



# Economizing the political: Workfare reform in strategic management mode

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## Abstract

The focus of this article is a recent round of workfare reform in Finland. Departing from many existing analyses of workfare, it focuses on issues of governance. Drawing on policy documents and interviews with key policy actors, it shows how this reform and attempts at implementation took place along the lines of a specific form of managerial governance, namely strategic governance, involving the enrolment of strategic management into policy making. The article details how this mode of policy making enabled an intensification and depoliticization of workfare policies via the replacement of political concerns with economic imperatives and in so doing contributed to the broader process of economization of the state. While the latter is often located as central to the project of neoliberalism, the practices through which it is instantiated often remain hazy. This article therefore contributes knowledge on how the process of the economization of the political operates in practice.

## Keywords

Economization, managerial governance, policy making, strategic governance, workfare reform

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## Introduction

The focus of this article is workfare policy in Finland, especially the previous government's (2015–2019) efforts to open out public employment services to private actors. We show how attempts to implement this reform took place along the lines of strategic governance, a specific form of managerial governance. In recent decades, management practices have been disseminated into policy making and 'non-political' actors such as management gurus, university professors and consultants have penetrated the political sphere to the extent that they have been referred to as 'shadow government' (Kantola and Seeck, 2011; Ylönen and Kuusela, 2019). These tendencies occur within a broader context of dynamic change within policy making across the globe, namely, the shift from government to governance. This shift refers to a passage from traditional top-down bureaucracy to governance through networks and markets as well as to a greater reliance on non-elected actors in the design, implementation and evaluation of policy (Flinders and Wood, 2014; Sørensen and Torfing, 2017). Within this ecology, managerial governance is a specific form of governance that relies on business management practices and perceives governance as a pragmatic tool for effective problem-solving. It transforms and translates political into economic concerns as it relies on the idea of using economic effectiveness to determine political strategies and objectives (Knafo, 2019).

To date, rather than on issues of governance, research on workfare has tended to focus on how the take-up of workfare policies has been at the heart of the political economy of post-Fordism and the reform of welfare states, including of Nordic welfare states such as Finland's (Adkins and Ylöstalo, 2018; Adkins et al., 2019; Jessop, 1993; Kananen, 2014; Peck, 2001). The workfare principle that whole populations should either be in work or actively seeking work has fundamentally reconfigured the redistributive logic of welfare states. It has transformed the welfarist social right of access to state protection and support in times of unemployment into a set of obligations and compulsions: rather than redistributing resources among populations, workfare regimes focus on moving people into paid work (Jessop, 2002; Kananen, 2014; Peck, 2001). In so doing, workfare regimes and workfare polices cast unemployed populations in particular terms. Rather than as in need of protection from the state, the unemployed became responsible for their own fates and for the provision of their own needs.

As this suggests, existing research has established how workfare policies have not only transformed the redistributive logic of the welfare state but also recast the problem of unemployment into an issue of individual enterprise (e.g. Adkins, 2018; Triantafyllou, 2011). There is also a rich literature on the effects of formal large-scale policy and administrative changes on the day-to-day operations of workfare (e.g. Bredgaard and Larsen, 2007; van Berkel, 2014). There is, however, far less research about how shifts in governance have facilitated or intensified contested policies such as workfare (although see Elomäki, 2019). Via a focus on policy making and especially on workfare reform in what we term here strategic management mode, in this article we show how the latter treats unemployment as a technical question for which there are different kinds of practical solutions. We show, in other words, how this mode of reform depoliticizes workfare policies. We also elaborate how workfare reform in strategic management mode obscures how workfare policies problematize the behaviour not only of the unemployed but also that of public servants engaged in the provision of services to unemployed populations.

What interests us about strategic governance is that while it is presented as a neutral form of policy making that is not tied to any specific policy agenda, it has, nonetheless, enabled an intensification of workfare policies.

As well as contributing to the literature on workfare by highlighting how such measures are facilitated and intensified by the policy making environment, this article also contributes to the literature on neoliberalism and the state. Specifically, by showing how strategic policy making enables a depoliticization of workfare policies via the replacement of political concerns with economic imperatives, this article contributes empirical knowledge on the process of the economization of the political. Broadly stated, this process concerns the folding of the economy into state politics via the dissemination of economic values, practices and metrics into policy making (Caliskan and Callon, 2009). While the economization of the political is very often understood as central to the neoliberalization of the state (Brown, 2015), details of its empirical manifestations are, nonetheless, often sketchy. In providing such detail, this article therefore contributes knowledge on how this process operates in practice.

To make these interventions this article draws on research carried out in Finland which has long been classified as a Nordic welfare state. In his now embedded and enduring typology of post-Second World War welfare states, Esping-Andersen (1990) described the Nordic welfare state as characterized by the provision of universal basic services and a redistributive social security benefits system financed by progressive taxation. In Finland, however, as in other Nordic states, this model has been undergoing a process of significant transformation. From the 1990s onwards, and via a set of major and wide-ranging reforms, many of the key and organizing Nordic welfare state principles were transformed. The principle of universalism was, for example, replaced with competition (Kananen, 2014; Kantola and Kananen, 2013). While existing research has mapped and drawn attention to specific aspects of these reforms, in this article we emphasize their managerial dimensions. In doing so, we locate Finland as a participant in the global trend of ‘new managerialist governance’ (Sørensen and Torfing, 2017) and in the surge of programmes and policies seeking to promote more ‘effective’ public management (Triantafyllou, 2017). We stress how such managerial governance operates as a device of the economization of the political.

We focus on two recent and interconnected reforms to this end. The first is an OECD-inspired ‘strategic governance reform’ of the government’s political steering process. The reform aims to make government decision-making processes more strategic by narrowing down policy objectives and aligning them explicitly with fiscal objectives. The second is a reform of employment services, aimed at increasing the role of private employment services in the provision of employment services. What interests us about this reform is not only that it is one that takes place along the lines of strategic governance, but also that it heralds the introduction of a specific form of workfare policies in Finland: the unemployed are activated to work via the incorporation of market mechanisms into public employment services. The opening out of public employment services to private actors has previously drawn scholarly attention especially for pioneer countries such as Australia and the Netherlands (Bredgaard and Larsen, 2007; van Berkel, 2014). Our analysis of the Finnish case allows us to reflect on how policy ideas and reform ‘travel’ as well as on context-specific attempts at implementation (see Helman and Maron, 2019).

The article is structured as follows. In the next two sections we provide a discussion on data and methods as well as further conceptual background on ongoing welfare state reform in Finland. We then focus on the process of the enrolment of managerial governance into policy making. First, we analyse this process in regard to the reform of the government's steering process and second, in relation to the reform of employment services. In the concluding section we discuss how managerial governance serves as a device of the economization of the state.

## Data and methods

Our article is part of a broader research project, 'Social Science for the Twenty-First Century: The Changing Economy–Society Relation', which considers shifts in the economy–society relation in advanced liberal societies. The project takes as its focus employment activation and workfare measures and locates such measures as pivots in such shifts (see Adkins and Ylöstalo, 2018; Adkins et al., 2019). This article draws on data from this larger project. The specific data we draw on are policy documents and interviews with elite policy actors. The policy documents consist of those connected, first, to the fiscal policy of the sitting government ( $N = 4$ ); second, the reform of the government's steering process ( $N = 6$ ); and third, the reform of employment services ( $N = 2$ ). These documents were produced by key policy actors including the government, state officials, the OECD, consultants and think tanks.<sup>1</sup> The semi-structured interviews ( $N = 12$ ), carried out during October–November 2016, were with elite policy actors (both state and non-state) involved in the design and implementation of the reform of employment services. The state actors consist of civil servants in the Ministry of Economic Affairs and Employment, the Centre for Economic Development, Transport and the Environment (ELY Centre), public employment services (TE Services) and in the municipality sector. The non-state actors consist of consultants and experts (who have been involved in reform through, for example, providing reports and other forms of expert advice); actors in private employment services; and actors in third sector organizations that work with the unemployed. The interviewees are all highly placed in organizations that are influential in policy processes in Finland. They work as directors, middle-managers, senior experts, researchers and/or as consultants. They are non-elected experts who have no formally delegated or coercive political power but nonetheless have indirect influence on the policy process through the institution or expertise that they represent.

In Finland, the transparency of public policy and public administration is a commonly shared value and thus the policy documents drawn on in this article are easily accessible. In line with this transparency, policy actors – elected and non-elected – rarely decline to be interviewed. It is then relatively straightforward to reach what in other domains would be hard to reach research subjects and this was the case for the people interviewed for this research: all of those approached for interview agreed. Prior to the interviews we sent interview questions to the research subjects in order to be transparent about our aims, and guaranteed that the interviews would be reported anonymously. We explained that we were interested in their expert opinion and interpretation of a policy reform that we already had familiarized ourselves with via policy documents. We also paid specific attention to the specific requirements of elite interviews

(for example, reserving enough but not too much time for the interview in the context of busy schedules) (see Liu, 2018). In order to locate interviewees a snowballing method was utilized. This proved to be an efficient strategy as these policy actors operate within a relatively small network in Finland.

Combined with the policy documents, the interviews enabled us to locate economization as a process that integrates institutional and administrative mechanisms as well as multiple actors. In the analysis of the data, we paid special attention to the ways in which the policy documents as well as the interviewees construed the ‘economy’. During the analysis we combined elements of textual analysis and discourse analysis to pay attention to how policy problems and solutions are framed in economic terms and hence to how the economization of the political becomes normalized, routinized, and depoliticized (see Moisio, 2018).

### **Managerial governance and workfare as cornerstones of the competition state**

Since the 1970s and 1980s, public sectors across advanced liberal states have become liberalized via the take-up of the mainstays of neoliberal reform. This includes the take-up of new public management, an administrative or managerial paradigm focusing on professional management and market-inspired service production and delivery systems (Pollitt and Bouckaert, 2011; Triantafillou, 2017). Public management reforms include new ways of accounting, the adoption of experimental techniques to provide evidence to support policy making, the institutionalization of performance-measurement systems and the ranking and rating of institutions providing public services. These practices stem from innovations in the US defence sector and especially from the rise of systems analysis, designed to make policy making more ‘scientific’ by using optimization techniques (Knafo, 2019). In more recent forms of managerial governance, techniques from business management have been especially disseminated into politics. This has not only expanded the role of economic actors in policy making, but also inspired elected politicians to adopt a depoliticized view on how to govern society and the economy (Kantola and Seeck, 2011; Sørensen and Torfing, 2017; Ylönen and Kuusela, 2019).

This managerial environment operates in concert with the fast travelling national competitiveness policies. It is well established that competitiveness policies have been central to a reconfiguration of the state–society relation (Jessop, 2002). In addition, however, such policies have served (and continue to serve) as a key complex in and through which business management practices are integrated into policy making. The setting of an intensification of national competitiveness as a policy goal in Finland has, for example, not only involved the opening out of policies which were formally the jurisdiction of the state to economic actors such as consultants, but also to the principles of strategic management (Kantola and Seeck, 2011; Moisio, 2018). Thus, and via competitiveness policy, the economic fate of nations has come to be recalibrated, imagined and managed via principles and practices developed for business enterprises. One consequence of such policy making is that social and economic problems that had previously been defined as political have been rewritten as ones that can be solved by the implementation of practical, efficient, technocratic solutions (Elomäki, 2019; Flinders and Wood, 2014; Ylöstalo, 2019).

In Finland, the roots of the increasing use of managerial practices in policy making lie in the now relatively long-lived history of policy reforms that have been described as transforming a welfare state into a competition state (Ahlqvist and Moisio, 2014; Kantola and Kananen, 2013). After a severe economic crisis in the early 1990s, established Keynesian policies and ideals were problematized and replaced with Schumpeterian supply-side strategies through which the Finnish economy and labour force were reimagined and recalibrated in terms of market efficiency and competitiveness. In this context, and following ‘an enduring international policy fashion’ (Helman and Maron, 2019), workfare policies began to be rolled out. In Finland throughout the twenty-first century the critique of welfare state structures by policy elites and key state institutions such as the Ministry of Finance has intensified. This critique is premised on the powerful regulatory idea – which has become more embedded across the European Union since the 2007/8 global financial crisis – that economic maladies and crises can only be solved via increased competitiveness (Wigger and Buch-Hanson, 2014). This critique has served as a powerful lever for state reform. Indeed, in this context processes of welfare state reform such as market liberalization, ‘deregulation’, privatization and the use of market proxies in the public sector are presented not only as inevitable but as incontrovertible.

As the competition state relies on workfare thinking (Jessop, 2002), workfare policies have had an important role in welfare state reform in Finland. Workfare reforms were imported into the Nordic countries in the early 1990s from the US as part of a new understanding of the management of labour supply, one which focused on ‘activating’ people’s entrepreneurial capacities to work rather than on the redistribution of resources (Kananen, 2012; Peck, 2001). In the competition state paradigm the state provides strong incentives to work (via for instance the use of compulsion and regimes of sanctions) and ‘activation measures’ to ensure that as many people as possible are included in the labour supply. Workfare is a powerful device of economization as it creates a space in which the activities of the unemployed are made calculable as objects or goods which can be mobilized or traded (Adkins, 2017).

In Finland, workfare policies very often follow international trends and influences. The most recent attempt to intensify activation by creating a market-based platform for employment services follows similar developments elsewhere, especially those in Australia, the Netherlands, Denmark and Great Britain (see Bredgaard and Larsen, 2007; van Berkel, 2014). As we outline below, in Finland the attempt to open out public employment services to private actors has been widely contested. Notwithstanding this contestation, managerial shifts in governance have enabled the political and moral aspects of a workfare reform to be obscured and treated as practical questions for which there are technocratic solutions. Before elaborating on these processes it is necessary to outline their context, namely the reform of the government’s steering process and the incorporation of strategic managerial practices into public governance in Finland.

### **‘Strategic, agile state’: Managerial practices in governance**

As outlined above, managerial practices have been incorporated into public governance in Finland from the 1990s onwards via the take-up of new public management (Pollitt and Bouckaert, 2011; Yliaska, 2015). In the 2010s, however, these practices took a

strategic managerial turn when the OECD and the influential Finnish think tank Sitra proposed that Finland should adopt ‘strategic agility’ in governance (Doz and Kosonen, 2008, 2014; OECD, 2010, 2015). This meant, among other things, streamlining and narrowing down policy objectives and tying them to budget frames, that is, to fiscal imperatives. The latter has been a long-time aim of the Ministry of Finance, which has been a power broker and the main advocate for the competition state paradigm in Finnish policy making since the 1990s economic crisis (Kantola and Kananen, 2013). The strategic governance reform of 2015 opened a window for the achievement of this aim.

This reform was implemented as a solution to an identified emerging ‘crisis’ in state governance in 2015 by a newly elected conservative-right government, led by Prime Minister Juha Sipilä. The government preceding Sipilä’s had been unable to implement its major reforms, and government decision-making processes were purported to be in crisis. In debates during the parliamentary elections in spring 2015, the future government’s ability to make decisions and implement them became a main theme, along with a gloomy outlook for the Finnish economy and growing national debt. This narrative of economic decline and looming debt crisis created the ideal launch pad for the long-planned reform of the steering process which was set out in the Sipilä government’s strategic programme ‘Finland, a Land of Solutions’ (PMO, 2015).

This programme was the first of a particular kind. Not only did it prompt a reform of the steering process but also, and unlike previous programmes that had become very detailed, ‘Land of Solutions’ was remarkably brief, even though it set out a long-term vision for Finland. Identifying only five strategic objectives for the government’s term, the programme proposed a major set of reforms for Finnish economy and society. ‘Land of Solutions’ set out how the government would put in place stringent austerity measures and intensify workfare policies. In the programme the government located its goals as fitting with the broad aim of ‘bring[ing] the Finnish economy to a path of sustainable growth and rising employment’ (PMO, 2015: 8).

Although the strategic governance reform was implemented in 2015 following Sipilä’s strategic programme and an OECD public governance review (OECD, 2010), discussion about a need for a more strategically orientated governance process emerged in the 1990s. Since that time, strategic prioritizing has been an aim of several governance reforms in Finland. In part, this aim was formulated in response to criticism (on the part of politicians, state officials and the public) that multi-party governments – which are the norm in Finland’s multi-party parliamentary democracy – do not work together as units, fail to set priorities and are unable to connect their policies to budgetary processes (Mykkänen, 2016). Because of a lack of unity between governing parties, government programmes have had a tendency to be detailed and lengthy, making their implementation difficult to achieve. The OECD public governance review published in 2010 fuelled these critiques. It criticized the Finnish public sector for its lack of ‘strategic agility’, that is, for its lack of ability to take ‘decisive action where necessary, as coherently as possible and in line with existing priorities and constraints’ (OECD, 2010: 12). It also critiqued government policy for its lack of alignment with fiscal decisions and fiscal priorities (OECD, 2010: 34). Following the OECD report, the lines for strategic governance reform were drawn in two projects in state administration. The projects proposed that at the very start of government negotiations (which are necessary given the typical

multi-party coalition governments) party leaders should first agree on fiscal policy and the main budgetary rules and only after that decide on other policy objectives.<sup>2</sup> They also proposed that policy objectives should be formulated so as to avoid too many details (MOF, 2014; PMO, 2011; see also Elomäki, 2019; Mykkänen, 2016; Ylöstalo, 2019). These two projects directly informed the 2015 strategic governance reform.

For the purposes of this article, there are two important features of the 2015 strategic governance reform which require attention. Firstly, the reform turned the already prominent idea of the primacy of fiscal over other policy objectives into a rule. This latter had been an aim of the Ministry of Finance long before the strategic governance reform. In spring 2015, before the parliamentary elections, civil servants at the Ministry of Finance published a policy report that was explicitly aimed at the next but yet to be elected government (MOF, 2015). The report provided guidelines for the fiscal policy of the future government based on the Ministry's calculations about a 'sustainability gap' in public finances. The report also recommended structural reforms, including 'health, social services and regional government reform', strict austerity measures, workfare reforms, labour market flexibility, changes in tax rates, and the adoption of a pro-industry politics (MOF, 2015; see also Mykkänen, 2016).

The 'Land of Solutions' programme (PMO, 2015) quite faithfully followed the fiscal frame recommendations and targets set by the Ministry of Finance. 'Land of Solutions' stated, for example, that:

The Government is committed to making during the government term the decisions relating to . . . savings and structural reforms necessary to cover the entire EUR 10 billion sustainability gap. (PMO, 2015: 11)

These decisions included austerity measures and an intensification of workfare policies, as the report by the Ministry of Finance suggested. In fact, even before the new government was formed, the Ministry of Finance's aims and recommendations, especially those with regard to financial stability and fiscal discipline, were a priority. The first question that Prime Minister Sipilä asked from all parties at the beginning of government negotiations was whether they accepted the Ministry of Finance's estimate of the financial adjustment required to address public deficits. Thus, the fiscal policy objectives set by the Ministry of Finance dominated the new government's deliberations and indeed set the terms for its unfolding agenda.

The second feature of the 2015 strategic governance reform we want to highlight is the eminently active role of non-elected actors, such as expert organizations, think tanks and civil servants within it. The OECD and the civil servants of the Ministry of Finance are especially significant in this regard. The role that the OECD has played and continues to play in embedding competitiveness in national policy regimes via its recommendations and country reviews is well established (e.g. Alasuutari and Rasimus, 2009; Triantafyllou, 2011). In the OECD 2010 and subsequent 2015 public governance reviews that preceded the strategic governance reform in Finland this process is unambiguous: both reviews shared a concern with enhancing Finland's economic competitiveness (OECD, 2010, 2015). In Finland, ideas of national competitiveness have been especially keenly adopted and promoted by the Ministry of Finance. Notably, both the OECD's and

Ministry of Finance's strategies for national competitiveness have relied on workfare thinking (Kantola and Kananen, 2013; Triantafyllou, 2011). The primacy of fiscal over other policy objectives which, as said, is characteristic of strategic policy making, has helped policymakers – including non-elected policymakers such as the state officials in the Ministry of Finance – legitimize workfare policies. In both the Ministry of Finance's policy report preceding the election and in the government programme these policies are presented as 'necessary' (PMO, 2015: 11) and 'decisive' (MOF, 2015: 4) for the sustainability of public finances.

While these non-elected experts have no official formal political power, they nevertheless have indirect influence through knowledge production (De Francesco and Guaschino, 2020; Ylönen and Kuusela, 2019). For elected politicians, especially the government, this 'impartial expert knowledge' provided by the OECD and state officials has been convenient. Although the Ministry of Finance has often been criticized by politicians for its intrusion into policy making, the governing parties have nevertheless been eager to pin the blame for unpopular budget-cuts and workfare policies on the Ministry and its calculations, thus removing these policies from the area of contestation and contingency (Flinders and Wood, 2014; Kantola and Kananen, 2013). This political convenience comes however at a democratic cost: leaning on expert knowledge has not only provisioned experts – especially economists – with an eminent role in policy making but also, and as a consequence, weakened citizens' possibilities to take part in political decision making as such experts are non-elected political actors (Kantola and Seeck, 2011; Sørensen and Torfing, 2017; Ylönen and Kuusela, 2019).

An important member of this group of non-elected actors that has promoted strategic agility in state governance in Finland is the Finnish Innovation Fund Sitra, which can be considered as a state think tank. Sitra aimed at renewing public administration throughout the 2000s, and strategic agility has been at the core of its vision (Ahlqvist and Moisio, 2014; Doz and Kosonen, 2008, 2014). As part of Sitra's strategic management thinking, it shares in common with the OECD a reimagining of political leaders as CEOs or entrepreneurs. Indeed, a key aspect of strategic governance is that the government should set political antagonisms aside and work towards common goals, as if they were a corporate board (Elomäki, 2019). Unlike the OECD, however, Sitra's understanding of strategic agility is not explicitly linked to national competitiveness. Instead, its main concerns are with 'wicked' and 'unprecedented' problems that industrialized societies are facing now that the 'the world has become more interdependent, volatile, and complex' (Doz and Kosonen, 2014: 4–5). For Sitra, strategic agility thus means 'the capacity of organizations to proactively identify and respond to emerging strategic challenges so as to avoid unnecessary crises and carry out strategic and structural changes in an orderly and timely manner' (Doz and Kosonen, 2014: 8).

It is of significance to observe, that in distilling the problem of state management to that of decision making under conditions of uncertainty in this way, managerial strategies such as strategic governance imbues the authority of policymakers and policy with a 'violent threat' (Davies, 2017: 125). The fate of the nation becomes tied to the capacities of leaders to provide solutions to existing, emergent and as yet unknown (and potentially catastrophic) problems. This logic is explicitly in play in the government's strategic programme. According to the programme (PMO, 2015), Finland is losing its 'competitive

edge' and 'difficulties in making decisions on the structural changes needed to redeem the situation have shaken faith in the future'. Luckily, 'the government is capable of providing solutions that will bring reform and shore up faith' (PMO, 2015: 8). Here, evaluations of national competitiveness are produced in order to frighten, which makes 'difficult decisions' such as austerity and workfare policies impossible to avoid. Via strategic governance, therefore, rather than as political interventions government policies are presented as rational responses to economic necessities, emergent problems, and as yet unspecified but alarming and threatening future events.

Strategic agility is, then, not just 'jargon borrowed from the catchy books of corporate strategy' (Ahlqvist and Moisiö, 2014: 41). Instead, the words are conceptual carriers through which the state is materially restructured. Via strategic governance, reform issues that were formerly perceived as political and value-based choices are transformed into managerial problems which can only be addressed via expert knowledge. Also, by reimagining political leaders as CEOs or entrepreneurs, sovereign state authority is reinvented in economically rational terms (see Davies, 2017). Put differently, the enrolment of 'strategic agility' into policy making serves as a device of the economization of the political.

### **Workfare reform in strategic management mode**

As part of its 2015 strategic programme, the government also aimed to overhaul the provision of health and social services, including employment services. Attempts to implement this reform were fraught and highly contested and it was eventually abandoned. Despite this failure, it nonetheless operates as a further example of how reform in strategic management mode operates to economize the political. Specifically, while inviting public discussion regarding 'technicalities' – for example, possible creaming and cherry-picking by private employment agencies, or the monitoring of the quality of services (see van Berkel, 2014) – these technicalities obscured the more fundamental aspects of this reform, namely the reorganization of state.

The overhaul of employment services was part of a larger 'health, social services and regional government reform' in the government's strategic programme. This was supposed to be one of the largest administrative and operational reforms ever in Finland. The overall aim was to 'strengthen the sustainability of public finances' (PMO, 2015: 30) by establishing 18 state-led counties and by reorganizing the structure and funding of health and social as well as other services, including employment services. These services were previously provided primarily by the public sector: the state and the municipalities. One of the aims of the reform was to increase the role of private service providers by opening these services out to private actors. It was intended that after the reform citizens or clients would be able to freely choose between public and private services (Finnish Government, 2017; Ministry of Economic Affairs and Employment, 2017).

The attempt to open out public services to private actors was a continuous struggle for the 2015–2019 Sipilä government, not least due to the revolt against the reform by many citizens, academics and opposition politicians. It also continuously bumped into legal, institutional and financial obstacles – which ultimately led to its failure and the resignation of the Sipilä government in March 2019. Although the Sipilä government failed to

implement the reform, its preparation was a huge process that concerned thousands of people working in state administration and in the municipalities. At present, the new sitting left-centre government has placed the exact same reform on its agenda, but services continue to be publicly provided and only supplemented with private service providers.

Earlier research that has analysed workfare policies at the intersection of changes in social policy and governance has shown that shifts in the institutional set-up of these policies also have an effect on their content (e.g. Bredgaard and Larsen, 2007; van Berkel, 2014; see also Clarke et al., 2007). While this research has described well how these shifts have changed not only the content but also the providers and ‘customers’ of these services, it has paid less attention to how these shifts may change the role of the state in managing labour supply. As we have already outlined, to date, workfare reform in Finland has concentrated on intensifying the competitiveness of labour via techniques of compulsory activation and sanctioning. In aiming to increase the competitiveness of labour by creating a market-based platform for employment services, this reform, however, took a rather different course by attempting to extend market mechanisms to new territories. While this course has been adopted and is thoroughly embedded elsewhere,<sup>3</sup> what is critical for us here is not the process of market making as such, but the process of the ‘colonization of the political with business strategy’ (Davies, 2017: 133) and the belief that market mechanisms are the best apparatus for solving social problems such as unemployment. As we set out below, through the construction of a ‘new civil servant persona’ (Triantafyllou, 2017) that is responsive to the visions of policymakers and to the alleged needs of citizens, this process of colonization obscures the moral and political dimensions of welfare to work policies.

As already mentioned, workfare reform in Finland started in the 1990s after a severe economic crisis. At that time, policy elites located the crisis as a consequence of citizens’ irresponsible behaviour: extravagant private consumption and the wasteful use of public goods (Kantola, 2003). Consequently, the first workfare reforms in Finland, carried out between 1995 and 2001, were primarily not focused on increasing the employment rate. These reforms also sought to specify, elaborate and deal with a particular kind of unwanted behaviour (Kananen, 2012, 2014). What seemed to trigger the reforms in Finland was a view of the main reasons why a person would claim social assistance: the Finnish government regarded the primary problems to be ‘free-riding, lack of work motivation and benefit abuse’ (Kananen, 2012: 12). Workfare reforms sought to address these problems by creating a stronger compulsion to work. The aim of dealing with unwanted behaviour was also evident in the Sipilä government’s attempt to reform employment services. However, while in the 1990s state control focused on compulsion, it was now to be carried out in the form of ‘training’. We asked an interviewee, employed in private employment services, what exactly the role of private employment services is in the management of employment in Finland. She explained that they ‘train’ people, especially young people, for working life:

I’ve also heard those examples that someone from the private employment agency calls them [people enrolled in ‘activation’ schemes] at home [to say] . . . did you wake up already, that you should go to work. They need to learn all the basics. If your workday starts at eight then you need to be there at eight and not quarter past. How to dress, how to behave, you can’t have your cell

phone when you're working at the cash register. If you're working as a cashier then you can't look at your phone and your friends can't come there and chat with you. Basic things like this.

In private employment services unemployment is therefore tackled by improving the employability (see Fejes, 2010) of the unemployed with training. Although the strategic government programme also included policies that tighten the obligation to accept work as well as to participate in activation schemes (PMO, 2015: 13), the proposed reform of the employment services was quite different as it took a therapeutic and even rehabilitating approach towards the unemployed. Thus, within this reform, the state was cast as taking on a role more akin to coach than overt controller. As such, instead of the state itself determining the most effective solution to the problem – that is, unemployment – it was endeavouring to empower and thereby enable citizens to find their own solutions (Brown, 2015; Clarke et al., 2007; Triantafyllou, 2017).

More generally, the increased role of private employment service providers was interpreted as a 'paradigm shift' (this phrase was used in an interview by a civil servant) which was set to fundamentally change not just employment service structures but also state authorities who remain the main provider of employment services. This, of course, is not new: the rise of new public management in Finland as well as elsewhere is linked to public choice theory and its claim that bureaucrats and policymakers are driven by self-interest and therefore that the public sector should be reshaped in the image of the market (Pollitt and Bouckaert, 2011; Yliaska, 2015). New public management has, however, been usually linked with creating markets or market-like forms of competition, while the paradigm shift described here refers to the need to govern the subjective capacities of citizens in order to address the societal problems affecting them (Brown, 2015; Triantafyllou, 2017). To a consultant we interviewed this 'paradigm shift' was a development he warmly welcomed. To him, the fact that civil servants' jobs were dependent on the unemployed (and hence on the problem of unemployment) rendered them unable to solve the problem:

. . . those speaking in defence of unemployed people . . . they're justifying their own position. They are the ones who are highlighting the importance of their own service, their own role and their own expertise. . . . We are talking about people who are primarily defending their own jobs and only secondarily the jobs of the clients they represent at the end. This is only human. I'm not proposing that everybody working in defence of the unemployed should be fired, but I am proposing means through which we could more indirectly increase opportunities for the people, the unemployed themselves.

Here, the transitioning role of state authorities is made explicit not least in laying bare how the 'paradigm shift' has opened up a problematization of state provisioned services and the actors (civil servants) who provision them. In the process of the attempt to reform employment services the ability of the state and state actors to address social maladies and to adequately activate empowered 'post-welfarist, risk-bearing, entrepreneurial subjects' (Adkins, 2018) was actively problematized. A post-welfarist subjectivity was, however, not simply assumed. Instead, it was understood as needing to be 'taught, nudged, mimicked and nurtured into existence' (Davies, 2017: 157). It was, nonetheless, private rather than public actors who were located as best placed to perform this nudging function. As a further consultant we interviewed explained, public and private actors

have ‘such a different approach to service’ and for this reason both are needed in employment services. Civil servants represent ‘the same institution that keeps track of your benefits’, he said, and the same institution cannot focus on ‘empowering the customer and identifying job opportunities and keeping your hopes up’. He continued:

So a TE office [public employment office] clerk could never say to a customer ‘Hey, take a look at your outfit, you should really consider whether you want to go to a job interview dressed like that’ or ‘Fix your makeup’ and so on. Those are the kind of things that the [private] service providers say they have to put a lot of emphasis on. And TE services would probably never do any kind of interview drills like ‘Let’s practice what happens in a job interview’. It’s hard to imagine public authorities providing these kinds of services.

For this consultant, therefore, it is only through the presence of private actors in employment services that fully empowered post-welfarist subjects can materialize. Not all policy actors we interviewed, however, shared this view. A civil servant, for example, was of the view that rather than limited to the role of hard controller, the state and state authorities should also become more like a coach. This, he suggested, could be achieved by simply organizing employment services differently: ‘[t]he contact with the client needs to be established as a relationship based on coaching and empowerment, and not one based on control’, he said. He spoke about his visit to a UK employment office where the clerks worked like ‘a coach’ and were ‘extremely cautious about not creating this dynamic of authority or control between the clerk and the customer’. He continued:

So all of that created the impression that the customer is equal [to the clerk] and has agency. And through this set-up, my understanding was that the clerk and the customer were able to communicate about the difficult things related to benefits and obligations and the sanctions and all of that in a very effective manner, in a way that the customer, the unemployed job seeker, knew what their obligations and responsibilities were in the job seeking process, and what is expected of them in order to receive the benefits and what will happen if they can’t fulfil those obligations. That was one observation that was very striking and that we discussed here as well, how can we change the dynamic between the clerk and the customer in a direction that is more coaching and supporting.

While this particular civil servant saw a role for state actors in coaching, it is important to stress that in the UK model he cites, employment services are entirely contracted out to private providers (see Adkins, 2017). Hence it is private rather than public actors who are active in the empowerment of the unemployed via activities such as coaching and training. Nonetheless, the quote above reveals a signature of economization, namely that it is less concerned with expanding markets per se, than in expanding the reach of market-based principles (Davies, 2017). Thus, and in line with this market vision, rather than as citizens, reformed welfare states transform citizens into customers, that is, into self-possessing, self-directing, choosing individuals. As numerous commentators have made explicit, this conception of citizen as customer conceals a dynamic of abandonment: the rhetorics of activation, empowerment and responsibility work as a ‘smokescreen behind which the state is systematically divesting its responsibilities’ (Clarke, 2005: 453; see also Povinelli, 2011). Such empowerment does not, however, amount to a rolling back of

the state and government interventions; rather, it entails a restructuring of the state as facilitator, an actor that increases the capacity and responsibility of citizens to handle societal problems (Brown, 2015; Triantafyllou, 2017).

Despite these fundamental shifts in the role of the state in managing labour supply, the reform of employment services was represented as a technical, administrative process. The official reform website (Finnish Government, 2017) focused, for example, on the quality and accessibility of public services, while the strategic government programme focused on the administrative structures of the reform, different service providers and the estimated budgetary savings. While these technical aspects are important from a political and citizen perspective, nonetheless they tend to obscure the other dimensions of workfare reform that we have highlighted here. Managerial governance has produced a particular narrative that locates governance not as a power strategy, but as a necessary response to different societal problems and as a pragmatic tool for solving them (Sørensen and Torfing, 2017). In so doing, it transforms and translates political concerns into technical and economic problems and replaces moral and political issues with cost-effective management and pragmatic problem-solving.

While Finland now has a left-centre government, it is important to reiterate that strategic managerial governance is by no means party specific since its very technocratic and depoliticizing nature, as well as its networks of non-party aligned, non-elected experts and promoters, means that it has achieved *de facto* bi-partisan support, indeed has become a governance norm. Thus while the Sipilä government's attempt to establish privately provisioned employment services failed, it is an agenda item for the new government and, moreover, is one to be achieved by the same means. In any case, as we have demonstrated in this article, and notwithstanding the ultimate abandonment of the reform, the reform process itself put in play significant change, including a fundamental problematization of the state's relationship to service provision to its citizens. Although abandoned, workfare reform in strategic management mode therefore had considerable effects, including the further embedding of the belief that market mechanisms are the best apparatus for solving and managing social problems. Given this background and the depoliticizing effects of managerial governance, we suggest that it can be expected that market mechanisms are soon to be incorporated into Finnish public employment services.

## **Conclusion: The economization of the political in the 'strategic state'**

In this article we have analysed a recent round of workfare reform in Finland and how this reform and attempts at implementation took place along the lines of strategic governance, involving the enrolment of strategic management into policy making. Our analysis has shown how managerial governance practices are deeply entangled with processes of depoliticization, including the effacement of political interests and principles as well as the sidelining of antagonisms and conflicts (Flinders and Wood, 2014). Managerial governance is therefore one mechanism through which contemporary politics is being emptied of its political dimension (Mouffe, 2005). The depoliticizing effects of managerial governance that we have mapped here include the reimagining elected politicians as depoliticized leaders and entrepreneurs, the casting of non-elected experts to eminent

roles in the policy-making processes and the replacement of political concerns with economic imperatives. In strategic management mode social problems such as unemployment are presented as practical problems in need of management and control. Our analysis of the depoliticizing effects of managerial governance has also explained how and why workfare policies continue to be rolled out and legitimized even in a context in which such policies and the marketization of public services are contested.

The economization of the state not only obscures the political and moral dimensions of politics, but also the basic elements of democracy. As policymakers are increasingly deploying economic rather than political frameworks to define their goals, they are able to sidestep political discussion and conflicts. Policymakers are seen and see themselves as neutral and impartial managers rather than representatives of political interests. In the recent reform of the Finnish state economic ‘facts’ dictated that reforms need to take place immediately to prevent impending disasters or to head off existential threats. There was no time for justifications, heated political debates or to ask citizens for their opinion. Indeed, the ultimate danger of the take up of the techniques of strategic management in governance is that it invites policymakers and other executive decision makers to conceive of their authority in these very terms. From the citizens’ perspective, politics is alienated from their everyday lives, and paradoxically at the same time crawls under their skins as social problems are treated as questions of individual recovery and improvement.

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## Notes

1. The documents on the fiscal policy of the sitting government include the government programme (PMO, 2015), the government action plan (PMO, 2016), the general government fiscal plan (Finnish Government, 2016) and guidelines for fiscal policy by the Ministry of Finance state officials (MOF, 2015). The documents on the strategic governance reform include OECD and Sitra reports on ‘strategic agility’ (Doz and Kosonen, 2008, 2014; OECD, 2010, 2015) and reports on the strategic governance reform (MOF, 2014; PMO, 2011). The documents on the reform of employment services include reports and websites on the regional governance reform (Finnish Government, 2017; Ministry of Economic Affairs and Employment, 2017). See list of research material below.
2. The strategic governance reform in Finland should be located in the context of a shift towards a more rule-based economic governance that has taken place throughout the EU. Various scholars have pointed out how economic decision making has been subordinated to binding legal or constitutional rules, such as the EU’s debt and deficit rules and the ‘debt brakes’ adopted in many countries, including in Finland (Adkins et al., 2019). The new, more authoritarian and coercive modes of economic governance move economic policy to fiscal bureaucracies (see e.g. Bruff and Wöhl, 2016; Elomäki, 2019).
3. The UK and Australia are paradigmatic in this regard.

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### Résumé

Cet article porte sur un train de réformes d'activation des demandeurs d'emploi (*workfare*) mené récemment en Finlande. À la différence des nombreuses analyses existantes sur le *workfare*, l'article s'intéresse plus particulièrement aux questions de gouvernance. À partir de documents d'orientation et d'entretiens avec des acteurs clés de la politique sociale du gouvernement, nous montrons comment cette réforme et les tentatives pour la mettre en œuvre ont obéi à un mode spécifique de gouvernance managériale, la gouvernance stratégique, qui implique d'intégrer la gestion stratégique dans l'élaboration des politiques. Nous détaillons comment ce mode d'élaboration des politiques publiques a permis d'intensifier et de dépolitiser les politiques de *workfare* en remplaçant des préoccupations politiques par des impératifs économiques et, ce faisant, a contribué au processus plus général d'économisation de l'État. Si ce processus d'économisation est souvent présenté comme un élément central du projet néolibéral, les pratiques par lesquelles il est concrétisé restent souvent floues. Cet article apporte ainsi des éclairages sur la manière dont ce processus d'économisation du politique fonctionne dans la pratique.

**Mots-clés**

Économisation, élaboration des politiques, gouvernance managériale, gouvernance stratégique, réforme du *workfare*

**Resumen**

Este artículo analiza una ronda reciente de reformas de activación de los trabajadores desempleados (*workfare*) en Finlandia. A diferencia de muchos de los análisis existentes sobre el *workfare*, el artículo se centra en cuestiones de gobernanza. A partir del análisis de documentos de políticas públicas y entrevistas con actores clave de las políticas, muestra cómo esta reforma y los intentos de implementación se llevaron a cabo en línea con una forma específica de gobernanza gerencial, la gobernanza estratégica, la cual implica la incorporación de la gestión estratégica en la formulación de políticas. Se detalla cómo este modo de formulación de políticas ha permitido una intensificación y despolitización de las políticas de *workfare* a través del reemplazo de las cuestiones políticas por imperativos económicos y, de esta forma, ha contribuido al proceso más amplio de economización del Estado. A pesar de que éste último proceso se considera, a menudo, como central para el proyecto del neoliberalismo, las prácticas a través de las cuales se produce permanecen con frecuencia confusas. Por lo tanto, este artículo aporta conocimiento sobre cómo funciona en la práctica el proceso de economización de lo político.

**Palabras clave**

Economización, formulación de políticas, gobernanza estratégica, gobernanza gerencial, reforma laboral