The Political Economy of Poverty Statistics: A Polanyian Analysis of the Europe 2020 Social Inclusion Target

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Abstract

This paper investigates the political economy of the poverty reduction targets, specifically through an analysis of the EU’s central growth strategy ‘Europe 2020’. It is argued that the methodology developed by Eurostat to calculate this target reproduces a certain vision of the good society, bound up with the historical ideal of the ‘European Social model’. This revolves around the ‘activation’ of labour power within competitive markets, and is rooted in specific conceptions of work, the family and welfare which prevailed in the industrial societies of post-war Europe. I show that, while this vision has long been advocated rhetorically by European politicians, it is now being embedded into the EU’s economic governance apparatus through the statistical methods used to calculate official macro-economic targets. Drawing on Karl Polanyi’s concept of the economistic fallacy, I argue that when a purely market-based ideal of the good society is naturalised within the statistical ‘facts’ the EU produces about poverty, the scope for imagining non-market institutions with which to address deprivation and insecurity is narrowed, resulting in innovative solutions being potentially overlooked. Eurostat’s current statistical apparatus cannot register these solutions as capable of alleviating social exclusion. The EU has therefore developed a highly ‘exclusive’ social inclusion target, unfit for re-imagining economic livelihood in the post-crisis landscape.

Keywords: Poverty; Social Exclusion; Europe 2020; Economic Indicators; Karl Polanyi; Performativity

Introduction

Since the global financial crisis we have seen the rise of a novel political device: quantified targets for the reduction of poverty and social exclusion. The basis argument of this paper is that we need to think more about the political work that poverty statistics ‘do’ before we use them as targets and enshrine them in legislation: some methods for calculating poverty may narrow our political horizons more than others, and prevent us from seeing more radical ways of addressing the forms of precarity which characterise post-crisis economic life.

This article explores the politics of poverty statistics through an analysis of the EU’s ‘Europe 2020’ social exclusion target (though similar themes can be detected elsewhere, for instance the controversy over the UK’s 2010 Child Poverty Act). I seek present a novel analysis of the political significance of these targets, rooted in the history of economic ideas. Combining the ideas of Karl Polanyi with recent insights in Science and Technology
Studies, I argue poverty targets do not more or less accurately represent the ‘reality’ of poverty, but have important performative effects in the construction of poverty as an object of governance, and in conditioning the institutional solutions through which it can be addressed. I investigate the way in which these political technologies contribute to reproducing a certain vision of the good society, bound up with the historical ideal of the ‘European Social Model’. This revolves around the ‘activation’ of labour power within competitive markets, and is rooted in specific conceptions of work, the family and community which prevailed in the industrial societies of post-war Europe. While this vision has long been advocated rhetorically by European politicians, I suggest it is now being embedded into the EU’s economic governance apparatus through the statistical methods and indexing technologies used to calculate official macro-economic targets in a way which should provoke further reflection. The statistical facts about poverty should be the subject of greater political mobilisation. It is argued that progressive government should seek to measure poverty in ways which does not assume market solutions and allows for a more substantive conception of the provision of livelihood in a political community. Material deprivation indicators may be one way to achieve this.

The argument is developed through the following sections. In the first section I briefly review the Europe 2020 poverty target and the idea of ‘inclusive growth’ which underpins it, and locate this within wider conceptions of the ‘European Social Model’ and the distinct articulations of work and welfare which underpin it. In the second section, I situate the discussion of this target within differing theoretical approaches to poverty measurement more generally. I contrast a broadly ‘rationalist’ position which seeks measures which capture poverty more ‘accurately’, political science accounts which analyse the political factors which influence the choice of certain statistical targets and how seriously they are taken, and critical accounts which examine the discursive construction of poverty as a site of governance. Thirdly, I outline an alternative lens through which to consider poverty reduction targets. Rooted in the ideas of Karl Polanyi as extended through insights on the performativity of statistical methods, I argue that an important political aspect of poverty statistics is the way they leave the institutional means of addressing poverty more or less open. In Polanyi’s terms, they perform poverty in more or less ‘substantive’ terms. In the fourth section I apply this framework to the empirical case of the poverty and social exclusion indicator used within the Europe 2020 growth strategy. I argue that while the low work intensity sub-indicator with which it is composed operationalises a formalist definition of the economy which potentially compromises these attempts. More positively, I argue the material deprivation sub-indicator is more compatible with a substantive definition as it does not build market institutions into the conditions for poverty reduction. Finally, I discuss the implications of these targets for alternative political ideas and movements aimed at addressing the social crisis in the EU in the wake of the crisis.

1. The Europe 2020 Social Inclusion Target: The Quest for ‘Inclusive Growth’ in the Context of the European Social Model

Europe 2020 is the EU’s current overarching strategy for economic development (Commission 2010). It was adopted by the European Council on 2010, as a successor to the Lisbon Strategy which ran from 2000 to 2010. It is to be supported with EUR300 billion of funds from a variety of sources, mostly administered by the European Investment Bank across 7 flagship initiatives. A commitment to ‘inclusive growth’ forms
one of the three pillars of the Europe 2020 Strategy, along with ‘smart growth’ through innovation, and ‘sustainable growth’. Key to the overall vision is a set of 5 headline performance indicators which connect these three pillars to policy targets which are used to assess the effectiveness of various initiatives and funding streams. The indicator for poverty reduction and social inclusion falls under the ‘inclusive growth’ pillar, which also includes the employment indicator (the targets for education and R & D are linked to the ‘smart growth’ pillar, while the carbon emissions target represents the ‘sustainable growth’ pillar). With this target, the EU has committed itself to reducing the number of people at risk of poverty and social exclusion by 20 million. The addition of this quantitative poverty reduction target was a novel policy innovation following the Lisbon Strategy, and involved considerable political wrangling to agree upon (Copeland and Daly 2012).

Following the introduction of the Europe 2020 framework, this indicator has become steadily more deeply rooted in the EU’s economic governance framework over the last few years. From 2013 the European Council has agreed to place the measure into the Scorecard of Key Employment and Social Indicators published in the Joint Employment Report prepared by the Commission and the Council (Commission 2013). From 2015 it will also be included in the Annual Growth Survey used as a basis for negotiations during the European Semester, the annual process of economic policy co-ordination conducted by member states. Given this, it seems important to ask what forms of social inclusion this target may be naturalising, to ensure that social exclusion is not given a certain ideological and politically constraining definition through the technology used to measure it.

Superficially, the rise of the concept of ‘inclusive growth’ can be seen as a response to the perception of the social harms and inequality caused by the pre-crisis neoliberal model, which was encapsulated by the Lisbon Agenda, especially after the liberalising free market zeal of its mid-term review (Armstrong 2012). For instance European Commission documents describe how:

‘The Europe 2020 strategy was initiated against a background of lower growth and productivity levels than in other developed countries and a rapidly deteriorating economic and social environment, in the wake of the worst global financial crisis the EU has ever faced. It drew the lessons from the Lisbon strategy for growth and jobs…. The ambition was to “come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion.”’ (Commission 2014)

But this concept of inclusiveness can also be set within a much broader political economic vision which pre-dates the crisis period. I suggest it is bound up with, and reproduces, the historic vision of the ‘European Social Model’, which has been analysed by EU scholars as a key uniting ideal and vision underpinning the European integration project (for an overview see (Jepsen and Pascual 2006)). The underlying objectives of the ESM are seen as the delivering high employment and steady wage growth with strong welfare safety nets. More recently it has been associated with the policies of ‘flexicurity’ and active labour market policy which gained popularity from the 1990s (Clift 2009). Often presented in contrast to the laissez faire political economy of anglo-saxon capitalism, this concept is associated with the discourse of ‘social exclusion’ which emerged in the 1980s and 90s in EU social policy (Atkinson and Da Voudi 2000),
and is where the origins or quantitative target on ‘poverty and social exclusion’ found in Europe 2020 can be traced back to.

Work as the precondition for ‘social inclusion’ is integral to ideal of EU social model. It is an ideal which is bound up with the post-War years of Keynesian and corporatist bargains between capital and labour, and the model of work, careers and family life which supported these settlements. There has been a fairly widespread constructivist literature which is critical of this notion, and which has deconstructed the discursive strategies through which it has been developed historically, and call its unity and coherence into question ((Jepsen and Pascual 2005, Clift 2009). Relevant to the themes of the present argument, these have often targeted the way in which the concept of labour is construed within ESM rhetoric. However, these accounts have usually remained focused at the level of discourse. For example, Jepsen and Pascual argue that the EU has a crucial socialising role in the construction of the European Social Model as an ideal, by ‘intervening in the terminological constructions employed to designate the problem of exclusion from the labour market, and in proposing common frames of reference’ (Jepsen and Pascual 2005).

We therefore have an existing set of useful and nuanced critiques of the historical construction of the ESM and how this has naturalised certain ideals about work and the labour market. But I suggest that what is novel since 2010 is that these ideals are being inscribed into statistical models and indexing technologies which underpin EU governance structures, and that therefore a useful line of inquiry is the methodological (as opposed to purely discursive) means through which this ideal is reproduced. Therefore, the critical literature on the construction of the 'European Social Model' which underpins the Europe 2020 framework could benefit from a perspective which moves beyond discursive agency to consider policy devices and statistical methods participate in these constructions, particularly in the form of macroeconomic targets and performance indicators. After demonstrating that a similar silence exists within critical discussions of the construction of poverty an object of public governance more generally, I seek to outline such a framework in sections 3 and 4 before applying it to the Europe 2020 targets.

2. Theorising Poverty Indicators: Rationalist, Political Science and Critical Accounts

In this section, I briefly review the main theoretical approaches to the public measurement of poverty. I contrast a rationalist tradition which seeks to understand how measures can most accurately represent the ‘reality’ of poverty, with a political science approach which seeks to demonstrate how the measures chosen are not those which are objectively most informative, but are rather the outcome of political and ideological dynamics. A third more critical approach has drawn upon the works of post-structuralist thinkers such as Foucault to investigate how poverty is discursively constructed as a site of governmental interest, and the moral and political implications of these discourses. I suggest that missing from these accounts is an understanding how calculative devices and statistical methodologies participate in these constructions, and therefore argue an analysis which moves beyond the discursive realm to consider the ‘material semiotics’ of poverty can enhance these perspectives.
The rationalist approach to the measurement of poverty has two central strands. Firstly, an extensive debate in analytic political philosophy and development studies has discussed the normative merits of ‘relative’ as opposed to ‘absolute’ measures of poverty, as well as the appropriate basis for conceiving of poverty alleviation within a rights framework (Reddy and Pogge 2009, Sen 1983). This literature dates back to conceptual debates between Rawls and Sen on what the referent point for the measurement of inequality should be. These concepts have been developed and applied with the forensic precision typical of this tradition to questions of the public measurement of poverty (Blackwood and Lynch 1994). Secondly, there have been methodological debates within the literature on public policy statistics, which start from a largely positivist view of statistical methods. In the context specifically of the Europe 2020 poverty target, has involved either critiquing the poverty indicators selected on the basis that they fail to accurately measure the underlying concepts at stake and proposing more robust alternatives (Nolan et al. 2011), or else accepting the indicators as best approximations of the underlying reality of poverty and analysing the effectiveness of various public policy measures in achieving the desired targets (Kainu 2012). Common to both these approaches is that there is an underlying ‘truth’ which underpins both the conceptual approaches we should take to poverty and the statistical methods devised to measure it, which adequately rigorous deductive reasoning and appropriately scientific measurement will reveal more or less accurately.

A second set of approaches have tried to explain the uptake and content of poverty statistics and targets through reference to political interests and ideology, situating them in the political negotiations and bargaining which preceded the adoption of the Europe 2020 strategy (Copeland and Daly 2012, Larocque and Noël 2014, Locke 2014). These are part of a broader literature addressing the changing discourse around ‘social policy’ in Europe and its location within EU governance architecture and reform processes (Peña-Casas 2011). Much of this scholarship reflects on how the choice and use of certain statistical indicators of poverty and social inclusion is bound up with these political and ideational dynamics, and reflects compromises between various groupings and interests (Barbier 2011, Armstrong 2012), or how policy instruments such as poverty targets have played a role in divergent processes of Europeanization in member states’ social policy (Vanhercke 2012, Jessoula 2015).

In the context of the Europe 2020 targets, another strand of literature attacks the EU’s poverty indicators and the conception of poverty they mobilise on more ideological grounds. Copeland and Daly have analysed what they see as the ‘incoherence’ between the sub-indicators and the underlying concepts they measure, pointing to their very different historical trajectories (Copeland and Daly 2014). They argue that the low work intensity measure is problematic as a poverty target, because it covers a differentiated population, many of whom are reasonably affluent professionals. However, this critique is targeted at improving governance by settling on fairer and more ‘coherent’ indicators. Along similar lines Saraceno has critiqued the focus of the Europe 2020 on employment as a route out of poverty, given the rising number of working poor. This is not so much an argument against the conceptualisation of the economy implicit in the indicators, as a warning that formal employment might not by itself provide a stable or secure means of existence given the precarity of post-crisis European labour markets (Saraceno 2015). Within this literature, the phenomenon of social exclusion is still treated as natural, with indicators reflecting better or worse ways of getting at the reality they try to capture. The
methods used to understand ‘social exclusion’ are understood as representations of reality, albeit political (mis)representations saturated with power dynamics. While methods are understood as politicised, the risk of this politicisation is seen as being that reality will be misrepresented, with pernicious consequences in terms of social justice and distributional outcomes. The wider question of how the methodologies underpinning these indicators implicitly normalise fundamentally different conceptions of the economy and its relationship to social institutions, as well as the political economic consequences of this, has been left largely unexplored.

Thirdly, a more critical set of approaches deconstructs and denaturalises the idea of ‘poverty’ as an objective state of affairs, and instead attempts to theorise the rhetorical and discursive construction of ‘poverty’, and the moral and political effects of these constructions (see for example (Dean 1992, Rojas 2004). As with the literature on the European Social Model which underpins the concept of inclusive growth, the critical literature on poverty is largely focussed on the language in which poverty gets framed and expressed politically. In this paper I wish to suggest that this approach can usefully be extended by paying greater attention to the statistical instruments and methodologies through which poverty is rendered as a governable and calculable object, and situating these within a more historical view of the politics of economic ideas. The statistical measures which produce the facts through which these debates are understood must be politicised, and in particular it is important to problematise any poverty targets which assume too much about the essence of economic institutions. In the next section I develop a framework for thinking these issues through, rooted in two central traditions: philosophical reflection on the performativity of method emerging from recent interventions in Science and Technology Studies, and the concerns of Polanyian IPE.

3. A Polanyian Framework for Thinking about Social Inclusion Targets

In the following two sections I outline an alternative framework for thinking about the politics of poverty and social inclusion targets. I suggest both that ‘poverty’ is a concept constructed through devices and statistical methods through which it is rendered visible as well as words, and that these devices in turn limit our conception of the institutional means through which poverty or ‘social exclusion’ might be addressed to a greater or lesser extent. I explore these ideas through an engagement with two bodies of theory: the thought of mid-20th Century political economist Karl Polanyi and the insights into the performativity of statistical models which have emerged from Science and Technology Studies in the last three decades.

In this section I suggest that beyond the ‘politics’ of these numbers as understood in political science accounts, there is a deeper politics of economic ideas at play. By exploring Karl Polanyi’s concept of the ‘economistic fallacy’, I argue that the way in which political targets for poverty naturalise a certain view of economic institutions is important to understanding the significance of their emergence in the wake of the crisis. The assumptions contained in poverty targets can narrow the institutional means in which we consider economic and social problems capable of being solved. It is better to have these more rather than less open to the possibility for different institutional means for integrating the economy, and the logics on which these depend. Poverty targets can in this way contain more or less ‘substantive’ conceptions of the economy. After outlining the theoretical basis of this position, in the following section I draw on the work of Science
and Technology Studies to explore how an analysis of the political construction of poverty must extend beyond discourse into an examination of political technologies such as statistical methods and accounting devices.

Polanyi’s work argues that the question of what the economy is for cannot be separated from the definitional question of what the economy is. It is important to recognise the inseparability of these two components to Polanyi’s critique of the economistic worldview. The first component is critical of the priority given to accumulation over the reproduction of organic livelihood and community in market societies. This is related to his famous concept of the ‘dis-embedding’ of the economy from social institutions, a condition he believed was unique to 19th century capitalism, which provoked inevitable resistance as society moved to secure its habitation in the face of a logic of economic improvement driven by the creation of self-regulating markets for land, labour and money (Polanyi 2001). Recent scholarship has read this idea as relating to relative tendencies within a given society, with various moves to protect society emerging simultaneously and alongside attempts to extend the market for the fictitious commodities, rather than as absolute states which fluctuate like a pendulum (Holmes 2012, Savevska 2014). Understood within these terms, the vision underpinning Europe 2020, which seeks to promote a more ‘inclusive’ growth model which balances the expansion of economic output with the need to counter atomisation through social inclusion and poverty reduction targets, is compatible with the idea of a ‘double movement’ against the dis-embedding of the economy from social relations.

However, the other equally important component is related to how we define the economic itself. Polanyi argued that the central logical error of 19th century economic rationalism was to equate human economy in general with its historically recent market form. This he termed the ‘economistic fallacy’. The classical theorists had thought they were discovering the economy for the first time as an autonomous object consisting of a self-regulating system of interdependent prices. They imagined themselves developing universal and timeless laws to describe this system, which once specified would be applicable to economic institutions in all places and times. But in reality, argued Polanyi, they had only theorised the economy in the historically unique market form in which it manifested itself in Western societies in the wake of the industrial revolution.

In making this point, Polanyi elaborated two distinct definitions of the word ‘economy’: the substantive and the formal. The substantive definition of economy referred to ‘the elemental fact that human beings, like all other things, cannot exist for any length of time without a physical environment that sustains them...Man’s patent dependence for his livelihood upon nature and his fellows’ (Polanyi 1977: 19-20). To study the economy in the substantive sense therefore meant to study the ‘institutionalised interaction between [man] and his natural surroundings’ (Polanyi 1977: 20). This mode of inquiry left questions of the ends to which economic institutions were directed and their moral and political underpinnings open. On this basis he went on to specify four ideal-type ‘modes of integration’ through which economic production has been embedded in social relationships historically: institutions based on the logic of reciprocity, redistribution, house-holding or exchange.

The formal definition, on the other hand, restricts the meaning of the economy to the calculation of the optimum use of resources under conditions of scarcity, and so can only
conceive of economic institutions based on the logic of exchange. This mirrors the neoclassical conception, most famously articulated by Robbins (Robbins 1932). Under this definition, gainful motivation and the natural propensity to barter and seek advantage are assumed to be universal human characteristics, so that markets are seen as spontaneously self-generating given the inevitability of scarcity. Polanyi thought this idea of a distinctly economic incentive originating in the motivations of hunger and gain provoked by the reality of scarcity was only empirically permissible within the historically recent conditions of market society. It was only once market structures based on exchange had been made the basis of society that such motives became dominant. However, it was not simply that the formalist perspective was ‘wrong’, it was that it produced an idea of humanity which constricted our political imagination. He criticised this understanding of the economy for closing off broader moral and political questions that are inseparable from economic life, an impermissible ‘eclipse of political thinking’, through which questions of ‘what should be the end of man, and how should he chose his means’ were circumvented (Polanyi 1977: 13). Moreover, he argued that the prevalence of the latter understanding of the economy had become so widespread that it had clouded proper appreciation of the general ethical question of the nature of human ‘livelihood’: how people meet their material needs within the context of historically situated social and political relationships. There was thus both a normative and analytical reason for contesting the restriction of our understanding of the economy to formalist terms, despite the ‘logically irresistible’ appeal of such parsimony.

To summarise, a blind focus on economic improvement over questions of social cohesion and sustainability is certainly a key target for Polanyi’s critique of economistic reasoning, but it is important to understand that this is viewed as intimately connected with the prevalence of formalist definitions of economic reality itself. These critiques cannot be separated and must go hand in hand. It is only through promoting substantive understanding of economic institutions and relations (as well as their diversity and specificity) that we can offset the impulse to accumulation, which is rooted in the formalist conception of economy, with its reification of markets and the acquisitive, maximising behaviour associated with them as the only truly ‘economic’ institutions. As a result, in order to counter the ‘economistic fallacy’ as understood by Polanyi, any set of indicators seeking to promote an ‘inclusive growth’ model would have to balance the imperatives of improvement with those of habitation, but do so without re-imposing a formalist definition of the economy in the process. To investigate the extent to which the Europe 2020 poverty and social exclusion targets achieve this, I will draw upon an approach rooted in Science and Technology Studies.

4. A Performative Understanding of Political Targets

While Polanyi’s concept of the economistic fallacy gives us a framework for assessing social exclusion targets, we need to supplement this with a theory of the mechanism by which formalistic thinking gains its durability, and in particular how statistical methods such as performance indicators may participate in this. I here outline how incorporating recent theory on the performativity of statistical methods, developed within Science and Technology Studies, may be helpful for developing the Polanyian approach by allowing us to theorise the political impact of assumptions about the economy as they are embedded in statistical indicators such as the Europe 2020 targets. In this section I review the value of linking this theoretical tradition with the concerns of Polanyian IPE.
In particular I highlight how these engagements allow us to understand statistical indicators and targets as components of wider technical systems which naturalise certain ideas about economic institutions. Our view of the essence and nature of ‘the economy’ is partly an artefact of these systems, so the assumptions and distinctions which underpin their methods are important in constituting its boundaries. Indicators of ‘social inclusion’ are a form of political technology which potentially exclude certain forms of ‘inclusiveness’, by restricting this to inclusion through market institutions, and therefore naturalise commodified labour as an objective fact about poverty alleviation.

Polanyi himself was deeply concerned with the political effects produced by economic theory, long before ‘performativity’ emerged as a fashionable concept in social scientific literature during the last three decades (Muniesa 2014). This can be seen in recently published essays, in which Polanyi reflects on the nature and uses of the social sciences. Polanyi argued that ‘indisputably the social sciences have a massive influence on man’s wishes and purposes…by creating the very phenomena on the existence of which they were insisting – such as a utilitarian psychology in the businessman’ (Polanyi 2014). Unfortunately, Polanyi never expands at any great length upon how economic theory actually achieves this performative role. He talks, for instance, of how ‘reinforced by the authority of science and religion, politics and business, these strictly time-bound phenomenon came to be regarded as timeless, as transcending the age of the market.’ (Polanyi 1968: 61). But Polanyi never explains exactly where the source of the ‘authority’ of formalist thinking is to be located. He thus gives us no coherent framework with which to investigate how political technologies such as poverty targets may be implicated in the pervasiveness of formalistic thinking about the economy. We must look elsewhere for such a framework.

There has been a resurgence of interest in Polanyi’s thought in the last few decades, with many fruitful attempts to update the concepts in Polanyi’s thought and apply them to new empirical issues in the contemporary global political economy (Granovetter 1985, Krippner 2002, Fourcade 2007, Beckert 2009). Some of these developments have been useful in specifying the mechanisms by which the economistic fallacy is naturalised as a common sense worldview. Holmes, for example, has drawn upon post-structuralist theory to analyse the role of discursive binaries in stabilising an opposition between state and market as the dominant frame within which political and economic questions have historically been confronted (Holmes 2012, Holmes 2013). Following this tradition, I wish to extend the contours of its analytical vista beyond the effects of discourse to embrace technical and socio-material systems in this process.

A starting point for this is the ‘performativity’ programme in recent economic sociology. Applied to the study of economic markets, this approach has two major variants: the ‘Austinian’ form associated most closely with the work of Donald MacKenzie and the ‘generic’ form developed by Michel Callon (Kjellberg and Helgesson 2006, Clarke 2012). The first of these, drawing upon the pragmatic linguistics of Austin (Austin 1975), is concerned with the way in which the models, theories and statements developed by economic theory produce direct performative effects, through aligning the behaviour of market participants with the assumptions embedded in them. (MacKenzie 2003). Economic models and statements can bring the behaviour they model and predict into being: economic theory is viewed as ‘an engine, not a camera’(MacKenzie 2008). The second “generic” variant of performativity, associated with the work of Michel Callon,
draws upon the insights of actor-network theory, developed within Science and Technology Studies in the 1980s. These ideas extend the Polanyian concern for the way in which the economy is constructed in industrial societies as an autonomous and self-regulating sphere of life, separate from the ‘social’ world. Both these traditions are concerned with resisting modernist dualisms (nature vs culture; economy vs society; state vs market). This much they share with post-structuralist theory. However Science and Technology Studies theorists have argued that a ‘statement’ or an utterance is more than simply discursive or textual (Latour 1990) (Latour and Woolgar 1979). Divisions such as ‘nature’ and ‘culture’, ‘local’ and ‘global’, or ‘subject’ and ‘object’ are understood not as underlying properties of reality but rather as stabilised chains of associations, made durable by connections which are at once social, material and discursive (Latour 1993). Attention is therefore placed on the specific material devices which structure and format economic life, rendering possible certain forms of market interactions (Callon et al. 2007). Much of this mutual overlap with Polanyi is explicitly recognised in performativity-informed approaches to studying the economy (Callon 1997, Çalışkan and Callon 2009). Economy and society are seen not as objects, but as effects of political practices which are at once technological, linguistic and social (Cochoy et al. 2010).

There is, however, an additional literature on the ‘material semiotic’ study of methods which has been less frequently stressed when Polanyian concepts are brought together with the STS tradition. These perspectives are particularly suited to the study of socioeconomic statistics, indexing technologies and performance targets, such as those embedded in the Europe 2020 growth strategy. Two particular concepts in this literature which could together furnish the basis for fruitful new types of engagement: Annemarie Mol and John Law’s work on methods as devices which stabilise ‘collateral realities’, and their closely linked arguments about the need for an ‘ontological politics’ of method. At the most basic level, Mol and Law draw attention to the way in which ‘methods are active in the making of the social’ (Law et al. 2011), involving ‘a shift from asking how sciences represent to asking how they intervene’ (Mol 2002). In contrast to theories which understand methodologies as mirroring the world more or less accurately, and also those which see them as the product of alternative perspectives and biases, whose results reflect those perspectives and biases by producing skewed pictures of reality, methods are seen as carrying agency in their own right. This is due to the fact that all knowledge of the world (and thus all ‘perspectives’ on it and ‘interests’ within it) is distributed across the tools and practices which make it comprehensible. As Mol puts it, when analysing how the idea of the disease ‘atherosclerosis’ is produced across various sites within a hospital: ‘The knowledge incorporated in practices does not reside in subjects alone, but also in buildings, knives, dyes, desks. And in technologies like patient records’ (Mol 2002: 48). Given that people think with and through devices such as statistical indicators, our understandings of the economy and society emerges partly through our interaction the classifications they rely on to construct and organise their data.

Law makes the additional point that any given method performs multiple layers of reality simultaneously. Methods always depend upon what he terms ‘collateral realities’ (Law 2012), which are implicitly naturalised every time these methods are drawn upon. In his analysis of a Eurobarometer opinion survey on European consumer attitudes to farm animal welfare, Law argues that the method of sample surveys performs reality on (at least) three levels: a surface dimension - what they are intended to tell us about the social world (consumer attitudes to particular animal welfare issues); a second dimension,
encompassing the assumptions made about the character of the people being surveyed (that they possess fixed and stable 'attitudes'; that when they make consumption decisions they act as rational choosing subjects); and a third dimension about the sort of collectives assumed and reproduced by the survey (that 'Europe' can be thought of as a contained of citizen-consumers whose opinions can be aggregated to form 'the European consumer') (Law 2009). Further evidence in support of this point is provided by Rose and Osbourne, who have demonstrated how the invention of public opinion techniques during the interwar years was partly responsible for bringing into existence the phenomenon of an 'opinionated public' (rather than soliciting it from an already stable pre-existing body of opinion), while Ruppert shows that the inclusion of the category of 'ethnic Canadian' on the Canadian census form was responsible for the solidification and rapid expansion of a self-consciously 'Canadian' ethnic identity (Osborne and Rose 1999, Ruppert 2007). The implications of these findings are that when we think about the politics of statistical 'methods' used to represent political economic phenomena such as poverty, we cannot do this in a technical manner which analyses how they more or less accurately measure a phenomenon, nor can we critique them on the basis that they 'misrepresent' something. The implicit realities performed by these devices ‘spread themselves through and pattern the fabric of the social to operate as a microphysics of power... naturalised and endlessly reproduced in the strategically ordered networks of the social’ (Law and Ruppert 2013). The definition of economy latent in a social inclusion indicator can be understood as an important ‘collateral reality’. The indicator does not set out explicitly to ‘define the economy’; but it operationalises techniques which rest upon particular assumptions about economic reality. Once embedded in political targets and initiatives, these then work to solidify these assumptions every time the headline indicators they produce are invoked as ‘facts’.

This way of viewing methods has implications for how we analyse the political economy of poverty targets. In particular it draws our attention to what Mol and Law refer to as ‘ontological politics’ (Mol 1999, Mol 2002, Law 2012). Every act of measurement stabilises or contests and reworks existing definitions and boundaries about the nature of political economic phenomena (Barry 2002). When looking at something like an indicator of ‘social inclusion’, we must consider all of the assumptions that are reinforced in the way in which this measure defines and delineates the explicit object it is measuring. Mol gives, as an example, that with every health care statistic produced using a certain method the ‘the difference between the sexes gets more difficult to disentangle, for the re-printed forms all ask one to come out as either M or F and thus tend to add yet another M/F difference to the pile that is already established.’ (Mol 2002: 179) Likewise, I suggest that every enactment of a concept like ‘poverty’ or ‘social exclusion’ mobilises a definition of the nature of economy. Thus to theorise how the formalistic thinking Polanyi was concerned with is naturalised in political practice, we must look at the role of statistical methodologies and models in addition to the use of language or the disembodied authority of ideas.

4. Applying this Framework: The Politics of Economic Ideas in the Europe 2020 Social Exclusion Target

What does it mean to remove a person from the threat of poverty and social exclusion? Based on a definition of social exclusion as a 'process whereby certain individuals are pushed to the edge of society and prevented from participating fully...[which] distances
them from job, income and education and training opportunities', the European Statistical System has come up with three different answers to this question (Eurostat 2015). The first is a measure of monetary poverty. The second is a measure of low work intensity. The third is a measure of material deprivation. When the number of people falling beneath a set threshold for any one of these measures is aggregated, together they constitute the ‘at risk of poverty or social exclusion’ rate for the working age population of the EU. Here I analyse some of the assumptions reproduced by these measures.

Firstly, they rest on a definition of poverty and social exclusion as either a ‘relative’ or ‘absolute’ state. Eurostat suggests that ‘while monetary poverty is measured in relative terms, material deprivation and low work intensity are absolute measures’. However on closer inspection it is a particular form of ‘relativity’ being done here. The low income measure is put forward as a ‘relative’ measure because the individual’s income is referenced to a median national wage figure, and so if this increases they may be dragged below the threshold without redistributive measures. Meanwhile, the state of material deprivation or low work intensity are conceived of as ‘absolute’ because a general increase in economic production could reduce these measures regardless of redistributive policies to reduce income inequality. However, in relation to other entities these measures do construct a relativity. For instance, the material deprivation indicator is measured by reference to a list of items (including a washing machine, TV, personal car, a meal that includes meat every second day) which respondents to the Eurobarometer survey reported that they could not regularly access. These are selected because their absence ‘reflects the lack of an ordinary living pattern common to a majority of…the population in the EU’. Clearly, this is therefore a relative measure, as it is explicitly indexed to an assumed ‘ordinary living pattern’, which is a historical and malleable construct. So this is one way in which we can say the indicator performs the relationship between social life and economic production: with differing conceptions of the ‘absoluteness’ or ‘relativity’ of states of social inclusion or poverty and how these are thought to relate to productive activities, wages and consumption.
These measures also make use of the ‘threshold’. This performs social exclusion as a discreet state, rather than a spectrum of precarity and insecurity. This is achieved differently for each sub-indicator. Under the material deprivation sub-indicator, if 4 items are reported as unaffordable then the threshold is crossed. There is an equivalence constructed here between access to, for instance, a colour television and the ability to eat meat every other day, since inability to access either of these could tip the individual over into being at risk of social exclusion or poverty. However, under the income measure the difference could be a matter of a few cents per hour added to their wage. Additionally, it is the ‘individuals’ carrying these conditions that are made equivalent rather than the states of affairs they measure. If a person fulfils the criteria for two or more of these categories, they are not double counted. Again we could imagine this differently. We could imagine a measure which weights individuals based on how far below a threshold they have fallen, or we could aggregate the measures by double counting individuals who qualify for multiple forms of social exclusion.

So here are two initial assumptions that we can identify naturalised by the social inclusion indicator: a certain conception of the relativity or absoluteness of the state of ‘poverty and social exclusion’, which recognises the relativity of an individual’s income against a mean national wage, but does not recognise the relativity of consumption needs against a collective ‘way of life’ or an ‘ordinary living pattern’; and social exclusion as a compound of three states of affairs born by discreet individuals which can suffer it only once. However, there is another and more fundamental contradiction between two of these measures with regard to how the economy is enacted.

Firstly, under the low work intensity measure, individuals can only be removed from the condition of being at risk of social exclusion by spending more of their existence within formal waged labour. The low work intensity measure is calculated by first assuming that an individual has a set ‘total work potential’. This reproduces an implicit set of assumptions about the temporality and scope of economic activity, assumes a discreet separation between ‘work’ and the rest of an individual’s existence, and then attributes a fixed ‘potential’ to this, which is linked to perceived norms about average working week within formalised labour relations in industrial society. This is highly significant in the context of the previous discussion of the European Social Model. Within this vision of industrial society, the provisioning needs of individuals is conceived of as only capable of being met by selling their labour for wages within the context of a formalised competitive market which an individual can gain ‘access’ to or be ‘excluded from’, and this participation is then the basis of claims made upon welfare systems and public resources.

This can be further observed in discussions over the ‘Social Inclusion Monitor’, a further poverty monitoring device currently under development. The concept of employment used in discussions of this indicator is conceived in strictly formal terms: ‘Employment rates are a result of labour supply and demand: workers supply labour to businesses and businesses demand labour from workers in exchange for wages.’ As a result, the EU has proposed the creation of ‘labour market observatories’ which are needed to forecast and match up education and training systems with the changing market demand for skills. The EC, in a recent report, observes a rise in people ‘available to work’ (i.e. not participating in competitive labour markets) but not actively seeking it, which they attribute to ‘discouraged jobseekers and people prevented from seeking work’. The idea that economic activity could take place outside competitive labour markets cannot be
considered once such assumptions have been made and subsequently embedded in the calculations relied upon to monitor the economy.

By contrast, the material deprivation indicator does not rely on formalistic assumptions about the economy. It constructs its population simply by asking people whether they have access to certain basic items of consumption defined as being essential to the life of the community they form a part of. This is not an ‘absolute’ measure, as discussed above, and of course, given that the vast majority of economic activity in Europe does currently take place within markets, purchasing these goods will overwhelmingly still require an individual to sell their labour power within a competitive market. However, the point is that *the methodology used to calculate this measure does not require this*. It does not construct a concept of social exclusion which depends upon participation in formal wage labour relations. Therefore it does not contribute to the stabilisation of an economic ontology which assumes competitive markets for the fictitious commodities. This measure would perform equally well as the basis for a social exclusion target in a de-commodified European economy. The same cannot be said of the low work intensity measure as currently calculated.

To summarise, we can see how within this particular quantified poverty target, two ways of measuring the same thing, ‘social inclusion’, naturalise very different assumptions about the nature of economic institutions. Under the low work intensity sub-indicator used within the Europe 2020 target, the institutional form of a competitive labour market based on supply-demand-price dynamics is assumed to be synonymous with poverty alleviation. ‘Social inclusion’ *can only* show up in this statistic as a consequence of more people selling more of their labour in its (according to Polanyi, fictitious) commodity form. The economistic fallacy is built into the very methodological techniques by which this statistic is compiled, even as it promotes the ‘re-embedding’ of the economy within the context of ‘inclusive growth’. However, the material deprivation indicator leaves open the question of how production and distribution are to be socially organised, and through which institutional mechanisms the provisioning needs of society might be met. Poverty reduction and ‘social inclusion’ could theoretically be accomplished through institutions designed around the logic of reciprocity, or around the principle of centralised redistribution, or around the logic of house-holding. It is thus a more ‘inclusive’ social inclusion target. Through subsequently collapsing these distinctions and folding them into an overall poverty target, the assumptions on which they rely are obscured in EU documents and reports.

5. Discussion: Towards a More Inclusive Politics of Social Inclusion

Why does it matter that the EU assumes that participation in labour markets is essential to ending social inclusion? Isn’t this a common sense position to take? In this section I want to problematise this assumption by suggesting some of the restrictive political effects such a definition of poverty potentially entails. Because ‘increasing living standards’ and reducing poverty and hardship form such a central part of politics in European countries, how these concepts are defined methodologically has an important conditioning effect on our political and institutional imagination, especially as we face the task of dealing with the social crisis prompted by the recent financial crisis and its aftershocks. It is important to investigate and politicise the political technologies which frame poverty as an object of governance and public concern, as well as just the language
in which this framing is conducted. This may allow us to render visible alternative solutions, which fall outside traditional state/market solutions, and which are based around modes of integrating the economy other than exchange (as Polanyi understood it, those based on ideas of redistribution, reciprocity or householding). These could form the basis of successful renewal of European left, which would provide progressive politicians with a firmer basis on which to move beyond understanding social problems in traditional market/state terms or seeking a return to the sort of institutional solutions and models of economic organisation which prevailed in the post-war period (as seen in Corbyn’s Labour party). We need to be able to see and value these first, to resist a narrowing of political horizons which excludes them from the picture from the outset. Producing types of evidence which support these claims, and resisting forms of evidence which build market-based solutions into the way in which a problem is measured, is an important part of this process.

This is a particularly urgent necessity, given that an important source of resilience emerging from the crisis appears to be informal, plural, non-market and community-based responses to the precariousness of labour markets brought on by externally-imposed austerity measures. A first example of this can be seen in popular responses to the recent Greek crisis, where local initiatives such as the TEM currency system and time-banking schemes have emerged to meet the provisioning needs of local communities, given the inability of the formal labour market to provide citizens with the material means to sustain their way of life (Lowen 2012, Donadio 2011, Graham-Harrison 2015). These solutions rely on the logic of household production and barter. According to the formalist definition of economy enacted by the low work intensity sub-indicator, this simply does not count as productive activity, and any EU initiatives and funds linked to this target will therefore be unable to see these initiatives as capable of alleviating the risk of social exclusion. The methodology of these indicators embed a concept of social exclusion as exclusion from market structures into the heart EU economic governance, naturalising this definition through the performative power of the statistical facts they produce, as well as any targets and initiatives which relate to these. Important emerging sources of resilience are thereby being excluded from public recognition or funding.

Another example we can cite in making this point is the recent rise of the concept of a Universal Basic Income. This policy idea is increasingly advocated as a means on reformulating welfare along unconditional lines, resisting the trend evidence since the 1990s towards conditionality and ‘workfare’ models. The underlying idea is that this makes the system much simpler and easier to administer. But beyond this, there are more subtle and important arguments associated with technological unemployment and automation, which stress the need to redistribute wealth from the high value added technology intensive sectors where wealth concentrates, in order both to broaden the social base of consumption and to ensure an active citizenry able to utilise the efficiency gains stemming from these technologies for creative and civic purposes (Van Parijs 1991, Van Parijs 2013). Pilot schemes have been successfully introduced in Finland.¹ As with the case of LETS in Greece, this idea relies on transcending traditional labour market institutions, and is underpinned by a logic of redistribution which is alien to formal exchange-based conceptions of economic life.

¹ See http://www.basicincome.org/news/2015/12/finland-basic-income-experiment-what-we-know/
As a third example we can point to the immense value of informal care services and volunteering activity which takes place outside market structures, which is becoming increasingly evident. This can be seen in recent estimates produced by the UK’s Office for National Statistics as part of the system of Satellite Accounts, which seek to measure the value of non-market activity to the UK economy. This data revealed that volunteering activity adds £24 billion each year to the UK economy, or 1.5% of the formal GDP (Statistics 2013b). This was restricted to the value of frequent, regular and formal volunteering; other estimates have placed the figure much higher, at over £100 billion - evidence which has led Andy Haldane, the Chief Economist at the Bank of England, to declare that ‘the value created by volunteering is rarely well-measured or well-understood, especially when it comes to the wider social benefits’, and encourage more explicit public policy measures to utilise these benefits (Haldane 2014). Even more striking was the value found to be added by informal care services – this type of childcare alone contributed the equivalent £343 billion, or 23% of GDP (Statistics 2013a). We are not talking about insignificant or marginal activities, but none of this value is added within the labour market, as would be required for Eurostat’s poverty target to count it as alleviating social exclusion. To draw on Karl Polanyi’s concept of ‘modes of integration’, the generation of this value is premised on the logic of household production (in the case of care work) or reciprocity (in the example of volunteering). This activity can only be valued as a means of tackling social exclusion and poverty if these are not measured purely in terms of increasing the time individuals spend within formal labour market institutions.

Here we have three examples of concrete solutions to the problem of ‘social inclusion’ in Europe after the crisis which rely on institutions and political logics other than market exchange. However, if the facts in which social exclusion is understood are framed by the outset by formalist conceptions of the economy, as embedded in the vision of the European Social Model and reproduced by the Europe 2020 indicator methodologies, these become impossible to value. How poverty is defined statistically has an important political dimension to it, and this is linked to the politics of economic ideas which they reproduce. In contrast, the material deprivation indicator represents a much more substantive conception of economy. It relies on asking simply: do we have the necessities of life as defined in this community? It relies on ascertaining the provisioning needs of society and asking how we might ensure access to these for all citizens. This would function in a more de-commodified labour space, and is compatible with big policy ideas to reduce exclusion and precarity outlined above. However, these indicators have much less political support than those which stress monetary income or work intensity – the UK has completely ignored this component of the EU target in its own reporting on progress towards the 2020 goals.

**Conclusion**

The above analysis of the Europe 2020 targets has shown that the methodological assumptions on which the sub-indicators are based enact very different ideas about the nature of economic institutions. This is potentially a problem when these assumptions get wrapped up into socio-economic indicators and presented as ‘facts’ about the social world, the composition of which is rarely discussed or contestable. Achieving ‘progress’ towards these targets becomes inseparable from accepting the (contestable, historically specific) definitions of the economy which they uphold.
These sorts of questions are becoming more pressing as national, regional and global governments develop new ways in which to measure social progress, increasingly relying on quantified metrics. We can situate the EU’s current concern for ‘inclusive growth’ and the search for indicators to define and measure it within a broader ‘post-GDP’ moment in the international political economy. The crisis of 2008 is widely understood by policy elites as partly a crisis of measurement, which is reflected in a host of initiatives to rethink the ‘growth model’ on which economic policy is based, and re-consider how to balance the goals of sustainability, social cohesion and economic development (Stiglitz et al. 2010, Fleurbaey 2009, Mahon 2015, Feigl et al. 2012). But a performative understanding of method means that politics does not stop once a sufficiently multidimensional and comprehensive set of indicators which cover the various ‘social’, ‘economic’ and ‘environmental’ dimensions of development is constructed. In fact, the proliferation of these indexing and measurement technologies deepens the problems involved in defining and separating the ‘social’ and ‘economic’ aspects of development.

This is not in itself a normative argument in favour of any one particular form of institutional arrangement. However, it is an argument in favour of avoiding the economistic fallacy which Polanyi identified, and of keeping the choice between various possible modes of integration open, contestable and visible. As this article has outlined, some methodologies which we use to understand and measure economic life do this better than others. Keeping open the choices between which institutional arrangements can be relied upon to meet the provisioning needs of individuals as we ‘rebalance’ the growth model away from ever faster accumulation towards a more nuanced view of progress must involve more than simply adding various indicators of the ‘social’ dimensions of development to existing economic accounts. Such indicators too often leave formalist definitions of what the economy is intact. Changing measuring practices so as to promote more substantive development model must involve continuously unpacking the methodological assumptions which these indicators rely on, inquiring into how they define the nature of the economy, how they enact the place of economy in society, and making these subject to explicit political and ethical contestation.

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