

The Recommodification of European Labour: Theoretical and Empirical Explorations

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Abstract

During the last fifteen years European Union member states implemented extensive reforms in their social and labour market policies. The paper argues that these reforms aimed at, and resulted in, the intensification of commodification of European Labour by reducing the de-commodifying properties of policies that protected Labour in and out of the labour market. The paper sets to explore this process of *recommodification* both theoretically and empirically. Accordingly, the first part of the paper begins with a critical review of earlier attempts to conceptualise the processes of de- and re- commodification. An alternative conceptualisation is proposed, based on three fundamental principles. First, that the analytical division between labour market policies and social policies is artificial and to large extent unhelpful. Second, that both the (labour) market, and the policies that regulate and govern it, are instituted processes, structured and maintained by the state, and always-embedded in society. Third, that the continuous ‘constitution’ of the (labour) market in market societies is a power dynamic between social agents that unfolds in three interlinked dimensions; discursive, structural and relational. According to this power-theoretical conceptualisation, *recommodification* is a dynamic process involving the intensification of the commodification of Labour in and out of the labour market across these three dimensions. The second part of the paper sketches an empirical approach that identifies relevant trends. Discursively, during the period under investigation, the paper explores the gradual rise to dominance of the discursive repertoire of pro-market elites that framed social and labour market policies in ways that rendered this intensification both ‘necessary’ and desirable. Regarding the structural and relational dimensions the paper explores the changes in the institutionalised forms of Labour’s protection in and out of paid employment. This is achieved by the empirical exploration of variations between and within fourteen European Union member states vis-a-vis indices of protection *in* and *out* of paid employment; namely, an index of the strength of employment protection legislation and an index of the de-commodifying potential of unemployment compensation policies. The results indicate that during the decade 1993-2003 the commodification of European Labour intensified, though with considerable degree of variation between the fourteen countries.

Keywords:

Decommodification, *recommodification*, European Labour, Karl Polanyi, social embeddedness of markets, power, unemployment benefits, employment protection,

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Introduction

This paper explores the process of the re-commodification of European Labour during the period 1993-2003 by posing two distinct but related questions. First, how can we approach theoretically the process of labour recommodification? Second, to what extent a process of labour recommodification is empirically observable in the European Union member states? The first part of the paper discusses the theoretical challenges posed by conceptualising recommodification. The paper puts forward a theoretical framework that views recommodification as a power dynamic between two social actors, namely Labour and pro-market elites, with the State playing a fundamental role in regulating this dynamic. This framework is based on a power-theoretical view of institutions and policies as 'residues of conflict' (Korpi, 2001); that is, as temporary crystallizations of socio-political struggles and compromises. It is also based on a view of (labour) markets as instituted processes, structured and maintained by states, always embedded in society. In this context, the paper approaches social protection policies *in* and *out* of paid employment as outcomes of socio-political struggles for or against the total commodification of Labour. In its second part, the paper empirically explores the broad trends in power asymmetries between Labour and pro-market elites in the EU while simultaneously it traces individual changes in the relative positions of states vis-à-vis these power asymmetries.

Theoretical Explorations

During the last fifteen years European Union (EU) member states implemented extensive policy reforms in their social and labour market policies. Especially in the field of social policy, reforms were framed around the centrality of work as the best source of welfare; work that was, however, narrowly defined as participation in a labour market. The consensus that became hegemonic maintains that welfare states should be transformed into 'active welfare states' (Esping-Andersen *et al.*, 2002) where state support will primarily focus upon promoting employability in an open market economy. This is seen as part of a broader strategy of economic and social reform in which the role of social policy is firmly linked to the effort of improving national economic competitiveness. Many commentators interpreted such reforms as attempts to recalibrate national welfare regimes in order to sustain their fundamental character as *welfare* regimes in an increasingly globalised market economy (Esping-Andersen *et al.*, 2002; Clasen, 2002; Kohli and Novak, 2001; Streek, 2001). Others view such re-adjustments as leading to the regimes' fundamental transformation from *welfare* to *workfare* regimes; that is to new institutional forms aiming to regulate, and thus maintain, the continuation of capital accumulation under the new global economic conditions (Jessop, 2002).

Central to both approaches, and despite their differences, is a shared view that a new configuration has emerged in the state-market relationship. The features of this configuration were identified and compared cross-nationally in the growing literature on the politics of retrenchment and the new politics of welfare state, triggered by the work Paul Pierson (1994, 1996). Although Pierson argued that major retrenchment had not taken place, he acknowledged nevertheless that the changes in the welfare state did involve new processes of institutional *re-structuring*. These, in his later work, he identified as: recommodification, cost-containment and recalibration (Pierson 2001c). The first of the three - recommodification - is central to understanding the character and impact of this re-configuration of state-market relationship as it pertains to Labour and labour markets. Before considering putative processes of recommodification, however, it is necessary to grasp the complexities attached to conceptualizing de-commodification and commodification.

Conceptualizations of de-commodification and re-commodification

As far as the history of concepts can be traced, de-commodification begins its journey in the English vocabulary of social theory in the early eighties. It appears for the first time in the writings of Claus Offe (1984) and Esping-Andersen (1985). Its origins, however, seem to go as far back as 1974 when, according to Offe, it was he who created the neologism to capture the contradictory character of welfare state policies.¹ He argued that

The 'relationship between welfare and capitalism is contradictory: under modern capitalist conditions, a supportive network of non-commodified institutions is necessary for an economic system that utilizes labour as if its were a commodity [...] This contradiction is deepened by the state monopoly of social policy provision' (Offe, 1984, p.263)

As a backdrop to Offe's argument lies a view of an ideotypical capitalist society heavily influenced by Luhmann. This ideal type is understood as comprising the three sub-systems of society, economy and welfare state and their respective sustaining logics/functions - socialization, capital accumulation, and the management of the continuous crisis between society and economy (see also Keane in Offe 1984: 14). For Offe, the primary locus of power in the three subsystems lays in the function of capital accumulation. It is *capital* - i.e. the dominant social agents that act out the 'logic' of capital accumulation - that produces economic growth in the capitalist system and can pose a threat by withdrawing capital investment from the economy. However, for Offe, the function of this subsystem alone cannot provide the necessary conditions for capital to pursue its aims, as key societal functions needed to continue capital accumulation should be governed under a 'logic' different to the market; in short, they need to be decommodified. I would therefore argue that for Offe, the term de-commodification describes the capacity of welfare state policies to counterbalance the effects of societal commodification within the economic subsystem, with economic decommodification in the societal subsystem; and hence, the contradictory tendencies of commodification and de-commodification.

Thus, beyond the mere provision of benefits and services, the welfare state for Offe commands a central role as an administrator *of* and a political agent *in* modern capitalist societies. By allowing 'the withdrawal and uncoupling of an increasing number of social areas and social groups (surplus labour power) from market relations' (Offe, 1984, p. 61) the Keynesian welfare state intervened in the market exchange processes of capitalist economy, while at the same time it promoted state policies in creating the infrastructure, securing labour availability through acquiring a de-commodification character. As a result, 'the proportion of life activity [...] structured by wage-labour contracts has been considerably reduced' (1984: 296).

Similarly, Esping-Andersen defined de-commodification as 'the extent to which individuals and families can maintain a normal and socially acceptable standard of living regardless of their market performance' (Esping-Andersen 1987b: 86). As Offe had suggested, the pursuit of decommodification in the capitalist market raises some contradictions or as Esping-Andersen prefers to describe them, *incompatibilities*. Among the latter there is the pursuit of full employment within a nation state characterised by private control over the means of production, the promotion of social rights (and thus not only those of workers) and the time (and political effort) needed for decommodification while simultaneously promoting the 'efficiency and acceleration of the development of productive forces' (Esping-Andersen 1987b: 87).

¹ In the introduction to his book *Modernity and the State*, Offe claims that "'decommodification" ([is] a neologism that the author hit upon in 1974 in a discussion with Esping-Andersen)' (1996, p. X)

Esping-Andersen (1985) had clarified that in order for capitalism to be ‘social democratised’, social policy should have four targets: de-commodification, solidarity (re-stratification), redistribution and full employment. The first one, de-commodification, was one of the key criteria on which he based his famous typology in the *Three Worlds of Welfare Capitalism* (subsequently referred to as 3WWC). It was conceived then as ‘an acceptable exit from the cash nexus... the extent to which citizen rights supplant market distribution’ (Esping-Andersen 1985: 228). In this way, Esping-Andersen also combined a power resources perspective with the concept of de-commodification. If the market function is the commodification of productive assets, the ‘working class power mobilisation is a function of de-commodification’ (Esping-Andersen 1987b: 86). Thus, the process of de-commodification can be identified with a tendency towards a Marxian notion of emancipation, for as Esping-Andersen regards it, it is ‘equivalent to distributing welfare according to need’ (Esping-Andersen 1987b: 86).

Interestingly, in the 3WWC there was very little reference to protection while *in* paid employment. When this happened it was not linked systematically with his concern with social protection measures. For instance, Esping-Andersen provides a brief mention of the role that regulation of ‘paid work absence’ may play ‘inside’ the labour market as de-commodification *in* work: ‘Swedes are relatively de-commodified: they do not just hand over their time to the employer, the employers’ control of the purchased labour-commodity is heavily circumscribed’ (Esping-Andersen, 1990: 156). However, he does not discuss one of the most important employment protection measures - dismissal protection measures - in the 3WWC. Regulations that protected labour *in* work (thus reducing the intensity of commodification) did not feature in any of the indices used in the book, and crucially, not in the de-commodification index.² In my opinion, in the 3WWC Esping-Andersen mostly approached employment regulation as part of labour market policies, not as measures that were clearly linked to processes of de-commodification.

In his later work, however, he appears to recognise that “the package of [labour market] regulations can be regarded as the labour market equivalent to social citizenship rights” (Esping-Andersen, 1999: 122). Still, his primary conceptualization of such protection measures remains, in my view, very labour-market-oriented and clearly views them *economically*, and rather conventionally, as ‘rigidities’ (ibid). In my view, the ‘equivalence’ he identifies, points to a clear distinction between two domains and processes; namely, de-commodification through social policy (which takes place outside-but-linked-to the market), and labour market regulations concerned with the functioning of the labour market *per se*.

It is this latter point that I think it is problematic both in Offe’s and Esping-Andersen’s understandings of de-commodification. While both acknowledged the influence of Karl Polanyi (1957) - especially Polanyi’s elucidation of the fictitious nature of labour as a commodity in market societies - they appear to adopt a very ‘thin’ interpretation of Polanyi’s notion of the embeddedness of markets in society. Following Block (1987; 2000; 2001) I will argue that while Polanyi’s ‘discovery’ of embeddedness breached the conceptual distinction between economy and society both Offe and Esping-Andersen continue with the (artificial) conceptual separation of economy from society. As a consequence of this, both view the domain of social policies and the welfare state as outside - but related to - the labour market, rather than central to the constitution of the (labour) market itself. Therefore, they seem to keep analytically separate the conditions for Labour *out* of the labour market from the ones *in* the labour market. This latter point is crucial in conceptualizing the process of re-commodification as we will see later.

Recently, Holden (2003) used the concept re-commodification in relation to the work of Bob Jessop (2002) and Philip Cerny (1991), as indicative of the shift from a ‘welfare state’ to a ‘workfare state’. To use Jessop’s (2002) terminology, this shift from a Keynesian Welfare National State (KWNS) to a Schumpeterian Workfare Post-national Regime (SWPR) does not imply a change in

² This gap in Esping-Andersen’s 3WWC was also observed by Nico Siegel (2004)

the interventionist role of the state as such but rather in the character of this intervention. Placing welfare state and recommodification in the context of globalisation, Holden uses the argument of Cerny that in this new configuration the state is acting less and less like a 'decommodifying hierarchy' and more and more as a 'commodifying agent and even as a market actor itself' (Cerny 1991: 183). However, given that the definition that Holden uses derives mainly from Offe (1984), his analysis remains focused upon the levels of withdrawing labour surplus from the labour market. Thus, for the UK, Holden (2003) identifies a shift towards the recommodification of the labour surplus. By restricting unemployment benefits eligibility and by promoting tax reductions and active labour policies, the unemployed are constantly under pressure to re-enter the labour market. Instead of protecting a worker from the forces of the market, the new active labour market policies promote recommodification. According to Holden this change has been achieved due to a shift of 'the character of social rights [...] through the attachment of responsibilities to them' (Holden 2003: 311). This process effectively results into an erosion of rendered rights which Pierson identified as the strategy of 'restricting the alternatives to participation in the labour market, either by tightening eligibility or cutting benefits' (Pierson 2001c: 422).

Still, I argue that this is only half of the story. Theoretical conceptualisations of recommodification that mainly focus on the intensification of commodification of the unemployed run the risk of missing the (parallel and interlinked) dramatic changes that currently take place inside the world of paid employment - namely the intensification of commodification while *in* work. Making theoretically and analytically this link is crucial in my view. I maintain that it is more fruitful to see concepts such as de- and recommodification as analytical descriptors of *degrees of intensity of commodification in and out of paid employment*. In this way, recommodification - as increased intensity for commodification - can also be experienced when already 'in' paid employment, i.e. as increased intensity *during* commodification. The latter process is actively structured and promoted by state policies: the intensification of work processes, the reductions in the protection of employment contracts, the 'flexibilisation' of working hours and the deregulation of health and safety conditions could not have happened without state sanction (Gray, 2004). And, I would add, they happen in parallel to changes aiming at those out of paid employment.

Moreover, there are at least two other key aspects of the process of 'recommodification' that should be taken into account. They have been identified by some of the feminist critiques of Esping-Andersen's conceptualization of 'de-commodification'. First, this critique draws our attention to the ways in which any definition of decommodification necessarily implicates citizenship rights, and the 'non-economic' or social in the character and effects of this process; and second, to the ways in which the power relationships that structure (and are structured by) paid employment interact with power relationships that structure (and are structured by) social relations more generally (in this case, with particular reference to gender).

With regard to the first, as Orloff (1993) suggested, the concept of decommodification must be linked to the position of women in work *and* household. Unless women become commodified, there can be no decommodification for them, since they will not be participating in the labour market. The 'male breadwinner model' excluded women from the decommodification process, and the benefits and rights, this implied. Further, Knijn and Ostner (2002) argued that Esping-Andersen neglected the role of women in the commodification of men, and in particular, that the male breadwinner model was an outcome of a certain mode of production. Benefits for women were indirect and dependent on their husband's performance in the labour market, while men's experience of commodification was directly shaped by women's non-commodified labour. What the feminist critique therefore further highlighted was the *artificiality* of the distinction between social policies and labour market policies. From this perspective, labour market policies do not refer simply to individuals who establish contracts between themselves and their employers but rather involve the whole social universe of these individuals (their households, families, their access to resources and care). The feminist critique not only 'rediscovered' and revealed the fictitious nature

of treating labour power as a commodity in the labour market but also that its commodification is a form of valorisation that 'recognises' some activities as productive while excluding others.

Second, according to Knijn and Ostner (2002: 152), the unrecognised labour exchange in the household is currently changing, since state or private solutions are transforming household care to a market service; a process of commodification of care activities is clearly under way as more and more women enter the labour force. The new commodifying processes - exemplified at the EU level by the Lisbon target for higher employment rates for women - create a gap between work and care provision. This analysis - and the shift identified by Knijn and Ostner - exposes another key aspect, previously unacknowledged, of the political character of (de)commodification, transcending its previous conception as an economic process. In the past, with de-commodification institutionalised as a process of consolidating social protection from the market, Labour (i.e. primarily men), was recognized as a social subject that was locked in a power dynamic with Capital or, as I prefer to call them, pro-Market elites. I argue that when the feminist critics proclaimed commodification as the road to achieve de-commodification (and its associated rights for women) this was done in an effort for women to be recognized as social subjects *in* and *out* of the labour market, and to access and consolidate power resources *as* social subjects.

However, in my view, current processes of recommodification pose a challenge to feminist critics. Key to my conception of recommodification - i.e. the intensification of commodification in and out of work - is that it is fundamentally a process of *reification* of Labour as a social subject. It entails the gradual subjugation of Labour to the other social agent of this power dynamic (Capital), its gradual transformation into an object to be 'activated', 'flexibilised' and politically 'muted'. The process of recommodification, as promoted and governed by the state, restructures power differentials in favour of pro-Market elites. Recommodification as intensification-*of-and-for*-commodification inevitably results in increasing asymmetries of power for all, both men and women; though these are unevenly distributed among, as well as between, them. In this context, the strategy of pursuing commodification to achieve decommodification and its associated rights, at the very least, has mixed results (I consider this to be the case, even as some labour market regulations appear to facilitate some women's employment, e.g. expansion of childcare availability, provision of care benefits etc.). Being commodified under conditions of intense commodification can result in new relations of dependency for some women: domestication may be replaced with unremitting commodification, dependency on the male breadwinner with dependency on a (labour) market that can no more be used as a means to access/consolidate social rights.

I maintain that the new theoretical and political challenge is to discursively uncover and, thus, recover the *social* and *political* within (and from) the *economic*, by challenging the artificial division between economy and society through the reconceptualisation of the social embeddedness of (labour) markets. I argue that we should try to address the challenges posed by the problematic separation of economy and society in traditional definitions of de-commodification - that are inevitably implicated in our understanding of recommodification - by elucidating the power configurations that characterize the recent consensus outlined at the beginning of this paper. In order to do this, we must revisit a number of fundamental theoretical assumptions.

The always-embedded (labour) market and the fiction of labour as a commodity

My paper is anchored in the Polanyian analytical tradition of the historical development of contemporary market societies. I maintain that the origins of social policy can be traced back to a particular historical period (late 18th and 19th century) that coincides with the rise and consolidation of the market as the institution dominating societal economic relations. During this period the functions of production, distribution and consumption of goods and services necessary to meet societal needs were characterised by the (expanding) dominance of commodity exchange as the main form of social relations and its corresponding dynamic process - commodification. This process of marketisation of socio-economic arrangements in western European societies, and to

some extent Northern America, entailed “the [gradual] socialisation of commodities and the commodification of social life” (Hartley, 1996: 19).

At the heart of the marketisation process was the institutionalisation of labour markets. For the advocates of the 'free' market, participation in the labour market, via the contract between the 'free' labourer and the employer, constituted the prerequisite for an individual's claim to the resources that will allow the satisfaction of her needs. According to this view, labour power was no different than other commodities sold in a free exchange between seller and buyer. For Polanyi, in the emerging market economies of early capitalism,

[human beings] under the name of labor [and] nature under the name of land, were made available for sale; the use of labor power could be universally bought and sold at a price called wages [...] the fiction that labor and land were produced for sale was consistently upheld. But while production could theoretically be organized in this way, the commodity fiction disregarded the fact that leaving the fate of soil and people to the market would be tantamount to annihilating them.

Polanyi (1957: 130)

However, Polanyi challenged the separation of economy from society shared by both Adam Smith and Karl Marx. Marx's ending point - that the functioning of capitalism as an *economic system* inevitably results in contradictions and crises - was Polanyi's starting point. For Polanyi, state policies were necessary for the structuring and functioning of a market society, in the sense that a free market economy was, is, and will always be, impossible to exist. A free market is not simply a 'stark utopia' (Polanyi 2001: 3), but the relentless attempt to establish it will destroy the market itself and, with it, society. As Block (1987, p.21) argued, for Polanyi there is nothing critical or surprising about economic crises, in the sense that there has never been a 'coherent[ly] functioning whole' or a 'system'; what is there it is mainly a mismatch between 'economic logic' and 'state action'.³ In fact, it is, and only been political intervention that historically constructed versions of 'free' markets as national projects.⁴ Block's reading of Polanyi's major theoretical contributions (Block 2001), as well as his latest work on the inseparability of state and economy (Block, 2005), are very fruitful, in my view, in comprehending this point. For Block, what Polanyi unintentionally revealed in *The Great Transformation*, is that markets are always and will always be *socially* instituted processes, created and maintained by state policies. This conceptualization has very important theoretical and analytical consequences:

The always embedded [market] concept makes it very hard to gloss over or hide the state's fundamental role in shaping actually existing economies. Since the state establishes the non-contractual bases of contract and is centrally involved in constructing the markets for the fictitious commodities of land, labor, and money, it becomes impossible to imagine how the economy would run if only the state would cease its unnecessary meddling. Moreover, Polanyi also lays the basis for understanding that tax policies, technology policies, competition policies, and trade policies are not incidentals, but fundamental to structuring how different market societies operate.

Block (2001, p.21)

Against this background, the emergence of institutionalised forms of social protection from the adversities of the market consolidated after World War 2 (WW2), constituted a radical shift from previous arrangements. The process of deliberately reducing the intensity of commodification in and out of the (labour) market - observable in the array of the post-WW2 policies that gave welfare

³ Indeed, Block raised a fundamental criticism against the very use of the term “capitalism” and its ‘implicit claim that economies organized around the pursuit of profit have a unified essence and should have similar institutional arrangements’ (Block 2001). Block had discussed the ‘career’ of the concept of capitalism in Block (2000).

⁴ See also the works of Thelen, (2001, 2002) and Hall and Soskice (2001)

states their adjective - was ultimately a political process of uncovering (and recovering) the social within (and from) the economic in market societies. According to Polanyi

*To take labor out of the market means a transformation as radical as was the establishment of a competitive labor market. The wage contract ceases to be a private order contract except on subordinate and accessory points. **Not only conditions in the factory, hours of work, and modalities of contract, but the basic wage itself, are determined outside the market;** what role accrues thereby to trade unions, state, and other public bodies depends not only on the character of these institutions but also on the actual organization of the management of production.*

Polanyi (1957: 251, emphasis added)

The fact that in 1944, in its famous Philadelphia declaration, the International Labour Organization confirmed as the first among its fundamental principles the sole phrase 'Labour is not a commodity' is, in my view, emblematic of the vision behind the post-WW2 consensus.⁵ In this vision, labour was 'recognised' as a global social, political and economic subject, though a gendered subject - I would add - as implicitly it was mostly a vision for the labouring man.⁶ Indeed, in this vision, the symbolic construction of labour as a commodifiable object was seriously challenged. To elucidate the fictitious nature of labour-as-a-commodity I will briefly discuss below a number of fundamental properties of labour.

First, labour-as-labour-power is inseparable from the human beings who 'own' it. The 'seller'/labourer and her labour power, intellectual and/or manual, are indivisible. The capacity for creativity - as expressed in the act of working - is nothing less than the actualization of the agency of a human being with flesh and blood. A factory 'manufacturing' quantities of disembodied labour power (*aka* capacity for creativity) to be sold in a market is an absurdity. Material objects cannot create capacity for creativity. It is precisely this fiction that is institutionalized with the functioning of labour markets: namely, that the 'seller' - the labourer - and what can be sold - the labour power - are separable.

Second, the (fictional) 'commodity'/labour power cannot be 'sold' in the market unless the labourer-as-a-human-being is reproduced, i.e. unless she is reproduced as something other than commodity. No other commodity reproduces itself as a non-commodity in order to be able to commodify its capacity for creation. The inseparability of the social subject from her capacity for creation and the need to reproduce herself as a non-commodity means that the human capacity for creativity can not be (and is not) produced for sale or profit.

Third, and directly linked to the second, the sale of 'commodity'/labour power cannot be postponed until favourable conditions in the market emerge. Indeed, the 'seller' of the 'commodity'/labour power cannot store or accumulate her labour power for sale. This property combined with the fact that labour is inseparable from its 'seller' makes labour power the ultimate perishable 'good'.

Fourth, although only *a proportion of the population*, of particular age characteristics and abilities, can be 'sellers' of labour power and via their wages 'buy' their claim to social products and resources, *all the population* is in need of these resources in order to survive and reproduce. This entails that at any point in time there are members of society that are totally depended on the individual seller to sell her 'commodity'/labour power for their welfare. During the life course, this individual seller will also find herself totally depended on the care work of others for her welfare: as a child, as a disabled or incapacitated adult, as an older person in need of care. Indeed, the contract between those who sell the 'commodity'/labour power and those who buy it is not only politically regulated but also embedded in

⁵ The text reads as follows: "I. The Conference reaffirms the fundamental principles on which the Organization is based and, in particular, that (a) labour is not a commodity;" in <http://www.ilo.org/public/english/about/iloconst.htm#annex>

⁶ See the work of Guy Standing (2002) for an in depth analysis of this vision and its policy implications.

a web of other societal arrangements regarding the welfare of those who 'own' the commodity of labour and those who consume the products from the sale of this commodity.

Against this background, I view labour commodification as a politically structured process that entails the institutionalisation and governance of one of the most fundamental power dynamics in market societies; namely the power dynamic between the social agents of Labour and Capital (understood as pro-market elites). At the core of this process is the effort to reify one of these social agents, Labour, by removing its capacity, i.e. its power resources, to act as an agent both *in* and *out* of the discursively and politically constructed and regulated *field*⁷ of the labour market. Depending on the outcome of socio-political struggles between and within these social agents, the intensity of commodification of labour varies. These struggles inscribe themselves in institutions and policies; and I adopt here Korpi's power-theoretical approach that views "institutions as structurations of power and as residues of conflict" (Korpi, 2001, p.8).

Further, and borrowing heavily from - but also altering - Lukes (2005), I view power as a dynamic that has at least three properties or dimensions. All three are simultaneously present and mutually reinforcing when power is exercised. A power-theoretical analysis can focus on any number of these dimensions using different methodologies to explore power asymmetries between social agents.

First, and more easily observable, is the relational dimension of power. Power is a relation between social agents within a given set of instituted rules/parameters that constitute a field⁸ of social action for these agents. Power asymmetries are observable as differences in the volume and capacity to mobilize power resources.

Second, is the structural/instituting dimension of power: the simultaneous reproduction/alteration of the very institutions within which the relation between the social agents takes place. When exploring this dimension, analysis 'captures' the *instituting* capacity of social agents as well as their *instituted* power. Power asymmetries are observable as differences in their capacity to maintain or reconstruct the rules/parameters of the field; to use a metaphor, the capacity of social agents to change and/or maintain 'the rules of the game'.

Third, is the discursive/symbolic dimension of power, the simultaneous reproduction/alteration of the social categories within which the power-relation and the institutions of the corresponding field are understood and given meaning. When exploring this dimension, analysis 'captures' the power of social agents to discursively construct or defend categories of social meaning. These categories define the 'conditions of possibility' for actors to act out their intentions. Power asymmetries are observable as differences in the capacity to discursively maintain or alter the categories within which the other two dimensions are understood and 'recognised' by the social agents.

On the basis of this conceptual framework, I approach the recommodification of European Labour as a power dynamic: a process that is characterized by the intensification of commodification of labour in and out of paid employment, the institutionalization of policies and modes of governance that facilitate this intensification, and the increasing dominance of a discursive repertoire that reifies Labour. The result is a widening of power asymmetries in favour of Capital (pro-market elites). The State is regulating this dynamic while is itself transformed into a new institutional formation as part of wider regional and global politico-economic reconfigurations. Empirically capturing the process should involve, ideally, an exploration of all three dimensions of the power dynamic (discursive, structural and relational). This would allow us to trace how far the pendulum of power asymmetry has swung in a particular direction. This poses a second set of challenges.

⁷ I found very useful here the cultural-political approach of Fligstein (2001) in constructing a sociology of markets. He views markets as fields of social action in the sense that Bourdieu used the term.

⁸ See Fligstein (2001).

Empirical Explorations

In this section I make an attempt, admittedly incomplete, to capture empirically the process of re-commodification of European Labour during the period 1993-2003. I do this by, first, sketching a number of major changes in the discursive landscape that framed policy reform during this period, and, second, by discussing two sets of empirical indicators that 'capture', albeit crudely, relevant policy changes in Labour's protection in and out of paid employment.

The discursive dimension of re-commodification

To trace changes in power asymmetries in the discursive dimension of re-commodification requires an exploration of the changes in the use of words and metaphors in key policy texts and, more generally, in the discourse that became dominant in 'framing' social and policy problems and their solutions. Broadly speaking, the current hegemonic policy consensus is built around the notion that paid employment in a labour market is the best means of social protection *and* welfare; a paradoxical notion, I would argue, given that this is to be achieved under conditions of increasing employment insecurity, 'flexibilisation' and de-regulation (Gray, 2004). The consensus consolidated a particular interpretation of the causes of unemployment and the impact of social policies upon labour markets that became dominant during the 1990s. As Goul Andersen, *et al* (2002, p.7) and Sinfield (1999) pointed out, this was discursively achieved through publications such as the OECD's *Jobs Study*, the proposals of the OECD's Jobs Strategy, and the specific country recommendations that accompanied them. Concepts like the 'generosity' of the 'passive' unemployment compensation benefits; their 'disincentive' effects and the pre-occupation with 'activation' of the unemployed; the characterisation of employment protection legislation as a labour market 'rigidity' that needs 'reforming' and 'deregulating', became major themes of the new discursive repertoire that shaped - and to a large extent is still shaping - policies towards Labour during the last fifteen years. Unemployment was, accordingly, constructed as 'a product of inflexible labour markets and welfare state [posing] a trilemma between equality, employment and balanced state budgets' (Goul-Andersen *et al.*, 2002, p.7).

Thus, what once were *answers to* the problems generated by the failures of the market – namely, social protection policies *in* and *out* of paid employment – were discursively transformed during the last fifteen years into *problems for* the efficient functioning of the (labour) market. Further, what historically began as a 'neo-liberal' vision that viewed social policy as antithetical to the requirement of the (labour) market has been tempered, especially since the mid 1990s, by a 'social-liberal' vision. In this latter discursive creation entry to the labour market became a form of *social* policy itself with a tendency to become the only form of social policy. Thus, social policy is now *economically* valorised in terms that relate to the labour market participation of individuals, and labour market performance overall. In short, in this hegemonic social-liberal vision, *social* policy is considered relevant only as far as it is *economic* in its logic (Carmel, 2005).

Social Protection from the market versus workfare support for 'self-help'

The emergence of this social-liberal vision involved a radical change in the conceptualization of social security. As Carmel and Papadopoulos (2003) have shown for the British case under New Labour, for a working age person there is no clear or explicit *right* to security. In their study of the new governance of social security in Britain they identified at the heart of this new vision two fundamental discursive creations: first, a new interpretation of the word 'security' and, second, the apparent equivalence drawn between work (as paid employment) and security.

First, with regards to social security during unemployment, the new consensus dictates that it should not be characterized as protection on the basis of rights but, rather, support on the basis of a

recalibration of rights and responsibilities. The crucial difference between these two conceptualisations of security - *protection* versus *support* - can be illustrated by considering an example of how the term is used in other contexts. For instance, when a private company offers security to a person whose life is threatened, this is clearly meant to be protection from harm, not support once the harm is done. Social security-as-support is a 'hollowed out' security; its essence - protection - has been changed. In this vision, social security is not primarily about protection from failures of socio-economic conditions and processes that state action can alter. Rather, it is a 'helping hand' so that an individual can alter his/her own behaviour to match the demands arising from these conditions and processes. Indeed, in this paternalistic narrow vision of 'hollowed-out security', the emphasis on 'help for self-help' implies that benefit recipients are themselves to a large degree responsible for their status; with some (conditional) help, they will be able to end their status as benefit claimants.

Second, the apparent equivalence drawn between work and security crystallises the notion that paid work is to become the primary - and valorised - means for an individual to guarantee their own security. However, this paid work is itself not secure. It is neither guaranteed by the state nor is significantly 'protected' when one is in work. Further, its narrow definition as paid work in a labour market underlines an exclusionary vision. Important welfare-creating activities, like care-work or voluntary work, that are not part of the cash/market nexus and thus are not 'registered' or 'recognised' as productive, i.e. valorised, are absent from such definition (Levitas 1998; Lund, 2000: 202-3). Also, work seen in this way potentially enhances the social differences between able-bodied and disabled-bodied people of working age, and echoes a rather narrow vision of social life: we do not work to live but rather live to work.

Alongside this, there has been a retreat from the principle that the state should (try to) ensure full employment; that is, from the idea that security should primarily be created through the provision of jobs (which traditionally, I would add, were for men). For instance, under the UK's redefinition of full employment as 'full employability', the reason for unemployment is now firmly anchored to an individual's capacities and capabilities, implying that they themselves are responsible for their employment status (e.g. Department for Work and Pensions and HM Treasury 2001). The state's responsibilities are to provide only opportunities for training and skills development, which the risk-taking individual is required to take up.

Similar patterns are also clearly evident in the European Employment Strategy. As Carmel (2005) has shown, social security policies in EES are no longer discursively presented as a means to protect society from potential failures of a market economy, nor as a means to 'steer' the economy to respond and meet social needs. Rather, they are to become a means to 'steer' the behaviour of individuals to make them adaptable to what are perceived by governments to be the demands of their national market economies (e.g. for the UK, Grover and Stewart, 1999; Daguerre, 2004; for the EU see Gray, 2004; Krzeslo, 2004; and for a broader, international perspective see Munck, 2002).

'Active' versus 'passive' unemployment benefits

Related to the discursive changes in the conception of social security (e.g. social protection versus support) is the distinction between 'active' and 'passive' social programmes. This is another key discursive devise of the current policy consensus.⁹ Over a large number of years, the work of Adrian Sinfield has captured in detail the changes in the relevant policy discourse. By mainly focusing on the OECD Job Reports (especially 1994) Sinfield showed how international organisations have played a pivotal role in the discursive re-formulation of the distinction between

⁹ Putting aside for a moment the moral undertones regarding the behaviour of the unemployed that are implicit in the use of the words 'passive' and 'active', it was never clarified adequately in the conventional literature why an adequate level of 'passive' unemployment compensation providing effective help during the period of job searching is contributing less to the activation of the unemployed than an 'active' seminar of vocational training.

'passive' and 'active' benefits. The OECD Job Report of 1994, which capitalized on earlier discourses such as the crisis of the welfare state, constructed unemployment benefits as a disincentive for work, while at the same time re-training programmes – e.g. life-long learning – were considered as substitute for the former (Sinfield 1999: 211). Using Veit-Wilson's metaphor of a 'policy closure' Sinfield (1999: 223) showed how the adoption of the particular vocabulary narrowed the discursive horizon against which policy problems were framed. As he argues, it is rather difficult to imagine policymakers or politicians 'to speak in favour of 'passive' solutions, when there are 'active' ones available' (Sinfield 2001:154). The word 'active' in the Active Labour Market Policies (ALMPs) transfers the responsibility of their success on individuals, since the policies are taking credit as already 'active'. Therefore, 'the assumption of failure is transferred, from policy itself to those who are the object of the policy' (Sinfield 1999: 224).

Similarly, the negative imagery associated with the phrase 'passive benefits' meant that the ground was discursively prepared for the erosion of what effectively were hard-won social protection rights for the unemployed. The identification of 'passive' benefits as the cause of work disincentives and the emphasis on the training programmes completed the process of transferring the responsibility for unemployment to the individual unemployed. As the responsibilities of the policy-makers were being removed, policies and beneficiaries were 'de-politicised' and gradually, during the period under investigation, a consensus was discursively produced that constructed – and continues to construct Labour – as an object to be 'activated'; an object that needs to be motivated to work through a process of reducing its security and, thus, its capacity to act as a social agent. Gray (2004) described in detail these changes at the EU member-state level while Carmel (2005) saw the European Employment Strategy as emblematic of this process of framing discursively this process of Labour's reification (but still not governing it in the strong sense).

The structural and relational dimensions of re-commodification

The tentative exploration of metaphors, vocabularies and rhetorical devices that framed social and labour market policies during the period 1993-2003, indicates that Labour's capacity to discursively promote (and/or defend) categories of social meaning that 'recognised' it as a social agent was considerably reduced. Both the content of policy reforms that were initiated and the new means by which these policies were put into practice crystallised the new consensus into the new structures which are currently governing labour's recommodification. This section attempts to measure these developments by quantifying changes in the structural and relational dimensions of recommodification. However, I would like to emphasise that this is only a tentative attempt to empirically explore the level of societal, and especially of Labour's, protection from the (labour) market, limited by the use of proxy indicators. Indeed, more research is needed, based on more sophisticated indicators, to fully capture these dimensions of the process.

Empirically exploring social protection in paid employment as a *social* (rather than a labour market) policy or combining proxy indicators of policies protecting labour *in* and *out* of paid employment, is not something new though until now it was done for different purposes to mine. For example, Bonoli (2003) argued that employment protection policies could be seen as social policies adopted by some welfare states as functionally equivalent to 'de-commodifying' welfare measures; that is, as strategies that granted Labour with substantial protection in the labour market while providing minimal protection out of the labour market. In terms of data, both Estevez-Abe et al (2001, p.173) and Siegel (2004) used empirical data on levels of unemployment compensation expenditure and employment protection legislation – very similar to the ones I use in this paper; though only Siegel was explicit in using the data to 'capture' tendencies towards recommodification.

An innovation of the paper is that capturing of *changes* in the intensity of commodification is made possible by introducing the element of different time instances. Thus, the limitations with previous comparative studies that attempted to measure decommodification cross-sectionally, that is, at a

particular point in time (as Esping Andersen did in his 3WWC) are avoided. More specifically, whatever variations are observable between countries in cross-sectional studies can only be tentatively used to speculate about trajectories, as these studies only 'capture' empirically variation at one point in time. To put it in other words, cross sectional comparison might be a good technique to construct a typology of regimes but it is unhelpful if one wants to present changes in time or the trajectories of regimes. To truly measure *de-* or *re-* commodification in its *dynamic*, one has to compare variations between at least two temporal points. Measuring relative positions at different points in time allows us to empirically trace changes both within and between the same set of countries. This is what I tried to achieve below. I used these movements as indicative of the extent of power asymmetries between Labour and pro-Market elites (Capital) during the period 1993-2003 within and between the countries under investigation.

I start my empirical exploration of recommodification by observing changes at the levels of expenditure for 'active' and 'passive' programmes at two points in time 1993 and 2003. Table 1 presents relevant expenditure data for the EU15 adjusted for levels of unemployment. The expenditure index for expenditure on unemployment compensation can be used as a proxy unemployment compensation decommodification indicator. The rationale behind this choice is that adjusted expenditure data will record, albeit in a vary crude way, the impact of changes during the period under investigation, either in terms of changes in entitlement and eligibility conditions or in terms of levels of benefits, replacement rates etc. Any reduction to the adjusted levels of this expenditure will translate into intensification of commodification via cuts in benefits and eligibility and will signify greater degree of recommodification for the unemployed.¹⁰

As can be observed in Table 1, the majority of countries (Austria, Belgium, Finland, Germany, Greece, Ireland, Italy, Spain, Sweden and the United Kingdom) reduced their expenditures towards unemployment compensation programmes during the period 1993-2001, the last year for which data is available. However, when the adjusted expenditure on 'active' labour market programmes is observed the opposite is true: most countries increased their expenditures for ALMP, relative to the number of unemployed. Given the strong re-commodifying 'logic' of these programmes this empirically justifies the claim that a process of recommodification is underway, albeit with a visible effort by a number of states to spend in order to promote employability.

Overall, there are 3 countries (Germany, Greece and Sweden) that reduced their expenditures for both types of programmes while half of them (Austria, Finland, Germany, Greece, Italy, Spain, Sweden and the UK) reduced their total expenditure. As a general trend, it is observable that in the vast majority of countries protection for the unemployed has been reduced substantially. Most states appear to have shifted their 'effort' towards favouring programmes and measures that promote 'activation'. However, I should emphasise that there are still considerable differences in the experience and implementation of 'activation' programmes that is not 'captured' by these expenditure figures and require further empirical exploration (see Lodemel and Trickey, 2001).

Shifting the focus to measures of institutionalised protection when in paid employment I used OECD's Employment Protection Legislation composite Index, which in OECD-speech measures the 'strictness' of labour market regulations.¹¹ What the comparison of the EPL data for 1993 and 2003 reveals (Figure 2) is that the original differences in the so-called 'strictness' of EPL gradually faded by 2002.

¹⁰ I have to emphasize the limited capacity of the index to capture the institutional combinations of policies towards the unemployed and their families (see Appendix Table 1 for details). For these we need far more sophisticated indicators to capture extents of coverage, institutional parameters, and the totality of the benefit/tax package for a large number of families, across different time frames, different previous earnings levels and different spells of unemployment. Various attempts have been made at cross sectional level but a reliable time series of such sophisticated composite indicators is not yet available to my knowledge.

¹¹ The reader can find OECD's own description of the construction of this index in the Appendix.

Table 1: Expenditure on unemployment compensation programmes and ‘active’ labour market programmes adjusted for unemployment levels*

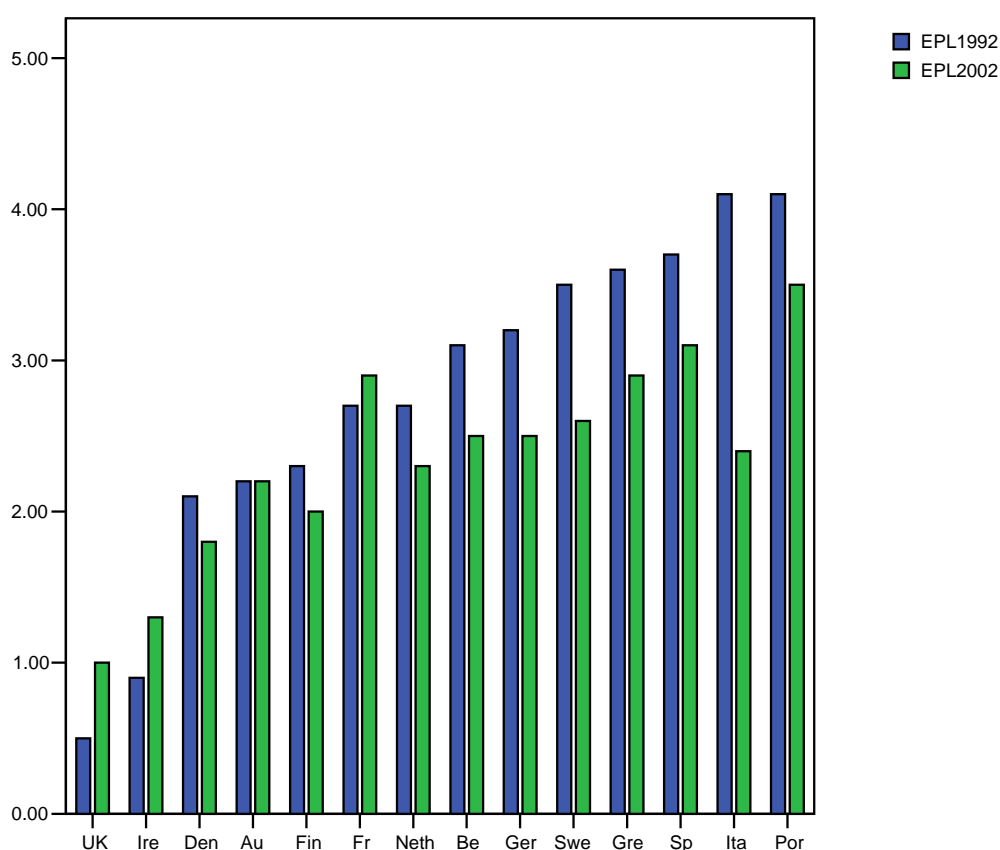
	Unemployment Compensation programmes			‘Active’ Labour Market programmes			Total public expenditure on UC and ALM programmes		
	<i>1993</i>	<i>2001</i>	<i>difference</i>	<i>1993</i>	<i>2001</i>	<i>difference</i>	<i>1993</i>	<i>2001</i>	<i>difference</i>
Austria	0.348	0.21	-0.138	0.081	0.146	0.065	0.429	0.355	-0.074
Belgium	0.347	0.335	-0.012	0.143	0.188	0.045	0.49	0.523	0.033
Denmark	0.556	0.671	0.115	0.182	0.345	0.163	0.737	1.016	0.279
Finland	0.293	0.219	-0.074	0.103	0.104	0.001	0.396	0.323	-0.073
France	0.183	0.191	0.008	0.11	0.151	0.041	0.293	0.343	0.05
Germany	0.252	0.16	-0.092	0.19	0.143	-0.047	0.442	0.303	-0.139
Greece	0.049	0.037	-0.012	0.035	0.017	-0.018	0.084	0.054	-0.03
Ireland	0.204	0.18	-0.024	0.091	0.18	0.089	0.296	0.359	0.063
Italy	0.121	0.064	-0.057	0.014	0.049	0.035	0.135	0.114	-0.021
Netherlands	0.469	0.51	0.041	0.214	0.614	0.4	0.683	1.124	0.441
Portugal	0.156	0.223	0.067	0.145	0.143	-0.002	0.302	0.366	0.064
Spain	0.178	0.125	-0.053	0.027	0.079	0.052	0.205	0.203	-0.002
Sweden	0.293	0.195	-0.098	0.313	0.277	-0.036	0.606	0.472	-0.134
United-Kingdom	0.118	0.055	-0.063	0.055	0.07	0.015	0.174	0.125	-0.049

Note: Each figures represent a ratio of the public expenditure on the respective programme (as percentage of GDP) divided by the respective standardized unemployment rate. The ratios for unemployment compensation programmes (bold) are used as a proxy index of the decommodification potential of these programmes.

Source: OECD, Labour Force Statistics database

By 2002, a large number of countries had reduced their employment protection. Only France, Ireland and the UK appear to have increased their EPL scores, due to improvements in the regulation of Fixed-Term contracts (FTC) and, in the cases of Ireland and France, modest increases in severance payments. We should also note that UK and Ireland improve their scores only marginally and while starting from very low EPL levels. Despite their relatively small increases in their EPL, UK and Ireland maintain the positions as the countries offering the lowest levels of employment protection among the EU countries under investigation. Apart from Austria where the situation appears unchanged, all other countries reduced their levels of employment protection during this period, indicating a broad trend towards intensification of commodification in work.¹² Still, it should be noted that the experience of commodification *in* work cannot be universalized across states or sectors. To use an example, even under conditions of increasing intensity of commodification in work it is (still) the case that the experience of being commodified in the UK is not the same as in Sweden or France. The rules and regulations which protect labour in paid employment play a crucial role in reducing the intensity of commodification, in an analogous (but, crucially, not equivalent) way that adequate benefits reduce the intensity of the pressure to commodify when 'outside' the labour market.

Figure 1: The 'strictness' of Employment Protection Legislation in EU, 1992-2002



Source: OECD (various years), *Employment Outlook*, Paris: OECD

¹² One has to investigate the constituent score components to trace the changes in more detail, a task that goes beyond the scope of the paper. The reader can find more detailed information about major changes in EPL in the OECD countries since 1985 in the Appendix.

Finally, I graphically bring the two indices together in a set of three separate graphs (Figures 2,3,4). These combinations provide us with snapshots of the 'field' of social protection policies vis-à-vis the labour market (as mentioned above) during the time period under investigation.

Figure 3 presents a very similar picture to the one that Estevez-Abe et al (2001, p.173, Fig 4.2) had produced using similar data. With the exception of Ireland and the UK, the scatter plot shows an almost linear relationship in the combinations of policies protecting labour in and out of paid employment with clusters of countries clearly observable. According to these data, in the early nineties Denmark and the Netherlands offered the highest income protection to their unemployed while offering 'modest' protection for those in paid employment. Sweden scores low in the former indicator but I should point out that a far larger part of the expenditure towards the unemployed goes to 'active' labour market programmes.

However, the picture has changed dramatically by 2002. All countries shifted positions, some more dramatically than others but certainly, according to these data, there is very little left from the clusters and linearity of the nineties. Countries seem to rush to concentrate towards the bottom left corner of the field, where combinations of low protection *in*, and low protection *out* of paid employment, are to be found.

When the two figures are combined policy trajectories indicating both tendencies towards retrenchment and towards policy convergence are revealed, when compared to the situation of the early nineties. For some countries (Sweden, Germany, Belgium, Austria) the change is dramatic. Ireland and the UK increase slightly their (low) EPL scores but continue to decrease the protection for the unemployed. Only France appears to go against the trend, but then again, marginally. As I interpret it, the broad dynamic points to one direction for European Labour: intensification of commodification in and out of employment - that is, recommodification - but with some noticeable variations in the degree.¹³ To use contemporary terminology, we can empirically observe welfare state retrenchment but it is probably early to declare policy convergence.

A synthesis: the recommodification of European Labour from a power-theoretical perspective

This paper explored the recommodification of European Labour as a power dynamic between the social subjects of Labour and Capital. The pendulum of power asymmetry between Labour and Capital has swung in favour of the latter through the dynamics of the intensification of commodification of labour, the institutionalisation of power asymmetries in favour of pro-market elites, and the increasing dominance of Capital's discursive repertoire that frames Labour as an economic object-category. Empirically, and from our three dimensional power-theoretical perspective, the exercise involved an (admittedly tentative) exploration in three interlinked but analytically distinct power dimensions/domains: discursive, structural and relational. Table 2 offers a synthesis of the main arguments for each of these power domains.

¹³ Exploring the uneven impact/distribution of these changes across the population is one of the most important implications of this work. Thus, a new set of questions emerge related to the relative increases or decreases in the intensity of commodification both in and out of paid employment in respect of particular employment sectors (e.g. public vs private sector; service vs other sectors); types of employment (e.g. part-time vs full-time; temporary or permanent); employee characteristics (e.g. young vs old; men vs women; parents vs non-parents; disabled vs able-bodied) or citizenship status (e.g. unauthorized migrants vs legally resident migrants vs national citizens), to mention the most important.

Table 2: The recommodification of European Labour from a power-theoretical perspective

Dimensions of power	State-induced de-commodification: post WW2 until mid to late 1980s	State -induced re-commodification: early 1990s until today
<i>Discursive:</i>	Labour, State and Capital are mutually 'recognised' as social, political and economic agents in western European market societies. Welfare states are established as national projects of the post-WW2 compromise between Labour and Capital, products of the democratisation of capitalism(s), the 'politicisation' of economic relations, and the need for regime legitimation vis-à-vis the State-socialist block. Labour's discursive capacity to challenge labour reification is significantly strengthened.	State and Capital are mutually 'recognised' as economic agents with Capital as hegemonic in the vast majority of European market societies. Labour is gradually 'reified'; its status as a social agent is severely undermined. Labour is discursively 'constructed' as an object that needs 'activating' while social rights related to its protection from the market are discursively constructed as obstacles to the efficient functioning of the market. Labour's discursive capacity to challenge its reification - as it 'registers' in key policy documents - is significantly reduced.
<i>Structural/instituting</i>	Institutions and policies crystallise a consensus that views social protection as protection <i>from</i> the market – key policy aim is to enhance social security, reduce insecurity. Although commodification (mostly for males) drives employment policy, its intensity is reduced and regulated by simultaneously offering protection <u>in</u> and <u>out</u> of work .The structural/instituting capacity of labour vis-à-vis capital is strengthened.	Institutions and policies crystallise a new 'consensus' that promotes a "hollowed out" social "protection" – protection as <i>conditional support</i> prior to, or after participation in the labour market. Protection in the labour market is drastically reduced, and the aim is to manage social insecurity through social benefits; thus, regulating and govern Labour as an object/commodity. The structural/instituting capacity of labour vis-à-vis state and capital is weakened.
<i>Relational</i>	Rights-based welfare entitlements allow adequate standard of living for households outside the labour market (protection when out of employment), health and safety regulations and protection from dismissals (protection in employment). The relational (bargaining) capacity of Labour vis-à-vis the State and pro-market elites (Capital) is strengthened.	Conditions/obligations-linked welfare entitlements 'steer' the behaviour of unemployed claimants. Adequate standard of living is not a right for households but a potential reward <u>in</u> the market; the relational (bargaining) capacity of Labour vis-à-vis the State and pro-market elites (Capital) is weakened.

Figure 2: Protection in and out of paid employment in EU, early 90s

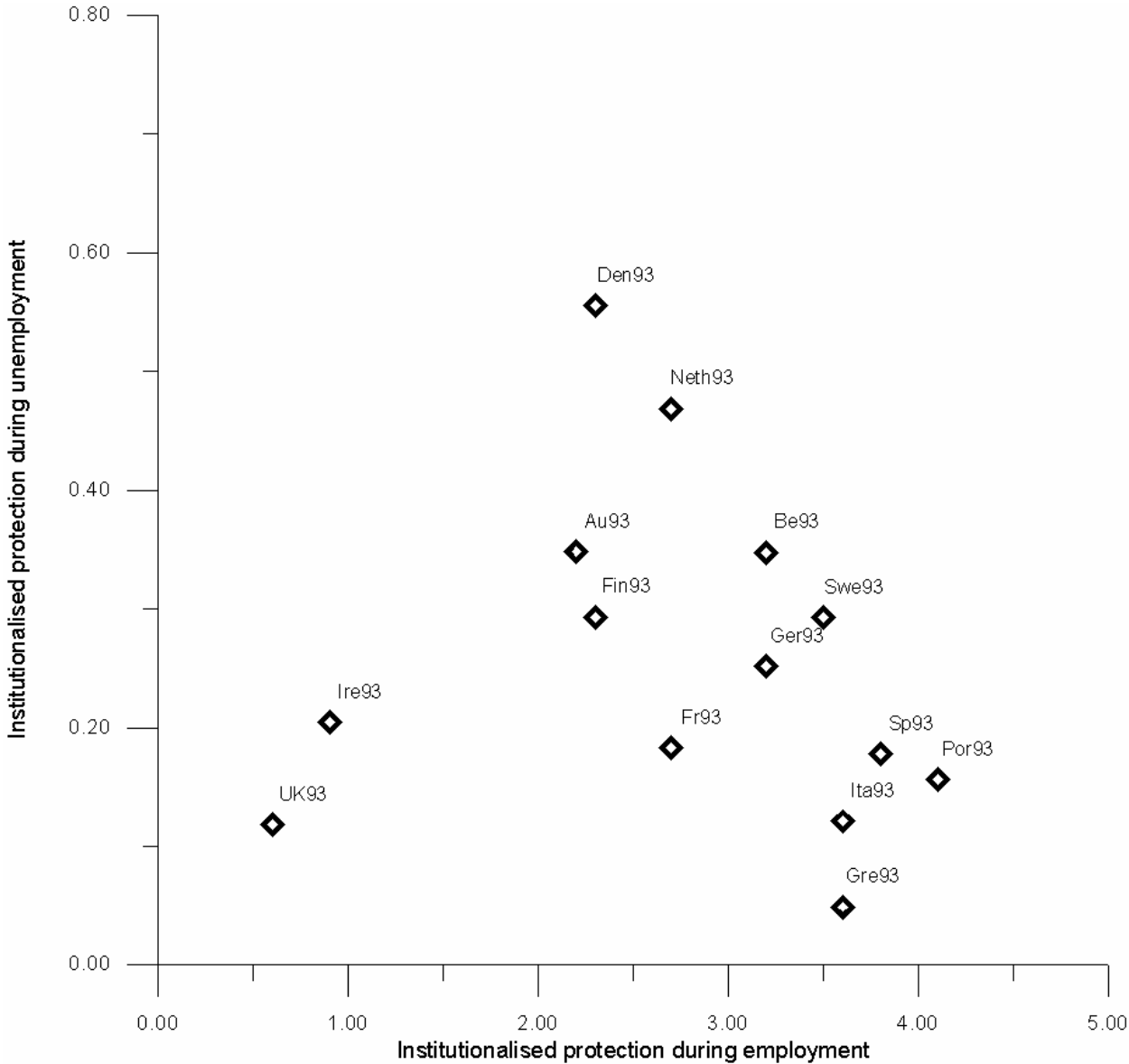


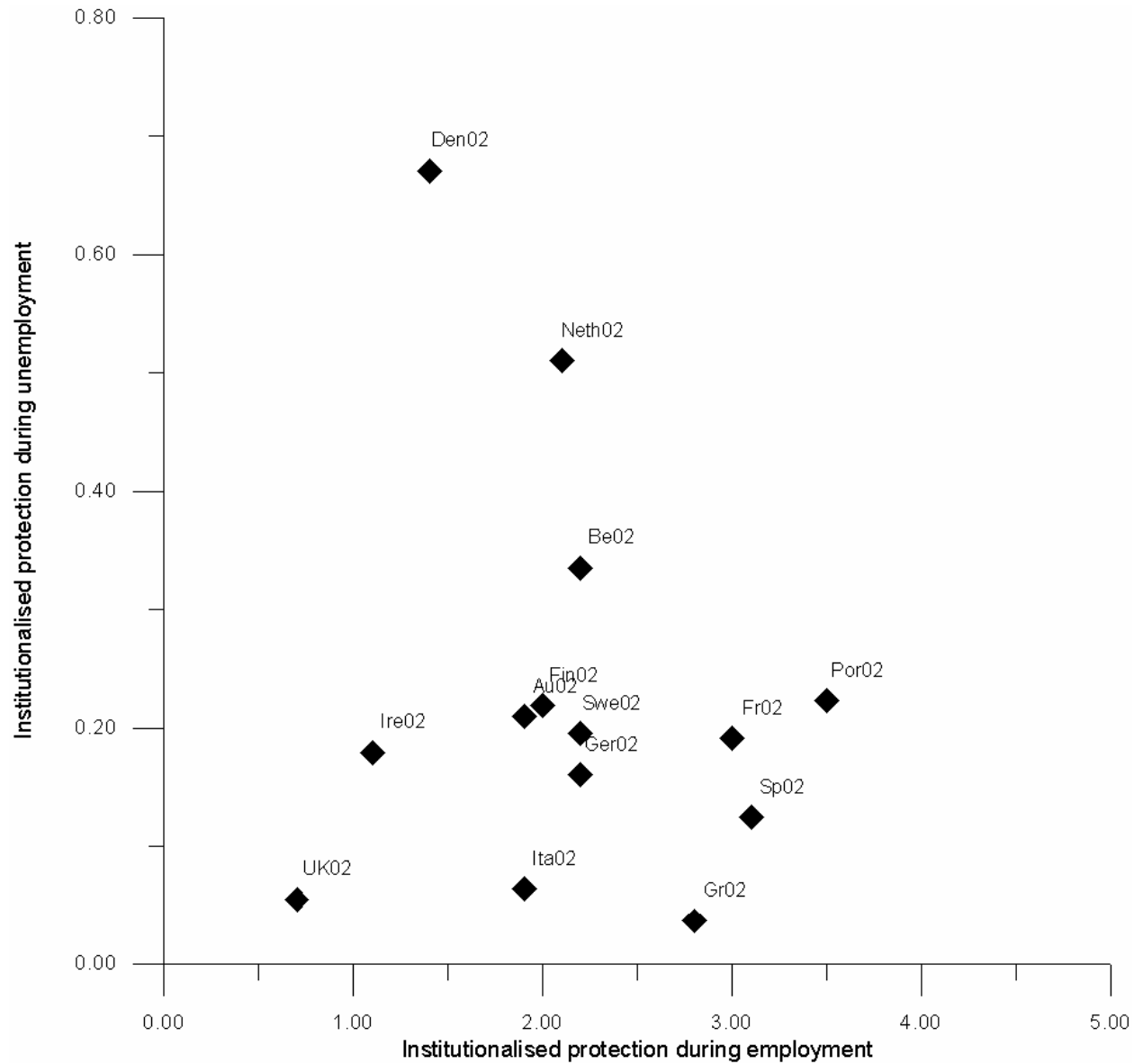
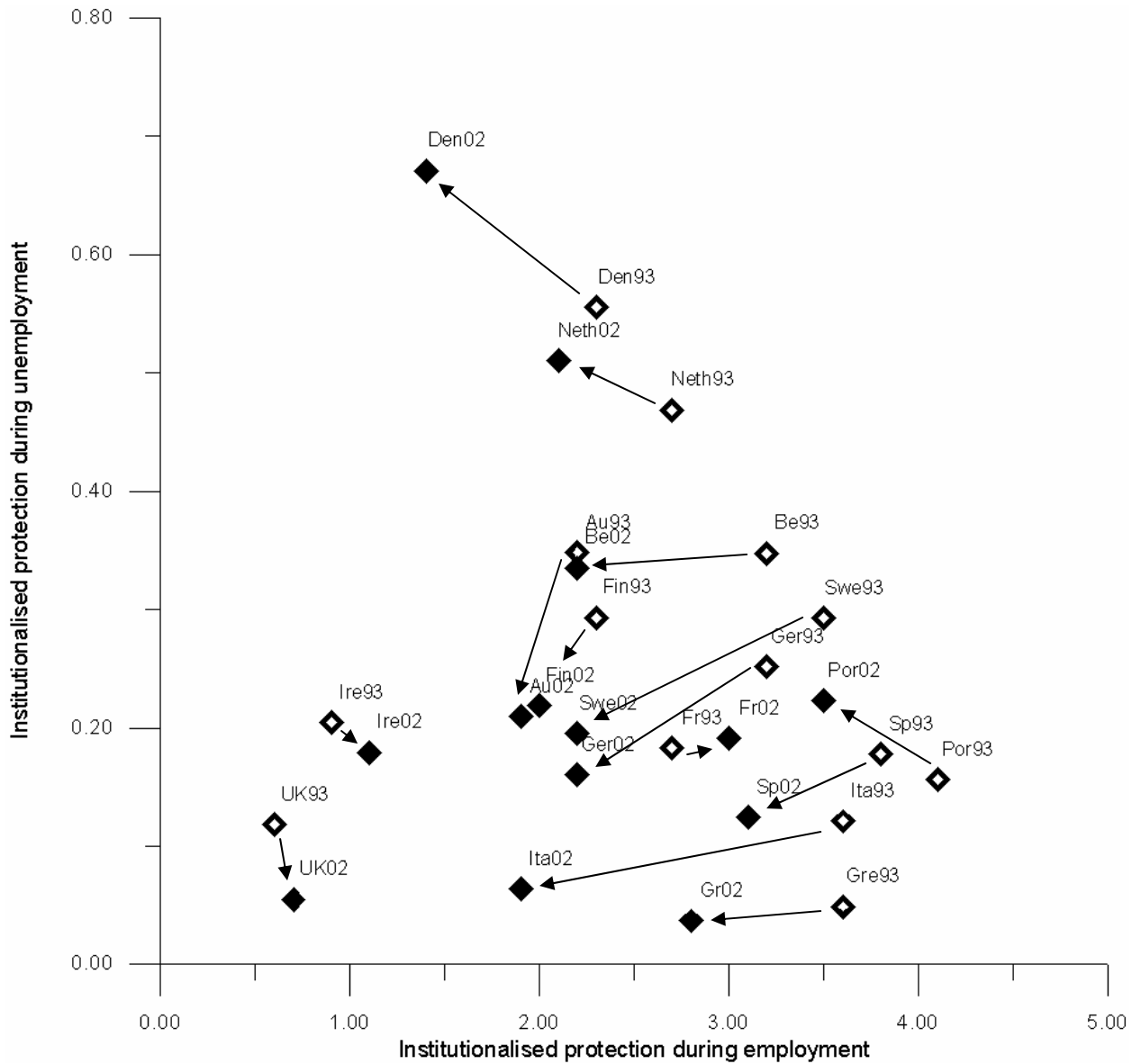
Figure 3: Protection in and out of paid employment in the EU, early 00s

Figure 4: The Recommodification of European Labour, 1993 – 2003



Conclusion

The paper dealt with two distinct but related questions. First, how can labour recommodification be theoretically understood. Second, to what extent a process of recommodification is empirically observable. In exploring the theoretical challenges of the concept the paper traced the history of the term de-commodification and its limitations, and elucidated the artificiality of the division between labour market policies and social policies. Subsequently, the paper outlined a new conceptual framework that combines a three-dimensional power-theoretical approach with a Polanyi-inspired understanding of the market as always-embedded (in the sense of always-socio-politically-instituted). This approach perceives Labour's commodification as a particular type of a power dynamic between Labour and Capital, always constructed and regulated by the State in market societies. This approach, in my view, avoids the reproduction of the fallacy that the market is an autonomously functioning economic domain, a fallacy that both market-liberal and some Marx-inspired approaches still hold and which dominates many mainstream understandings of social and labour market policies.

In exploring relevant methodological challenges, the paper sketched an empirical approach for identifying broad trends in the intensity of commodification across the discursive, institutional/structural and relational aspects of recommodification. First, the empirical part of the paper focused on examples of how policy options were discursively framed in ways that made Labour's objectification the hegemonic 'policy script' in OECD and the EU. Second, the paper focused upon the combined analysis of two indices of Labour's protection, *in* and *out* of paid employment; namely, an index of Employment Protection Legislation and a proxy index of the de-commodifying potential of unemployment compensation policies. These were used in tandem to trace the changes in the power dynamic between Labour and Capital in fourteen EU member states during the period 1993-2003. The paper found that in the vast majority of EU member states Labour's commodification has intensified, though with considerable variation between countries.

In conclusion, the paper showed how the recommodification of Labour is a process of reification whereby Labour is transformed from a socio-historical subject - that was socio-politically 'recognised' by both State and Capital - to an 'economic' object, re-regulated by state policies to 'flexibly' adapt to the capriciousness of the market. In the European Union, the intensification of Labour's commodification has resulted in the widening of power asymmetries in favour of pro-market elites. The challenge for European Labour is to recover its agency and instituting capacity both at the EU and member-state levels; which means, first and foremost, to discursively uncover, and experientially recover, the *social* and *political* from (and within) the *economic*. Almost sixty years ago Karl Polanyi exposed how labour markets are not 'neutral', de-politicised, economic mechanisms but power-framed socially instituted processes, constructed and maintained by states. His contribution is now more relevant than ever.

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APPENDIX

Table A1: Main components of unemployment compensation systems in OECD countries

	Unemployment insurance	Income tax of unemployment insurance	Unemployment assistance (1)	Social assistance (1)	Housing benefits	Universal family benefits	Means- tested family benefits	Lone- parent benefits	Employment conditional benefits(2)	Child care benefits
Australia(3)	-	*	Y	-	Y	-	Y	Y	Y	Y
Austria	Y	*	Y	Y	-	Y	-	-	-	Y
Belgium	Y	Taxable	-	Y	-	Y	-	-	-	-
Canada	Y	Taxable	-	Y	Y	-	-	-	Y	-
Czech-Republic	Y	*	-	-	-	Y	-	-	-	-
Denmark	Y	Taxable	-	Y	Y	Y	-	-	-	Y
Finland	Y	Taxable	Y	Y	Y	Y	-	-	Y	Y
France	Y	Taxable	Y	Y	Y	Y	-	Y	-	-
Germany	Y	*	Y	Y	Y	Y	-	-	-	-
Greece	Y	Taxable	-	-	-	Y	-	-	-	-
Hungary	Y	Taxable	-	Y	Y	Y	-	-	-	-
Iceland	Y	Taxable	-	Y	Y	Y	-	-	-	-
Ireland	Y	Taxable	Y	Y	Y	Y	-	Y	Y	-
Italy(4)	Y	Taxable	-	Y	-	Y	Y	-	-	-
Japan	Y	*	-	Y	Y	Y	-	Y	-	Y
Korea	Y	*	-	Y	-	-	-	-	-	-
Luxembourg	Y	Taxable	-	Y	Y	Y	-	-	-	-
Netherlands	Y	Taxable	Y	Y	Y	Y	-	-	-	-
Norway	Y	Taxable	Y	Y	Y	Y	-	-	-	Y
Poland	Y	Taxable	-	-	Y	Y	-	-	-	Y
Portugal	Y	*	-	Y	-	Y	-	-	-	-
Spain	Y	Taxable	-	Y	-	Y	-	-	-	-
Sweden	Y	Taxable	Y	Y	Y	Y	-	Y	-	Y
Switzerland	Y	Taxable	-	Y	Y	Y	-	-	-	-
United-Kingdom	Y	*	Y	Y	Y	Y	-	-	Y	-
United-States	Y	Taxable	-	Y	-	-	Y	-	Y	-

Y: Indicates that the specific benefit is present in this country; “-” otherwise.

“Taxable”: Indicates that beneficiaries have to pay income and/ or payroll taxes on benefit income,

“*” indicates that they do not pay tax, either because their benefits are not taxable or because the tax system is structured such that full- year recipients do not pay tax.

1. UA and SA can also be taxable but this is not indicated in the table.

2. Employment- conditional benefits may take the form of refundable tax credits.

3. Australia: an assistance type benefit is payable which has characteristics of both UA and SA.

4. Italy: a tax credit for house rent is available.

Source: OECD (1999) Benefit Systems and Work incentives, Paris: OECD, Table 2.1

Table A2: Employment Protection Legislation (EPL) – policy changes 1985-2003

Version 1 of the EPL indicator

		Reform description	EPL overall	EPL regular contracts	EPL temp. contracts
Australia	1996	Workplace Relations Act 1996 set out factors that Australian Industrial Relations Commission must have regard to when determining whether a termination is unfair	+	+	=
	2004	The scale for employers with 15 or more employees has also increased in March 2004 (the small business exemption to severance pay has been removed, now requiring employers with less than 15 employees to pay).	+	+	=
Austria	2003	Employees Income Provision Act eliminated severance paid and integrated into individual savings accounts accessible during unemployment spells	-	-	=
Belgium	1997	Restrictions on TWA were reduced and FTC were made renewable	-	=	-
	2000	Tightening of rule concerning notice period and compensation in case of unjustified dismissal for blue-collar workers	=	=	=
	2002	The maximum total duration of TWA was lengthened for contracts justified by temporary increase in work-load (Dec. 2001)	=	=	=
Canada		No changes			
Czech Republic		No changes			
Denmark	1995	Since the mid-1990s the role of TWA has been recognized by social partners and their scope increased	-	=	-
Finland	1991	The delay before notice can start was shortened from 2 months (as set in the Act on the Dismissal Procedure) to 1-2 weeks (as set in the Act of Employment Contracts)	-	-	=
	1996	Notice period was halved for workers with tenure less than 1 year	-	-	=
	2001	The new employment contract act came into force reducing notice periods further	-	-	=
France	1986	Prior administrative authorization for dismissals for economic reasons was abolished	-	-	=
	1990	The list limiting the circumstances in which the use of FTC and TWA is permissible is restored and the maximum total duration of FTC and TWA was reduced	+	=	+
	2001	Severance pay entitlements were increased	=	+	=
Germany	1985	FTC were allowed without specifying an objective reason			
	1993	Notice period for blue collar workers was extended and aligned with that of white-collar workers	=	+	=
	1994	TWA legislation was loosened	-	=	-
	1996	The renewal period for FTC and TWA and admissible frequency of renewals were increased	-	=	-
	2002	Maximum total duration of TWA was brought to 24 months	-	=	-
	2004	The limit on the maximum total duration of TWA was lifted, (from 1 Jan. 2004)	-	=	-
Greece	1990	Notice period or severance pay entitlements were reduced (law 1989 amending law 3198/55 of 1955)	-	-	=
	2003	National General Collective Labour Agreement (2002-2003) changes dismissal rules and raises slightly entitlements to severance pay	-	-	=
	2003	PD 81/2003 changes FTC and TWA	-	=	-
Hungary	2003	The amended labour code introduced stricter regulations on renewal of fixed term contracts	+	=	+
Ireland	2003	The Protection of Employees act tightened regulation on valid cases for FTC and limited their maximum overall duration to 4 years	+	=	+
	2003	The Redundancy Payments Bill (dismissal laws) raised severance pay entitlements	=	=	=
Italy	1987	Fixed term contracts use was widened through collective agreements specifying target groups and employment shares	=	=	=
	1997	Treu package on FTC widened the number of valid cases for the use of FTC	-	=	-
	1998	TWA were permitted	-	=	-
	2000	Reform of TWA 2000 extended the use of TWA and removed the restrictions concerning unskilled workers	-	=	-
	2001	Legislative Decree no. 368/2001 expanded valid cases for the use of FTC	-	=	-
	2003	Reform of TWA 2003 (Law no. 30/2003) extended further the use of TWA	-	=	-

OECD – Employment Protection Legislation – policy changes 1985-2003, contd

Version 1 of the EPL indicator

	Reform description	EPL overall	EPL regular contracts	EPL temp. contracts	
Japan	1985	TWA were permitted for 13 occupations only			
	1996	The use of TWA was extended to 26 occupations	-	=	-
	1999	The use of TWA was extended to all occupations with some exclusions	-	=	-
Korea	1998	TWA were liberalized	-	=	-
	1998	Dismissals for managerial reasons are allowed (<i>i.e.</i> redundancy and economic restructuring). Whereas this new law may be used for dismissing a single person for urgent business needs, it was mainly introduced with collective dismissals in mind	-	-	=
Mexico	No changes				
Netherlands	1999	The flexibility and security law increased the maximum possible number of FTC and lengthened the maximum total duration of contracts with TWA	-	=	-
	2001	The EU directive on fixed-term work came into effect reducing the maximum total duration of TWA contracts	=	=	=
New Zealand	2000	Employment relations act tightened the legislation on individual and collective dismissals	+	+	=
	2000	Employment relations act also tightened the legislation on FTC and TWA	+	=	+
Norway	1995	TWA legislation was eased	-	=	-
	2000	TWA legislation was further eased	-	=	-
Poland	2002	The new labour code lifted some restrictions in the use of FTC (from 2 renewals permitted to unlimited – until accession)	-	=	-
	2003	A new law tightened regulations on temporary work agencies limiting the cases when TWA contracts are allowed and reducing their maximum total duration	+	=	+
Portugal	1989	Firing restrictions were eased (dismissals for individual redundancy were authorised)			
	1991	Firing restrictions were eased further (dismissals for unsuitability were authorised)	-	-	=
	1996	A strategic social plan between social partners was agreed to widen the use of FTC and TWA	-	=	-
	2004	New Labour Code came into force in December 2003	-	=	-
Slovak Republic	2003	A new Labour code was approved that relaxed regulations on dismissal of regular contract employees and collective dismissals	-	-	=
	2003	The new Labour code also increased valid cases for FTC, raised the number of possible renewals and the maximum overall duration of FTC	-	=	-
Spain	1984	Restrictions for FTC were substantially relaxed			
	1994	Procedural requirements for dismissals for economic reasons were relaxed, notice periods shortened	-	-	=
	1994	Rules governing renewals of FTC were tightened and temporary work agencies permitted	-	=	-
	1997	Maximum compensation for unfair dismissal was reduced and some changes were made to the definition of fair dismissal	-	-	=
	2001	Law 12/2001 tightened the rules governing valid cases for the use of FTC	+	=	+
Sweden	1993	TWA were permitted	-	=	-
	1997	FTC were made possible without objective reason	-	=	-
Switzerland	No changes				
Turkey	No changes				
Great Britain	1985	The period of service to claim unfair dismissal increased to 2 years			
	2000	Trial period was halved	+	+	=
	2002	Maximum total duration of FTC was reduced to 4 years (from unlimited)	=	=	+
United States	No changes				

Notes: The equal sign indicates that the change in a sub-item was not large enough to be visible in the overall score (total, regular or temporary work EPL). TWA stands for Temporary Work Agencies, FTC stands for Fixed-Term contracts

Source: OECD (2004) Employment Outlook, Paris: OECD, Table Table 2.A2.6., pp. 119-20 – © OECD 2004

Table A3: Calculation of EPL summary indicators

‘For each country, employment protection legislation is described along 18 basic items, which can be classified in three main areas:

- employment protection of regular workers against individual dismissal;
- specific requirements for collective dismissals; and
- regulation of temporary forms of employment.

Starting from these 18 basic pieces of information, a four-step procedure has been developed for constructing cardinal summary indicators of EPL strictness that allow meaningful comparisons to be made, both across countries and between different years.

The 18 first-digit inputs were initially expressed either in units of time (*e.g.* delays before notice can start, or months of notice and severance pay), as a number (*e.g.* maximum number of successive fixed-term contracts allowed), or as a score on an ordinal scale specific to each item (0 to 2, 3, 4 or simply yes/no). The first step of the procedure was therefore to score all of these first-level measures of EPL in comparable units. They were thus converted into cardinal scores that were normalized to range from 0 to 6, with higher scores representing stricter regulation. The three remaining steps consisted in forming successive weighted averages, thus constructing three sets of summary indicators that correspond to successively more aggregated measures of EPL strictness.

The last step of the procedure involved computing, for each country, an overall summary indicator based on the three subcomponents: strictness of regulation for regular contracts, temporary contracts and collective dismissals. The summary measure for collective dismissals was attributed just 40% of the weight assigned to regular and temporary contracts. The rationale for this is that the collective dismissals indicator only reflects *additional* employment protection triggered by the collective nature of the dismissal. In most countries, these additional requirements are quite modest.

Moreover, summary measures for collective dismissals are only available since the late 1990s. An alternative overall index, so-called version 1, has been thus calculated as an unweighted average of the summary measures for regular and temporary contracts only. While more restrictive than the previous one (so-called version 2), this alternative measure of the overall EPL strictness allows comparisons over a longer period of time (from the late 1980s to 2003 compared with the late 1990s to 2003).’

From:

OECD (2004) Employment Outlook, p. 102