and from country to country. We regard the consistency of the results of subjectification of unemployed people as saying more about the functions served by unemployment for the neoliberal status quo than it does about replication of effects of unemployment (Fryer, 2013; see also McDonald & Marston, 2005; Schram, 2000).

As if the experience of unemployment

violence from a critical standpoint.

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were not bad enough, the OECD Chief Economist and Deputy Secretary-General suggests that the cure for the ills of austerity, is further austerity (OECD, 2013, para.10).

Is unemployment inevitable?

It might be supposed that although unemployment has dreadful consequences for many people, unemployment itself is inevitable. That is not the case, but since mass unemployment is intentionally produced, or at least maintained, by neoliberal administrations, mass unemployment could be said to be an inevitable consequence of neoliberal economic policies: there is a well-used acronym (NAIRU: Non Accelerating Inflation Rate of Unemployment) which refers to the level of unemployment (4-6 per cent) required to prevent inflation. When unemployment goes far below the NAIRU or stays there for long, the stock exchange tends to get the jitters.

Does history suggest that mass unemployment in times of austerity is inevitable? In the time of World War II, and for a good while afterwards, there was a grim belt-tightening for individuals. But around that time there were also many collective gains: the Beveridge Report (1942) recommended tackling the 'five giants': Want, Disease, Ignorance, Squalor and Idleness. The Labour Party won the 1945 election and committed to social provision of income, education, housing, employment and health care. The National Health Service was founded in 1948 and the rate of unemployment, which had averaged 22.1 per cent in 1932, averaged 3.7 per cent in 1947 and was not to rise above that until 1971 (Denman & McDonald, 1996).

In 2014 people are tightening their belts, but this time the wider manifestations of austerity are very different. Want, disease, ignorance, squalor and idleness are being *generated* by 'austerity' programmes that dismantle social services where they still exist and

disable collective resistance whilst increasing inequality, threatening mental and physical health, undermining education, extending poverty and widening and deepening unemployment. In the UK the Coalition programme is more than an immediate response to a large current account deficit. As noted by Taylor-Gooby and Stoker (2011, cited in Hunter, 2013, p.12), 'it involves a restructuring of welfare benefits and public services that takes the country in a new direction, rolling back the state to a level of intervention below that in the United States – something which is unprecedented... The policies include substantial privatisation and a shift of responsibility from state to individual.'

...at least under Thatcher we always had some kind of food on the table. But God, my neighbour can only find part-time work as a cleaner. It nearly broke my heart when she chapped on my door the other day and asked to borrow 12p to make up the money to buy her son a pot noddle for his supper!
(The war against the poor in Britain')

Not negative for everyone

Although unemployment is a bad thing for many working people, unemployment is – it turns out – a good thing for many other interest groups. Drawing inspiration from Gans' (1972) classic *The Positive Functions of Poverty*, we have drawn attention to 'the positive functions of unemployment' for some interest groups (Fryer, 1985). Thus, unemployment:

- I provides a pool of potential workers unable to be unwilling to do the most boring, dirty, dead end, menial, underpaid, temporary, insecure, stressful jobs;
- I provides consumers of substandard products and services which would otherwise be 'wasted';
- I provides competition for jobs from desperate job seekers allowing employers to drive down wages and working conditions;

- I acts as an incomes policy ensuring lower wages, allowing bigger dividends and more investment;
- I creates jobs for middle-class professionals, 'worthy causes' for middle-class philanthropists and rallying issues for political groups;
- I positions some people as deviants who can be used to legitimate dominant norms of hard work.

In this way, unemployment functions as an instrument of personal, social, political and economic control to the extent that it is widely understood that unemployment is psychologically destructive (Fryer & McCormack, 2012, 2013). Given that psychological unemployment research is a core way in which that understanding is accomplished, we are led to the conclusion that psychological unemployment research is central to the dominance of neoliberalism in how we can live our everyday (un)employed lives.

Psychology's role in social violence

Rejecting the view that neoliberalism is laissez-faire in all respects, Foucault (1979/2008, p.145) stated: '...neo liberal governmental intervention is no less dense, frequent, active, and continuous than in any other system. But what is important is to see what the point of application of these governmental interventions is now... Government must not intervene on effects of the market. Nor must neo-liberalism, or neo-liberal government, correct the destructive effects of the market on society... Government must not form a counterpoint or a screen, as it were, between society and economic processes. It has to intervene on society as such, in its fabric and depth.'

We interpret this intervention 'on society in its fabric and depth' to include the re-subjection of the unemployed subject as 'unemployed', a socially and historically produced identity. Our contention is that a network of

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interconnected socially constituted social elements – including discourses of unemployment and mental health, whose primary function is to control inflation, reduce wage costs, discipline those in work, etc. – also simultaneously constructs a category of ‘the unemployed’ necessary to make the neoliberal labour market work in the interests of employers and shareholders. This network also visits diverse forms of social violence upon and into the members of that category and (re)constitutes the subjectivity of ‘the unemployed’ in such ways as to (re)produce the compliant human means of production required by the employers, shareholders and government within the contemporary version of the neoliberal labour market.

We can see this very clearly in the logic of ‘workfare’, which demands that an unemployed person not only proves they are actively seeking work but are also actively working on themselves through ‘self-examination, counselling, self-help groups... improve one’s job readiness, self-esteem, motivational levels’ (Dean, 1995, p.575). Psychologically oriented interventions to promote an active labour market have included recommendations that unemployed people receive cognitive behaviour therapy (Karren & Sherman, 2012; Proudfoot et al., 1997; Wanberg et al., 2011). The JOBS Project (tinyurl.com/qj8qbxz) ‘involves the design and evaluation of a preventive intervention aimed at providing job-seeking skills to promote reemployment and to combat feelings of anxiety, helplessness, and depression among the unemployed’. Whilst such projects reduce unemployment in the target intervention groups, in a situation where the number of unemployed people is vastly greater than the number of employment



PHILIP WOLMOUTH/REPORTDIGITAL.CO.UK

A Jobseekers Allowance claimant on a compulsory four-week unpaid work placement in a private care home in Rochdale, part of a Mandatory Work Activity welfare-to-work programme (but see tinyurl.com/n8hxwpr regarding the lawfulness of such programmes)

vacancies, they of course do nothing more than reorder the queue of unemployed people looking for employment. They are also individualistic and victim blaming and deflect attention from the neoliberal economic and policy constitution of unemployment (Fryer, 1999).

Psychology, in providing the psy-complex resources for such (re)subjectification (Rose, 1999), contributes to the normalisation of this shift of responsibility onto the individual, which then prohibits or limits possible self-intelligibilities; ones which may lie outside a neoliberal subjectivity (Brady, 2011), including potentialities for resistance. The apparent relationship between ‘unemployment’ and ‘mental health’ is, from our critical standpoint, revealed as not to do with ‘natural’ and inevitable psychobiological consequences of depriving an unemployed person of employment-related, psychologically

necessary, structures. Nor is it to do with the frustration of the agentic potential of the individual unemployed person. Instead, it is a set of connected manifestations of material, social and subjective violence necessary to make the neoliberal labour market work in the interests of employers and shareholders.

So God, you better start to get a grip because the war against the poor has intensified under my new Coalition Government who now regard the sick, disabled and even the terminally ill as easy targets. Aye God, Maggie’s wains have all grown up. They are the ones in Government now, so no surprise there God, that they are determined to finish off what their hero started. (‘The war against the poor in Britain’)

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