

# PRODUCING WORKFARE

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For the last two decades most economically developed states have favoured the portmanteau terms *workfare*, *welfare-to-work* and *Active Labour Market Programs* (ALMPs) as their neoliberal baggage of choice to batter down working class expectations for a viable and secure social wage (Fine, 2008; Mooney and Law, 2007: 4). ALMPs were initially promoted by the OECD in the late 1980s as targeted, stand-alone welfare-to-work programs (such as the Australian Jobs, Education and Training Program for single parents). By 1994, such tactical interventions were gelled into the OECD's *Jobs Strategy* (2006: 68) to 'emphasise' that ALMPs required more 'co-ordinated ... measures' if a 'coherent activation strategy' for the unemployed was to be cost-effectively implemented by states.

Provoking this article's analysis of the economic character of contemporary welfare policy is how to respond to Goran Therborn's observation (2007: 79) that social theory is precariously strung between two 'ambitious poles' – an explanatory framework for a changing set of social phenomena and, more importantly, a wider philosophical capacity to 'make sense' of such fluid phenomena, to apprehend what constitutes its meaning. Marx's ambitions in *Capital*, it will be argued, continue to meet Therborn's challenge even in the historically distant field of Australian workfare, where, it is suggested, the extant literature reflects certain theoretical limitations.

A number of controversies confront Marxist critiques of welfare policy. What are the economic relations of the state in the production of value? What is the economic character of state labour? How are the class composition and the divisions of labour in the state to be understood

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within the broader divisions of labour in capitalism? Do specific relations between a state's social policy, the production of value and other circuits of capital exist? How does a commodity's production and realisation form a unity (Carchedi, 2009: 156-157) when that commodity is labour-power? The article focuses on two elements in *Capital* which gain some ground to wrestle with such controversies: the socio-economic character of the state and the material bases of state welfare ideology. These two elements are structured as replies to this question: *how is state workfare located in the capital relation without reducing workfare to the capital relation?*

A discussion about the contemporary character of the state and whether state labour is productive of value responds to the first element of this question: is the state simply 'outside' the capital relation? It will be argued that the dialectical method Marx 'puts to work' (Ollman, 2003) – a *strategic* process of abstraction applying an inductive *and* deductive mode of reasoning – is crucial for grasping the socio-economic relations of workfare. Additionally, further theoretical content is able to be added to Marx's investigations of the capitalist mode of production by introducing a more complex determination of *competition* which incorporates the state in the struggle to accumulate capital. In responding to the second element of the question – is the state simply 'inside' the capital relation – specific material bases underpinning workfare's ideology will be considered. The ideological character of workfare is simultaneously found in the neoliberal agendas of governments and the fetish generated within the social relations of its production.

## **Australian Workfare Literature**

The dialectically connected conceptual resources available in *Capital* to investigate neoliberal welfare policy *and* to grasp what is at stake in such an analysis are, unfortunately, scarcely utilised in Australia. Most local social welfare policy critiques of workfare's two-decade long rise remain theoretically caught between a mainstream sociological positivism and the concerns of post-structuralism to incorporate the 'linguistic turn' into their analytics (Choat, 2010). Many of the more vociferous Australian critics of workfare programs, institutional changes and frontline work practices tend to conceptually leverage their analyses through a hermeneutic formulation that social policy is 'an irreducibly linguistic

and political process' (Marston and Watts, 2003: 43; *cf.* Bessant and Watts, 2002; Bessant, *et al.*, 2006). Though the authors acknowledge that the economic, social and institutional 'circumstances' of the social relations of welfare are important (Bessant and Watts, 2002: 297; Watts, 1997: 16-17), their valuable insights are blunted by the lack of a theory and method capable of incorporating these elements beyond their surface appearances.

A more conservative edge of the Foucauldian-inspired governmentality literature has also emerged. Notions such as 'rationalities of government' end up expressing one of the more functionalist and essentialising concepts in the social policy literature. They are simply asserted to be enacted within a 'relatively stable field' (Dean, 1999: 27) – on what Thomas Lemke (2002: 54) calls a *plane of immanence* – as a 'taken for granted point of reference'. Governmental rationalities (the conduct of conduct) become 'problematized' as *internal* state discourses to 'bracket off' the broader socio-political and economic terrain of market and civil society (Dean, 2002: 53; Harris, 2001). Such reifying moves create greater openings for governmentality analyses to draw reactionary analyses and conclusions about workfare (Langemeyer, 2006: 7).

Mitchell Dean, for example, abstracts *choice* as a necessary practice of (liberal) self-rule to be his Occam's Razor for deciding which ALMPs are to be opposed. Among the host of increasingly coercive workfare programs emerging from the late 1990s, only the Work for the Dole scheme is problematized by Dean (1998: 105) because it meets his formal criterion that choice and coercion have been fully 'bifurcated' – the 'targeted population is simply forced to work'. However, since most workfare programs *meld* coercion and choice, Dean (1999: 34) forcefully argues that no 'position' can or should be taken. Holding such an idealised and socially dislocated conception of freedom and choice leads this tenured Professor of Sociology at Newcastle University to reinforce the neoliberal notion that he and a job-seeker are implicitly coequal in 'their capacities of ... autonomy' (2009: 226).

Rather than analysing neoliberalism, governmentality – even if cloaked in its 'Operation Dissidence', radical liberal form – mirrors (neo)liberalism back on itself (Lecourt 2001: 196). Dean (1998: 101) predictably draws the broader, ahistorical conclusion that there 'can be no question of taking an unequivocal position' between 'the notion of the active society' and Australian welfare provision prior to the 1980s: such

state-bounded freedoms simply have different characteristics and dynamics. As a consequence, analysing welfare changes as resulting from working class campaigns or ruling class attacks becomes redundant. Dean's use of governmentality analytics equalises the welfare gains made by the women's and labour movements in the 1970s such as securing the Single Parent Pension, with the workfare attacks of the last two decades – relegating both to mere theatrical backdrops.

Few historical critiques of neoliberal Australian social welfare treat the economic and the political as a totality, a constantly changing differentiated unity. Ben Spies-Butcher's (2008) contribution in this journal offers a Keynesian-derived approach yet, as I will argue below, the more penetrating possibilities available in Marxist critiques of Australian workfare remain all too rare (*cf.* Blunden 2004; Stilwell 1997; Tomlinson 2001). Compared to a burgeoning international body of Marxist-aligned work (Ferguson, 2008; Ferguson *et al.*, 2002; Fine, 2000; Jessop 1999; Jones and Novak, 1999; Lavalette *et al.*, 2002; Law and Mooney, 2007; Shaikh 2003), the more critical and perceptive local studies and debates about the complexities of recent welfare policies, practices and institutions rarely *explicitly* engage with the theoretical or methodological aspects of Marxism.

## **Applying Marx's Method in Theorising Workfare**

Jim Kincaid's (2007: 158) observation that Marxist value theory is 'still very much a site under construction' is especially apt for social policy analyses. The recent debate in journals such as *Historical Materialism* about how value is to be theorised has so far tended to sideline the state in the capital relation (Carchedi, 2009; Fine, 2008; Fine and Saad-Filho, 2008, 2009; Kincaid, 2007, 2009). Greater space opens for Marxist state theorists such as David Harvey and Ellen Meiksins Wood to wrongly hold that state economic activities lie 'outside' capitalist production relations (Harvey, 2003: 141), a 'detachment' due to the 'disconnection between the economic and political moments of capital' (Wood, 2005: 25).

A methodological misapplication of how to theorise the national state-capital relation also leads to one-sided critiques of social welfare policy by Marxist-inflected writers such as Bob Jessop, Michael Hardt and Antonio Negri (Hardt and Negri, 1994; Jessop, 2008). Most commonly,

stress is placed only upon the *immediate* political or ideological character of these state interventions. Workfare's economic character is usually left floating in the realms of more general abstractions. The weakened capacity to analyse the differentiated unity of workfare's economic and political contradictions also leads to poorly apprehending the material basis of workfare's coercive character.

For example, Bob Jessop's (2002: 14-19) Poulantzian-derived approach reduces an assessment of the economic character of state welfare interventions (occurring in a 'location beyond market mechanisms') to one test: whether the intervention tends to commodify or decommodify latent labour-power against its 'exchange-value moment' in the labour market. Only an abstract *political* struggle between capital and labour frames which action the state takes – success by the former 'supports ... a market-mediated self-valorisation of capital' whereas triumph by the latter 'weaken[s] the logic of capital accumulation'.

## Marx's Method

Simply treating the state as a superstructural entity precludes any conceptual capacity to discern the *movement* of value in welfare policy. Marx's famously unwritten fourth volume of *Capital* was intended to theoretically connect the capitalist state into his overall analysis of the 'socio-economic form' of the capitalist mode of production (Marx, 1959). As a result the state was often effectively relegated in *Capital's* economic considerations to a passive 'nightwatchman' role (Bottomore, 1983: 305). Yet the strategic method Marx works with in *Capital* is crucial in grasping the socio-economic relations of contemporary states in capitalism, and how states produce and promote workfare.

Marx defines capital by what it *is* and how it *acts*. Capital is an accumulation of surplus-value produced by labour (taking various forms) and acts to secure further accumulation – the self-expansion of value. In his preparing of *Capital* in the *Grundrisse*, Marx noted that to further uncover the *materialist* dialectic of capital in *capitalism* it would be:

Necessary later [in *Capital*] ... to correct the idealist manner of the presentation, which makes it seem as if it were merely a matter of conceptual determinations and of the dialectic of these concepts. Above all in the case of the phrase: product (*or activity*) becomes commodity;

commodity, exchange value; exchange value, money (1973: 151, emphasis added).

As a methodological consequence, many of the strategic decisions taken by Marx which underpin the form and content of *Capital* are not reducible to an immanent unfolding of its conceptual logic (Callinicos, 2009: 29-34; Callinicos and Rosenberg, 2008: 102-106; Ollman, 2003: 182-192). The complexity of Marx's method of rising from the abstract to the concrete takes more than the form of a deductive (Smith, 2003) or conceptual (Arthur, 2002) derivation as claimed by those promoting a 'new' or 'systematic' dialectic. This methodological distinction, briefly outlined below, becomes central to developing a critical understanding of the relationship between state welfare production and the accumulation of capital.

The object of Marx's (1976: 90) investigations in *Capital* is 'the capitalist mode of production, and the relations of production and the forms of intercourse that correspond to it', primarily as an 'illustration of the theoretical developments that I make'. He finds two 'constitutive contradictions' (Callinicos, 2009: 28) in this mode of production, termed by Brenner (2006: 26) as exploitative "vertical" (market and socio-political) power relations between capitalists and workers ... and "horizontal" competition among firms that constitutes the capitalist system's economic mainspring'.

Yet Marx does not start *Capital* with these central contradictions but with the commodity. This move provides the context for his version of the labour theory of value. Conceived as abstract social labour, value is a socially real abstraction imposed on economic actors by competitive processes where generalised commodity production prevails. Marx encounters the analytical problem that the object of his investigation is a deeply occluded, fetishising system.

In the first volume of *Capital*, Marx's strategy to 'capture the *systemic* and *coercive* character of the value-relation' (Callinicos and Rosenberg, 2008: 103) is to start with a category stripped of this character – the simple commodity. In Part 1 Marx initially leaves surplus-value and exploitation out of his argument to develop a theory of the commodity from value's simple form (an exchange between two commodities' use-values) to forms where the wide diversities of use-values are rendered commensurable, through to their general exchangeability via the money commodity (Callinicos, 2009: 28).

A *non-deductive* method is applied, step-by-step, through which the theory of value becomes operative to explain how the subordination of economic actors to the value-relation, deriving from their own competitive interactions, increases productivity and reduces costs (Callinicos, 2009: 29).

Marx develops his theory of the commodity prior to considering exploitation because it *strategically* allows him to introduce a new level of determination – that labour power is itself a commodity. Because this move distinguishes buyers and sellers of labour power, Marx obtains a more concrete level of abstraction to analyse the alienated relations of exploitation. Deriving the concept of labour power as a new determination is not a diachronic process of deductively unfolding the category ‘commodity’ to a more concrete level of abstraction (Callinicos, 2009: 32).

The flexibility of Marx’s method is that the different levels of determination exist synchronically in his discussion of the value-form. Particular ‘vantage points’ and ‘levels of generality’ (Ollman, 2003: 99) of the value-form (in its simple form and as socially necessary labour time) are adopted to illustrate distinctive properties of generalised commodity production. Marx therefore applies, in Gérard Duménil’s phrase, a method of ‘dosed abstraction’ (quoted in Callinicos, 2009: 31) where the introduction of a more complex determination is not implicit in its simpler antecedent. Through such a strategic positioning of new abstractions, Marx deploys a method which:

Simultaneously explains that determination through its being situated in the larger theory of the capitalist mode, thereby permitting the critique of ideological representations that conceal this situation, and adds further content to the theory (Callinicos, 2009: 34).

The relevance of outlining Marx’s complex and difficult strategy is twofold. First, consistent with the procedure applied in *Capital*, theories of capitalist states (and their competitive socio-economic dynamics in capitalism) open up to being introduced as new determinations in the capitalist mode as ‘a whole composed of coexisting elements’ (Callinicos, 2009: 34). Second, Marx’s theory of productive and unproductive labour also opens to being integrated into an analysis of state labour.

## The State-Capital Relation

Under modern capitalism, Marx's theoretical framework, based on competition for markets through the accumulation of productive investments seeking to reduce processing costs and commodity selling prices, becomes only 'one dimension of competition' (Harman, 2003: 45). Inter-state competition to politically facilitate or militarily leverage international sources and sites of accumulation for national capitals becomes an intrinsic economic aspect of capitalism. Not only does capital 'exist and can only exist as many capitals' (Marx, 1973: 414), but also 'the state' can only exist as many states (Barker, 1978). States, as relatively autonomous political entities, compete against and collaborate with other states to support national accumulation. A state internally intervenes as a collective capitalist to secure sufficient quantities and qualities of labour power are available to be drawn into creating value for national capitals. Workfare is one highly mediated aspect of the state's constantly changing accumulation and legitimation dialectic. The labour involved in the production of workfare, it will be argued, is both a coercive expression of the antagonist contradiction between capital and labour (and thus unproductive) *and* productive of value for the state-as-capital.

Though adopting somewhat different methods (*cf.* Callinicos, 2009: 34), Marxists such as Hilferding, Bukharin, Lenin, Luxemburg and Grossman also sought to locate the nation state in the capital relation without reducing the state to the capital relation. Bukharin, for instance, argued that states had become economically part of the concentration and centralisation of capital and that international competition between 'state capitalist trusts' was emerging as imperialism. Consequently, 'economics is organisationally fused with politics' in a way not envisioned by Marx (Bukharin, 1971: 36). States have become an increasingly intertwined and important economic aspect of capitalism (Kidron, 1970). In the last fifty years, for example, average state expenditures in the OECD have increased from 26 per cent of GDP in 1965 to 36 per cent in 2007 (derived from data in OECD, 2009: 77-78).

To uncover the 'fused' nature of the political and economic tensions of workfare focuses attention on how these contradictions are a mediated expression of a state's social reproduction and accumulation relations within capitalism. James O'Connor's (1973) analysis of the systemic



economic and non-economic character of the welfare state as one of *accumulation* and *legitimation*, while overly functionalist (Fine 2000), uncovers a key dialectic operative in workfare policy.

Accumulation pressures tend to increase the economic strength of the state-as-capital and drive up labour reproduction and maintenance costs (Barker, 1978; Callinicos, 2009: 135-136; Harman, 1991). By the 1980s social wage transfer payments had become the largest single category of state economic expenditure in most industrialised countries (Shaikh, 2003: 532). In the quarter century up to 2005 state social security and welfare expenditures (as a percentage of GDP) have risen by 3 per cent in the US, 5 per cent in the OECD and 6 per cent in Australia (OECD, 2009: 77-79). The trajectory has mainly continued in more recent years, though distorted somewhat by the one-off social outlays of governments' responding to the Global Financial Crisis of 2007 (Adema *et al.*, 2011: 11).

## **Does the State Labour-Power involved in Producing Workfare Create Value?**

The question of whether state welfare interventions (and the labour employed to produce workfare and other social programs) are productive of capital becomes more acute as the economic weight of the state increases in its relation with capital. Debates about the productive character of state-employed human services labour often remain stuck in one-sidedly applying a dialectical method which deduces this labour to be unproductive (Izquierdo, 2006; Mohun, 2002; Savran and Tonak, 1999) or concludes that distinguishing productive from unproductive labour is meaningless (Laibman, 1999).

Marx initially drew on Adam Smith's distinction between productive and unproductive labour for early capitalist development, to consider (from a politically oppositional pole to Smith) what was productive in capitalist terms. Marx argued that labour which created surplus value was productive since such labour enabled capitalists to accumulate. Because the difference between productive and unproductive labour had 'nothing to do ... with the particular use value in which ... [it] ... is incorporated', all surplus-generating labour was considered productive regardless of whether material commodities or services were being produced (Marx, 1971b). According to Enrique Dussel (2001: 69), Marx initially assumed

that the performance of unproductive labours ‘with only minor exceptions’ were broadly clustered around the personal services provided to the newly-establishing ruling class. Included in this model was state labour. From the perspective of ‘industrial capitalists’, the costs of those employed to mediate ‘the conflict between private interests and national interests’ were regarded as necessary incidental expenses for their pursuit of accumulation (Marx 1971c).

When considering the more concrete dynamics of ‘many capitals’ in the third volume of *Capital*, Marx (1981: 413) revisited his distinction to examine the development of other forms of unproductive labour ‘as the scale of production is extended’. The labour of maintaining discipline inside the workplace by managers and supervisors, the chain of commercial labour processes bringing previously produced commodities to the market, and the financial labour involved in the production and circulation of capital were generally considered to be unproductive. Confronting Marx was that his earlier distinction dealing with an individual capitalist (as a simplified abstraction of capital in general) would require defining such labour to be productive if one capitalist purchased these services from another since surplus value is deemed to be created. From a volume 3 ‘historical’ perspective of capitalism as a competitive totality, however, these labours remain unproductive as no new surplus value is produced at a *systemic* level (Freeman and Vandesteeg, 1981: 88).

In *Capital*, as Marx methodologically develops his argument towards competition between many capitals, the new distinction he makes between productive and unproductive labour remains dialectically connected to its earlier and simpler determination of what advances/retards accumulation. Marx continues to situate his distinction within the larger theory of the capitalist mode. He adds more concrete content to that theory by analysing capitalist production relations as they are becoming pervasive and as the dynamics of accumulation centre on extracting relative surplus value from labour-power. Marx’s strategic repositioning of his earlier abstraction allows him to argue that because the profits of commercial capitalists came from operations *within* capitalist production relations, and so within already created surplus value, the labour they employed was not productive since no overall furthering of accumulation occurs.

While the outlays of capital circulation costs ‘appear ... as a productive investment’ to the commercial capitalist, and the labour commercial capital exploits appears as ‘immediately productive’ (Marx, 1981: 296), they are ‘classed as unproductive expenses so far as society is concerned’ (Marx, 1978: 137). This later distinction between productive and unproductive labour Marx adopts, of what labour adds to the surplus value available to capitalism (as competition between capitals to accumulate and a struggle between capitals and the working class), provides a basis to develop his theories of exploitation and the tendency of the falling rate of profit.

Marx stresses the two-fold nature of the process of production. Capitalist production relations involve a social process for producing use-values and a process for creating surplus value, of labourers performing abstract labour creating a commodity’s value. Prior to a commodity’s value being realised as exchange-value, abstract labour (the substance of value) is contained in the commodity as it is being produced by the collective labourer ‘for the capitalist who, under developed capitalism, is the appropriator of surplus value extracted by a complex bureaucracy of many individuals each performing a different aspect of the work of exploitation’ (Carchedi, 2009: 156). Due to the real subsumption of labour under capital into the overall labour process an ‘ever increasing number of types of labour’ are combined and included in the ‘immediate concept of productive workers’ (Marx, 1976: 1041). Under Marx’s distinction many workers involved in aiding the realisation or maintenance of the value of a commodity, such as transport and storage workers, perform productive labour. Some retail labour work, for example, is considered productive (such as shelf stackers) and others unproductive (cash register operators are necessary only because the products take a commodity form). Supervisory labour is productive in its co-ordination role within the labour-process and unproductive when such labour ‘merely arises from the antagonistic contradiction between capital and labour’ (Marx, 1971a).

What remains problematic is Marx’s lack of integrating the economic role of the state into his theory of the dynamics of capitalism. The scale of unproductive labour has grown dramatically in sections of finance, commerce and manufacturing capitals and in non-productive state functions such as the military and the legal system (Cliff, 1974; Harman, 2009; Kidron, 1974; Mohun, 2003; Moseley, 1997; Shaikh and Tonak 1994). A capacity to thematise the distinction between productive and

unproductive state labour into three levels of generality (the systemic, national and workplace economic relations of state labour to capital) comes from the few authors who also inductively discern capital's modern dialectic in the state (Carchedi, 2009; Freeman, 1996: 231; Harman, 2009). The dynamic creating the collective labourer becomes an economic and historical dialectic in unity with its opposite – the state as a collective capitalist which politically facilitates or militarily leverages international sources and sites of accumulation for 'its' local capitals. A new relation develops where a state's international interventions, like the competition for surplus value Marx talked about for commercial capitals, are productive for local capitals while unproductive at a systemic level.

Similarly, in its internal economic and relatively autonomous political interventions, a state's revenues may appear as unproductive expenses of production for an individual capitalist but may be essentially productive for national capitals collectively. Chris Harman (2009: 121-141) thematises the contemporary character of state labour through the following typology:

- *Systemically and locally unproductive labour* of disciplining the workforce and ideologically promoting a nation's productive ethos such as the health, education and welfare labour of sustaining the relations of exploitation in the supply, training, maintaining and reproducing of labour power;
- *Systemically unproductive and locally productive labour* such as military labour which 'pulverise values' at a systemic level but may leverage foreign sources and sites of accumulation for some local capitals (Grossmann, 1992: 157); and
- *Systemically and locally productive labour* which furthers capital accumulation by producing research, or labour power supply, training, maintenance and reproduction policies.

Investigating workfare as productive of capital *and* as an unproductive intervention (specifically coercing social security participants and generally disciplining the broader working class) focuses analytical attention on the dialectic of accumulation and legitimation constitutive of contemporary states.

State welfare arrangements become an economic component of the social relations of production – produced within a class-ridden industry with its own peculiar dynamics. At the level of national 'capital in general', state

and state-funded workfare labourers are modern equivalents of Marx's storage and transport workers – productively maintaining the value of a social security recipient's labour power from various social degradations and adding to its value through an educational or training conveying process prior to its market realisation. State managers produce strategies to 'legitimately' minimise the state-as-capital's internal production costs, (re)produce internationally competitive variable capital in the form of welfare-readied labour-power and place further political pressure on dampening class expectations for state outlays on unproductive welfare expenses.

### **The Accumulation and Legitimation Tensions of Australian Workfare**

Theories of the state-capital relation and productive-unproductive labour help develop a clearer understanding of how Australian welfare policy is produced within the contradictions of the state-capital relation. They also help to investigate how competition and collaboration among national capitals, and inter-state competition, are driven by the pressure to accumulate. For example, firmer theoretical ground is established to analyse the complex accumulation and legitimation dynamics underlying the National Australia Bank's discovery that a new vein of profits may be mined by collaborating with the primarily state-funded not-for-profit sector. Overall, NAB's marketing of what could be termed *social washing* 'sets us apart from our competitors' (NAB, 2012). Within this general corporate social responsibility strategy the bank looks for 'potential business opportunities in the growing social sector' (NAB, 2011: 41) such as how industry-tailored finance capital markets may be created to fund a welfare business' growth targets.

Economic pressures on the production of welfare policy are also exerted by inter-state competition. Geopolitical competitive tensions to lift employment rates among working-age women, for example, were building while the world economy expanded in the last decade. The 2000 Lisbon European Council employment target for women of 60 per cent by 2010 looked 'close' to being exceeded prior to the global economic crisis (EC, 2009: 8). In the USA over 59 per cent of women were in the labour force by 2007 (Bureau of Labor Statistics, 2009). Australia, by contrast, was a relative laggard with only 56 per cent of women in the

labour market in 2004 (ABS, 2005). Worse, from a national capital perspective, the international gap in maternal employment rates was twice as large. Despite a rapid increase in the previous two decades<sup>2</sup>, only 50 per cent of women caring for a child under six were in paid work, compared to the OECD average of 59 per cent (ABS, 2007).

Such seemingly minor percentage differences in participation rates seriously weaken the competitive capacity of Australian capitalism. Kay Patterson (2003), a Family and Community Services Minister in the Howard Government, claimed that raising the overall participation rate by 2 per cent would increase national output by 9 per cent. A more sober Productivity Commission report (Abhayaratna and Lattimore, 2006: 72) estimated that such a rate increase would add 1.75 per cent to GDP per capita. However, one of the contradictions in the state's struggle to increase maternal employment rates to internationally competitive levels of exploitation is to keep family-related social expenditures from rising too sharply.

On one hand, a clear economic case exists that state family expenditures are highly geared outlays which boost accumulation. For example, a departmental study estimated that in 2001-02, each dollar outlaid by the government for formal child care leveraged \$8.11 of 'economic benefits' of which \$1.86 was returned 'directly to the Government's bottom line, in the form of increased taxation and reduced government outlays' (Martin, 2004: 9). Various fractions of capital are directly advantaged as new labour becomes available at a state-subsidised rate, and most indirectly reap a benefit when these increased social payments help exert a *general* downward pressure on wages, especially in the low-skill end of the labour market (Productivity Commission, 2002: 26).

On the other hand, state legitimisation strategies aim to reduce the pressure to increase the social wage wherever possible: extolling women's paid work to deny extra childcare subsidies for the days of the week they are not working; lauding the Paid Parental Leave Scheme while undermining leave entitlements; dog-whistling against the long-term unemployed to reduce unemployment payments; and mounting a series of moral panics to justify ramping up workfare measures to force single and partnered

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2 In 1983, 32 per cent of single and 42 per cent of Australian coupled mothers were in paid work. By 2002 this had increased to 48 per cent and 63 per cent respectively (Gray *et al.*, 2003: 3).

mothers into the low-wage and casual end of the labour market (Banks, 2011: 167-171; Harding *et al.*, 2005). The accumulation and legitimisation components of the state are expressed at the level of state workers producing workfare as a contradictory unity of productive labour (the work of maintaining and realising labour-power) and unproductive labour (the work of legitimising the disciplinary power of the state).

## **Workfare as a Socially Real Abstraction**

Applying Marx's strategic method to apprehend the socioeconomic contradictions of welfare materially uncovers that the ideological nature of workfare is not simply a legitimating process driven by the political machinations of a state *outside* the capital relation. A second misstep, however, is to apprehend that the ideology of workfare is only generated by the economic dynamics within a state reduced *to* the capital relation.

Though hampered by working within this second assumption, various Marxists have contributed crucial insights into the ideological character of workfare production. In the state-derivationist and 'logic of capital' schools' attempts to logically derive the state and capital as a unity, Holloway and Picciotto (2002, 1977), for example, *unilaterally* treat the state as a fetishised form of the capital-relation.

In volume 1 of *Capital* Marx (1976: 254) argued that through the fetishising practices of producing commodities, capital becomes 'personified and endowed with consciousness and a will'. The contractual character of workfare can be considered to express a highly mediated aspect of the capital fetish. Marx raises and, in 1924, Pashukanis (1978) more systematically elaborated, that in the state regulation of human behaviour under capitalism 'the logic of the commodity form is the logic of the legal form' (Mieville, 2004: 282). Marx (1976: 178) talks of how formally equal individuals, who 'must recognise each other as owners of private property', socially mediate the exchange of commodities bearing equal value. Because consent in such a formal equality is open to dispute, 'people acquire the quality of legal subjects with rights' (Arthur, 1978: 15). Pashukanis (1978: 93) locates this 'moment of dispute' – the contract – as the basis of the legal form. Because neoliberal state policies such as workfare frame equal rights as part of this 'endless chain of legal relations', the 'legal fetishism' which arises 'complements commodity fetishism' (Pashukanis, 1978: 85, 117).

## Lukács and the State Fetish

At a different level of abstraction, Georg Lukács' insightful form-analysis of the state also seeks to explain how social production relations materially underpin the ideological appearance that the autonomous and organisationally segregated character of the state bureaucracy is rational. Lukács investigates the state's autonomous appearance-form through an extension of Marx's theory of fetishism and reification generated in the processes of production. Reification in labour processes occur as they are 'progressively broken down into abstract, rational and specialized operations' where workers lose 'contact with the finished product' and an 'objectively calculable work-stint...confronts the worker as a fixed and established reality' (Lukács, 1974: 88). As a result, 'the human qualities and idiosyncrasies of the worker appear increasingly as mere sources of error when contrasted with these abstract special laws functioning according to rational predictions' (Lukács, 1974: 89).

Since the administrative workings of a capitalist state operate within such a reifying calculus, state bureaucracies also have a necessary form. For an aspect of social relations to be rationally processed, bureaucracies splinter the concrete social individual into formal, liberal categories of personhood – citizen, voter, taxpayer, customer, welfare recipient, commuter, migrant *etc.* The contradictions of such a rationality (a dialectic of appearance and essence) mediate the state-capital relation. Bureaucracies appear rational. Yet this logic rests within the chaos of capitalist competition – an economically irrational 'totality ruled by chance' (Lukács, 1974: 102).

The strength of this form-analysis is that it provides general economic grounds for the bureaucratic divisions not only within the state, but between politics and economics, law and government, executive and administration, mental and manual labour, art and science, and the military and civil institutions in capitalist society. Their roots are in the frenzied economic order, yet the spheres in which they operate have their 'own' life and therefore cannot be crudely reduced to this structure.

## Welfare Policy's Object

Through such insights, the normative conception of *what social policy is* starts to open to a more penetrating (though still one-sided) critique. The



idea that private, profit-generating work on one hand and state activities on the other occupy two very different worlds is taken to be self-evident in most of the local and international social policy literature (Bridgman and Davis, 2000; Dean, 2003; Esping-Anderson, 1990; Jamrozik, 2005).

From a Marxist perspective they are half-right. The *appearance* that these activities and the social institutions in which this work is occurring have very little in common is no mere illusion. Its appearance-form is an *actual* division which is nevertheless dialectically founded on the reality of their underlying connections with each other.

It is unsurprising, therefore, that social policy continues to be dominated by the Fabian idea initially articulated by Richard Titmuss (1963: 14) that ‘the object of the social services... [is] the improvement of the conditions of life of the individual’. More critical and recent commentators may have added that the object of the social services is also one of social control but basically leave intact Titmuss’ proposition (in Australia see Beilharz *et al.*, 1992; Jamrozik, 2005; Kinnear, 2002).

Marxism offers the potential to disinter such a proposition from its positivist presumptions. In its economic relation with capital, a major objective of social policy is to produce variable capital (Freeman, 1996: 231). In this relation social policy *is* capital in its state form. That is, social policy’s objective is to ‘improve’ capital accumulation. As capital, therefore, social policy’s object is *itself* – not ‘the individual’.

The state-as-capital turns the welfare subject into a capitalist abstraction – a commensurable, measurable and exchangeable product. In the circulation of value, social policy (as capital) becomes personified, ‘endowed with consciousness and a will’. It is therefore an ideological consequence of a *material* process that welfare policy becomes normatively construed as a *being* – having moral or immoral traits. The Titmuss maxim reappears not as a ‘false’ but a *socially real abstraction* generated by the occluded social relations of production. A workfare program becomes open to being analysed as a capitalist *subject* – a zombie-like reification of the ‘manifestation of life’ (Lukács, 1974: 102). In this sense, investigating a workfare program becomes an historical materialist project of exploring what creates the ghostly life the program manifests.

## Limitations

The weakness of Lukács' form-analysis and the ideas of Marxists associated with the state-derivationist/capital logic school were that, while such economically-rooted ideological connections are analytically valuable, they suffer from being too abstract and one-sided. A method is applied which poorly connects the *historical* character of the state-capital relation to the broader competitive dynamics of capitalism (Barker, 1978). The geopolitical character of states require a relative political autonomy to compete against other states, to defend its own interests and to support the accumulation drive of national capitals.

Only by more concretely investigating the political economy of workfare programs can the above abstractions be connected as specific ideological relations. They also one-sidedly apprehend the state-capital relation simply from the perspective of capital. The state and its policies, however, have a political autonomy not logically reducible to capital – it is a relation. The 'life' a workfare program manifests is not just a particular reified expression of the state-as-capital in the social relations of production. Workfare is also an *actual* expression of an independent state bureaucracy responding to a range of political pressures *it* faces. The Titmuss maxim is therefore potentially real in this sense as well.

## Conclusion

*Capital* continues to provide vital methodological and theoretical resources to both situate and leverage how workfare is to be theorised. The argument mounted here suggests any account of social policies must be grounded on how they are highly mediated expressions of the contradictions in the state-capital relation. That is, the general economic and ideological character of workfare is a *relation* which has irreducibly political *and* material bases. Other key theoretical elements are, of course, required to investigate workfare in practice: how social reproduction policies are articulated by the politics of neoliberalism and reformism; the class character of state bureaucracies and the trade union movement; the underlying motivations for senior state managers to act in the interests of national capital; the internal re-organisation of the division of labour within state welfare bodies; and the micro-relationships between frontline staff and 'their' welfare 'customers'. Yet

despite drawing upon various political, organisational and psychological theories – Marxist or otherwise – each is mediated by contemporary capitalism's more determining dialectic of the competition to accumulate and maintain state power.

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