

Conditionalizing Conduct: Political Economy and
the Limits to Governance in European Union Enlargement

by

Joel Trent Shelton

Dissertation submitted to the faculty of the Virginia Polytechnic Institute and State University in
partial fulfillment of the requirements for the degree of

Doctor of Philosophy

In

Planning, Governance & Globalization

Edward Weisband, Co-Chair

Timothy W. Luke, Co-Chair

Scott G. Nelson

Ioannis Stivachtis

April 23, 2012

Blacksburg, Virginia

Keywords: European Union, Republic of Macedonia, Europeanization, enlargement, accession,
membership conditionality, political economy, Adam Smith, James Steuart, Karl Marx,
international relations, governmentality, governance, discourse, disharmony, culture, subjectivity

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ABSTRACT

This dissertation argues that European Union membership conditionality operates as a modality of political-economic governance directed at securing the conditions of possibility for a harmoniously functioning political economy of Europe. I argue that conditionality can best be understood not as a series of requirements for EU membership, a set of incentives for rule adoption, or a vehicle for the transmission of European norms to candidate states, but as an ensemble of discursive and material practices – fragile, dispersed circuits of governmental activity directed at a particular strategic ambition. I argue that existing accounts of EU membership conditionality are informed by predominantly rationalist understandings of political economy which work to conceal various cultural, social, and subjective sources of disharmony in political-economic life. Thinking about the political economy of conditionality through rationalist lenses privileges the study of bargaining and negotiation and institutional reform and overlooks the ways that conditionality targets the transformation of problematic socio-cultural and subjective elements of political economy – among them particular habits of culture, patterns of sociality, and subjective qualities and capacities of the person deemed essential to securing order and abundance. Re-reading canonical works in classical and critical traditions of political economy by James Steuart, Adam Smith, and Karl Marx makes clear that political economy as a field of knowledge and practice has long been concerned with understanding the political, legislative-legal, institutional, socio-cultural, and subjective conditions of possibility for securing order and abundance and has long reflected on the potential and limits of governance to secure these conditions in a world of shifting circumstance. I argue that a political economy of EU membership conditionality concerned with disharmony should investigate the ways that particular socio-cultural and subjective features of political-economic life are problematized in the discourse of conditionality and subsequently targeted for transformation through the work of instruments and agents of conditionality operating in a variety of institutional contexts. On this basis, I analyze conditionality as practice – tracing the emergence of instruments of conditionality currently at work in the Republic of Macedonia through official documents produced by the EU and the Republic of Macedonia from 2001-2011. I then examine the ambitions and limits of the Operational Programme Human Resources Development 2007-2013 (OP-HRD) – a program tasked with translating the aims of conditionality on paper into concrete activities for implementation in the fields of employment, education and training, and social inclusion. I outline some limits to the program derived from personal interviews with officials of the EU and the Republic of Macedonia who work to implement the OP-HRD “on the ground.” In reflecting on these limitations, I return to the political economy of disharmony, concluding that constraints on the operation of conditionality in practice are not merely the product of technical and political impediments but are also derived from inherent limits to the old dream of political-economic harmony to which the ambitions of conditionality are ultimately directed.

This dissertation is dedicated to the memory of my grandfather, Dallas C. Shelton, Sr.,
whose indefatigable and generous spirit remains an inspiration.

ACKNOWLEDGEMENTS

I owe a sincere debt of gratitude to the faculty of the Department of Political Science at Virginia Tech, who mentored me as an undergraduate, sent me out into the world to complete a master's degree, and welcomed me back to pursue a doctoral degree under their supervision within the School of Public and International Affairs. In particular, I acknowledge the unwavering support of my co-chair Edward Weisband, who has taught me so much about the vocation to which we are both called. I also acknowledge the generosity of co-chair Timothy W. Luke, who broadened my understanding of what political economy could be and helped me to navigate the program. I owe a considerable debt to Scott G. Nelson, whose mentoring and willingness to "talk theory" both on and off the golf course has been integral to my intellectual development. I sincerely thank Ioannis Stivachtis for guiding me through the literature on EU enlargement and for his generosity and good humor. I also thank Charles L. Taylor, whose love of learning and of Europe proved infectious, and William L. Ochsenwald, Professor Emeritus in the Department of History, whose commitment to teaching and careful scholarship still inspires me to do my best work. Thanks also to Karen Nicholson, Kim Hedge, and Sybil Phoenix.

I appreciate the support of Peter Niesen and the Technische Universität Darmstadt, which provided a home for my research during Fall 2011. Special thanks to those officials of the EU and the Republic of Macedonia who so generously agreed to be interviewed as part of this project. They contributed much to my understanding of the accession process, though of course the conclusions I have drawn about conditionality remain my own. I also thank Sascha Engel, whose steadfast friendship and considerable assistance during my stay in Frankfurt were essential to the success of this project, and Giovanna and Franz Motka, who welcomed me into their home as family during my time in Europe.

I offer sincere thanks to all my friends at Virginia Tech with whom I have been fortunate enough to share the burdens and joys of graduate studies, among them Ryan Artrip, Sean Diehl, Stefanie Georgakis, Emily Howard, Rachel Lopez, Martin Saavedra, and Jennie Trefren. I have also relied on the support of old friends: David Avery, Brent Blevins, Didem Çakmaklı, Aliesje Chapman, Thomas Dickerson, Dave Harbourt, Becky Harris, Elmer Hodge, Federico Motka, and many others. Without the unceasing love and support of my parents, Tim and Karen Shelton, I would be capable of very little. My achievements are theirs. I thank my brother, Derek Shelton, for his love and friendship. Cindy and Scott Markwell, Austyn Swisher, Monica Dooley, and their families have been a source of encouragement. Finally, I offer boundless appreciation for the lifelong love and support of my grandparents: Charles F. Trent (VPI class of 1949), Phyllis Hall Trent, Dallas C. Shelton, and Agnes Bednarczyk Shelton. They made this possible. Any and all limitations of this project of course remain my own.

CONTENTS

CHAPTER 1: CONDITIONALITY, POLITICAL ECONOMY, AND THE AMBITIONS OF GOVERNANCE.....	1
I. The Monitoring Matrix.....	3
II. A Brief History of Conditionality.....	7
III. Re-reading Political Economy, Re-thinking Conditionality.....	16
IV. Ontology and Method.....	21
V. The Republic of Macedonia – Conditionality’s Laboratory?.....	33
VI. Conclusion.....	35
CHAPTER 2: THE POLITICAL ECONOMY OF CONDITIONALITY.....	39
I. The Limits and Potential of Political Economy.....	40
II. Ontologies of Conditionality.....	49
Conditionality as Rational Incentive.....	50
Conditionality as State Normalization.....	53
Conditionality as Geopolitics.....	58
Conditionality as Class Domination.....	61
III. Conclusion.....	63
CHAPTER 3: TOWARDS A POLITICAL ECONOMY OF DISHARMONY.....	66
I. Habits of Culture and the Ambitions of Governance.....	68
II. Patterns of Sociality and the Fragility of Commercial Exchange.....	76
III. Normal Labor and the Subjective Requirements of Accumulation.....	85
IV. Conclusion.....	98
CHAPTER 4: CONDITIONALITY AND ITS INSTRUMENTS.....	101
I. Prioritization.....	103
II. Programming.....	113
III. Monitoring.....	121
IV. Conclusion.....	131

CHAPTER 5: CONDITIONALIZING HUMAN CAPITAL IN THE REPUBLIC OF MACEDONIA.....	133
I. Problematizing Human Resources Development.....	136
II. Programming Human Capital: Objectives, Measures, Operations.....	138
Employment.....	140
Education and Training.....	142
Social Inclusion.....	146
III. Conditionality Interrupted.....	149
Limitless Ambitions, Limited Resources.....	150
The Limits of Process.....	153
The Problem of Capacity.....	156
Political and Cultural Impediments.....	157
The Limits to Human Capital.....	160
IV. Conclusion.....	161
CHAPTER 6: CONDITIONALITY AS A MODALITY OF POLITICAL-ECONOMIC GOVERNANCE.....	163
I. Circuits of Conditionality.....	164
An Ensemble of Circuits.....	166
Strategic Imperative.....	168
II. Conditionality, Disharmony, and the Limits to Governance.....	170
III. The Potential of Political Economy, the Limits of this Study.....	178
REFERENCES.....	183

CHAPTER 1: CONDITIONALITY, POLITICAL ECONOMY, AND THE AMBITIONS OF GOVERNANCE

The argument of this dissertation is that European Union (EU) membership conditionality can usefully be understood as a *modality of political-economic governance* concerned with consolidating the political, legislative-legal, institutional, socio-cultural, and subjective conditions of possibility for a harmoniously functioning political economy of Europe. Conditionality is not merely a set of requirements for EU membership, a set of incentives for rule adoption, or a vehicle for the transmission of European norms. It is instead an ensemble of material and discursive practices directed at political-economic *harmonization* – an ambition of governance that is as old as the field of political economy itself. The effectiveness of these practices is limited not only by the technical constraints of financing, procedure, or capacity but also by the sheer ambition of the European project, which seeks to bring into harmony domains of political-economic activity that have long resisted programmatic transformation.

The possibilities and limits of harmonization in political economy have been the subject of scholarly reflection since at least the 18th century. Yet contemporary scholarship in political economy obscures the field's early preoccupation with the social, cultural, and subjective dimensions of political-economic disorder, instead privileging the study of institutional rules and legislative processes, the adoption of norms by state actors, and rationalist accounts of bargaining and negotiation. These preferences, along with the growing prevalence of accounts of political-economic life oriented to the assumptions of microeconomic theory and mathematical, equilibrium-based modeling, have impeded the development of a more comprehensive political economy of European Union membership conditionality capable of accounting for the full range of activities that conditionality entails in practice.

I argue that a re-reading of canonical works in classical and critical political economy open to the disruptive dimensions of political-economic life makes clear the ambitions and limits of the European project. In suggesting ways in which habits of culture, patterns of sociality, and the subjective dimensions of the person are essential to the dis/function of political economy, the work of James Steuart, Adam Smith, and Karl Marx provides the resources necessary to re-imagine conditionality outside of rationalist and constructivist frameworks. Re-thinking the political economy of conditionality suggests that the existing literature on enlargement has

overlooked dimensions of EU membership conditionality concerned with socio-cultural and subjective domains of political-economic activity.

I investigate these overlooked dimensions of conditionality by re-engaging conditionality in terms of its material and discursive practices, examining how instruments of conditionality are assembled and operate in the Republic of Macedonia through the work of official agreements, partnerships, programs, reports, evaluations, and the agencies they enable. I outline how fields of intervention for conditionality in employment, education and training, and social inclusion emerge and are consolidated from 2001-2011. In particular, I examine the ambitions and limits of the Operational Programme Human Resources Development 2007-2013 (OP-HRD), which directs the instruments of conditionality to the cultivation of an administrative and professional culture oriented to efficiency and entrepreneurialism, the diffusion of a pattern of sociality linked to individualization through labor markets, and the remaking of subjective qualities and capacities of the person *understood in terms of human capital*. This analysis benefits from insights derived from personal interviews conducted with officials of the European Commission in Brussels and members of the EU Delegation and officials of the Republic of Macedonia in Skopje.

I conclude that the limited record of “progress” in implementing the OP-HRD is not merely a technical problem of financing, process, or capacity, but reflects the perennial presence of socio-cultural and subjective disruptions in political-economic life – a persistent absence of harmony that has worried and intrigued political economy from its beginnings as a field of knowledge and practice concerned with securing order and abundance in the emerging commercial society of the 18th century. While instruments of conditionality directed at training, education, and social inclusion target these sources of disruption, theorizing the socio-cultural and subjective dimensions of political economy in terms of human capital limits both the efficacy of these interventions and suggests that much of the richness and complexity of these domains of activity reflected in the work of early classical and critical political economy is forgotten. Instruments of conditionality directed at employment, education and training, and social inclusion seek to intervene in precisely the domains of political-economic life that a re-reading of early canonical works in political economy suggest are potentially unstable and in perpetual need of shoring up, but simultaneously fail to take heed of warnings about the limits of political-economic governance that emerge from re-readings of Steuart, Smith, and Marx.

Rather than being peripheral to the work of European Union enlargement, I argue that the social, cultural, and subjective elements of political-economic life are both the most essential and the most elusive objects of governance – necessary for “cohesion” yet perpetually resisting the arts and practices of governance. In light of a re-reading of political economy and a re-thinking of conditionality, I propose an alternative conceptualization of EU membership conditionality as a fragile, dispersed modality of governance concerned with consolidating the conditions of possibility for a harmoniously functioning political economy of Europe in a world of shifting circumstance. This suggests that the success or failure of the European project is bound up irrevocably with dreams of political-economic harmony that are as of yet still quite deferred.

I. The Monitoring Matrix

In December 2005, the Republic of Macedonia was formally named a candidate for membership in the European Union by the Council of the European Union. The announcement launched an accession process defined by and through documents – reports, assessments, recommendations, programs, tables, and budgets prepared by the institutions of the European Union and the national government of the Republic of Macedonia. On January 30, 2006, the Council of the European Union issued an Accession Partnership for the Republic of Macedonia, updating the previous European Partnership of 2004 and outlining the “priorities for work” to be undertaken “to prepare for further integration with the European Union,” calling on the Republic of Macedonia to “develop a plan with a timetable and specific measures to address the priorities of this European Partnership” (Council 2006: L 35/57). In March 2006, the Republic of Macedonia issued a Draft National Programme for the Adoption of the *Acquis Communautaire* (NPAA 2006), detailing its plan for implementing EU accession requirements. In November 2006, the Commission issued its first annual Progress Report on the Republic of Macedonia (Commission 2006). On the basis of the priorities of the Accession Partnership, the findings of the Progress Report, comments from the European Commission, and the government’s own work program, the Republic of Macedonia issued a revised National Programme in April 2007 (NPAA 2007: 5).

The main text of the 2007 National Programme numbers 337 pages; three annexes run an additional 200 pages. Added to this material is a final attachment, titled the “Monitoring Matrix for the realization of the National Programme for Adoption of the *Acquis Communautaire*”

(NPAA 2007: 1/178-178/178). At first glance, the Monitoring Matrix appears as a checklist – an accountability mechanism. The NPAA defines this 178-page spreadsheet as “a matrix of priorities, objectives and activities, which enables efficient follow-up of the realisation of the Programme. The matrix contains the detailed activities for implementation of the priorities and objectives of each chapter [of the *acquis*]. As an important instrument for monitoring, it will be the basis for preparation of weekly and monthly reports on implementation of the Programme, which will be reviewed by the Government” (NPAA 2007: 5). Each line in the matrix references a chapter of the *acquis communautaire* to be adopted, provides a title and description of an activity to be implemented in order to satisfy the requirements of adoption, identifies a national institution responsible for the activity, and lists the dates during which the activity will be implemented. In short, the matrix translates the priorities, recommendations, and requirements for membership outlined in Council and Commission documents into “detailed activities for implementation” (2007: 5).

Consider the matrix line by line, however, and you find much more than a checklist. Reading between the lines is at first difficult, not only because the document is so exhaustive, but also because the Monitoring Matrix presses against the limits of existing theorizations of European Union enlargement, bringing into view a set of priorities and programs which are often obscured in existing literature on enlargement and conditionality. At first glance, the matrix confirms conventional interpretations of the accession process underpinned by rationalist and constructivist understandings of political economy: The matrix identifies institutional and legislative reform priorities and fixes these priorities to a timetable for adoption. National laws are to be standardized to the *acquis*. Markets in goods, services, capital, and labor are to be further integrated and liberalized. European norms in civil and human rights, democratic practice, judicial process, and bureaucratic accountability and transparency are to be further adopted by state institutions. Activities identified in the matrix are to be supported by financial and technical assistance from the European Union and its member states.

But taking a second look, there is much in the matrix that is about more than legislative reform, institutional rule adoption, the adoption of European norms at the state level, and incentivizing the process of bargaining and negotiation between the EU and prospective members. Inside the rows and columns of the Monitoring Matrix, the “European project” is revealed as far more ambitious. The activities to be implemented are directed not only at the

reform of the Macedonian state and its institutions, but are also concerned with the everyday conduct of persons as citizens, administrators, students, teachers, police, judges, border guards, and workers. Outlined are: Administrative projects to train police, judges, prosecutors, and bureaucrats (NPAA 2007: 4/178-9/178); socio-cultural projects to promote dialogue, enhance individuals' respect for human rights, and promote gender equality (NPAA 2007: 89/178-92/178); projects to strengthen employment markets by training employers, improving workforce quality, and preparing individual action plans for jobseekers (NPAA 2007: 10/178-13/178); and educational projects to train teaching staff, reform student examinations, promote youth employment, redefine curricula and syllabi, and standardize vocational qualifications and higher education requirements (NPAA 2007: 138/178-141/178).

What binds each of these programs together is not activity within a particular institutional site (security, judiciary, police, administration, employment, and education), but the explicit targeting of the social, cultural, and subjective dimensions of political-economic life. Police, border guards, administrators, judges, teachers, and students must be properly trained. Citizens should be encouraged to dialogue and to trust in each other and public officials. Education must produce flexible workers and adaptive, lifetime learners. Here in the matrix, the social, cultural, and subjective elements of a political economy of Europe are *conditionalized* – made visible, problematized as objects of governance, and incorporated into projects directed at their transformation. The targets of EU membership conditionality extend across political, legislative-legal, institutional, socio-cultural, and subjective domains of political-economic activity, requiring us to question familiar narratives about the ambitions and limits of the so-called European project.

The overall aspiration of this project remains, officially, an “area of freedom, security, and justice” – a unified European political economy that will “promote economic and social progress” for the people of Europe and “promote peace, security and progress in Europe and in the world” (Council 2008a: 19). To realize this project, the European Union maintains that the accession process provides “a means to materialise the European perspective of the Western Balkan countries” (Council 2008b: L 80/32) – a means to materialize a harmoniously functioning political economy within the expanding boundaries of “Europe.”

I argue that the limitations of the European project are not to be found in geographical borders, civilizational boundaries, in a principle of subsidiarity, or in the logic of functionalist

integration, but are found just here – in the centuries-old dream of political-economic harmony and the search for a modality of governance that can realize this vision. If, as I argue, the dream of a harmonious European political economy is a dream that must be materialized in conduct as well as in law, it will be no surprise that the ambitions of EU membership conditionality extend beyond states and institutions and into habits of culture, patterns of sociality, and the subjective qualities and capacities of workers, administrators, teachers, students, the vulnerable, and the unemployed. The dream of harmonizing the cultural, social, and subjective conditions of possibility for securing order and abundance is a vision as old as political economy – a tradition of discourse which from its beginnings in the 18th century is concerned with understanding both the means to achieve this ambition as well as its limits.

Contemporary understandings of EU membership conditionality have adopted one portion of this inheritance – the will to harmonize – while disregarding persistent worries about the limits to political-economic governance that also emerge from such reflections. The matrix poses a question, “*Why does a document concerned with taking on the obligations of EU membership concern itself with the transformation of habits of culture, patterns of sociality, and the subjective dimensions of the person?*” An enlargement literature predominately oriented to rationalist, equilibrium-oriented accounts of political economy concerned with bargaining and negotiation and institutional reform can venture no satisfactory answer.

To answer the question posed by the matrix, it matters how we think about political economy as a field of knowledge and practice subject to governmental intervention. Any political economy of EU membership conditionality is shaped by ontological presuppositions about the agents and activities that populate the field. If the political economy of Europe is defined by the actions of rational states, profit-maximizing firms, and self-interested individuals, conditionality emerges as an adjustment mechanism – reconfiguring economic costs, incentivizing political action, and thereby moving candidate states to adopt EU rules. If, however, political economy can be theorized as more disorderly and *precarious* than all of that – not a single coherent domain of activity, but a number of potentially discordant ones perpetually in need of shoring up – then understanding what conditionality is and what it aims to effect becomes far more difficult. From this perspective, conditionality requirements concerned with employment, education and training, and social inclusion considered peripheral to the bargaining

calculations of rational agents may emerge as a vital component in a larger project of political-economic harmonization.

II. A Brief History of Conditionality

A brief recounting of the history of EU membership conditionality demonstrates that a singular focus on the formal bargaining and negotiation process neglects the emergence and evolution of the instruments and activities through which conditionality operates. Rather than deducing the function of conditionality from the assumptions of rationalist accounts of political economy, I argue that we can better understand conditionality through the operation of its instruments.

While EU membership conditionality has only been at work in the Republic of Macedonia for a decade (and fully elaborated only since candidate status was granted in 2005), the presence of education and training operations linked to political forces operating in part from outside the territory of Macedonia invokes a particular historical legacy: A century ago, educational programs directed by agents of Bulgaria, Greece, and Serbia were very much at work in remaking the political identities of persons in the broader region of Macedonia. The adoption of EU-sponsored education and training regimes the Republic of Macedonia is but the latest link in a long history of governmental interventions directed at socio-cultural affectations and the subjective dimensions of the person. These attempts have in no way been met with uniform success. The history of the region of Macedonia prior to the formal incorporation of Vardar Macedonia into the Yugoslav Federation in 1946 as the “People’s Republic of Macedonia” is one of competing national claims for the subjective loyalties of the people who lived in the region. According to Loring Danforth (1995: 60), at the turn of the 20th century, “most of the inhabitants of Macedonia were illiterate peasants with no clearly developed sense of national identity at all. National identity was something imposed on them from the outside as a result of the three competing nationalist campaigns of Serbia, Bulgaria, and Greece.” While many people living in Macedonia did come to think of themselves as Greeks or Bulgarians during this period, attempts to convince the people of Macedonia to adopt particular subjective attachments was also met with resistance and the gradual emergence of a Macedonian national identity. Importantly, the main instruments of Greek, Bulgarian and Serbian nationalism in Macedonia were *educational institutions and instruments* (parish schools, dictionaries, grammars, textbooks) which operated

through the Greek, Bulgarian, and later Serbian national churches (Danforth 1995: 56-65). This history of governmental ambitions deferred sets the stage for another story about the possibilities and limits of governance, one that begins as the European Union re-considers its engagement with Southeastern Europe following the collapse of the former Yugoslavia.

European Union conditionality in Central, Eastern, and Southeastern Europe did not begin as a means to EU membership, but as an instrument directed at economic harmonization. Prior to 1994, EU conditionality in the region was centered on economic transformation driven by the end of the Cold War – the Phare program established in 1989 provided direct grants to fund technical assistance in the states of Central and Eastern Europe; the program functioned to “channel advice” in the direction of a neo-liberal economic agenda (Grabbe 2006: 8). Formally structured trade relations between the EU and the states of Central and Eastern Europe were codified in Europe Agreements, which “were intended to create a free trade area and to implement the four freedoms of the single market (free movement of goods, services, capital, and labour)” (Grabbe 2006: 9). In supporting a broad project of liberalization, the Europe Agreements “made specific policy demands” and “started the process of introducing the EU’s legislation and policies to the applicants.” After 1992, these agreements were linked “to five conditions: human rights, a multi-party system, free and fair elections, and a market economy.” Violation of these conditions invited the possibility of agreement suspension, but this has not occurred in practice (Grabbe 2006: 9). Conditionality in Central and Eastern Europe was first concerned with economic integration rather than accession, and the language of this conditionality was at best broad and open to interpretation, and at worst exceedingly vague.

Conditionality requirements specifically oriented to accession and membership requirements changed significantly between 1993 and 1998. Previous enlargement rounds in the European Economic Community (EEC) and later the European Community (EC) had included Western European democracies which were said to already substantively conform to the political-economic “norms” embraced by the EEC/EC – namely “the view that constitutional democracy was not possible without a functioning market economy, that indeed the latter formed the essential basis of the former” (Pridham 2005: 39). However, the additions of Greece in 1981 and Portugal and Spain in 1986 brought the question of the effectiveness and enforcement of accession requirements to the fore; even relatively loose political standards of membership (centered on a requirement for “democratic government” and respect for “fundamental rights and

freedoms”) formulated in the European Parliament in the 1960’s seemed subject to negotiation and derogation (Pridham 2005: 30-34). According to Geoffrey Pridham, during this period “factors which could be called high politics intervened in determining when and how political requirements could be applied and even waived” (2005: 34). Additionally, none of these earlier membership requirements were “subject to any formal and regular monitoring.” Conditionality prior to 1993 was therefore “marked by a distinct lack of procedure and its operation by ad hoc approaches” (Pridham 2005: 35). The “evolution” of conditionality since the early 1990s has not followed a fixed path – the “definition of political conditions since the Copenhagen summit of 1993 has at best been incremental, at times ad hoc and is essentially bureaucratic” (Pridham 2005: 41).

Pridham (2005: 40-41) situates the beginnings of a binding regime of EU membership conditionality with the advent of the “Copenhagen Criteria,” the designation given to a set of requirements for EU membership set at the Copenhagen European Council in 1993. As noted above, some general standards for EU membership – democracy, rule of law, and respect for human rights – had been loosely established beginning in the 1960’s, but the requirements outlined at Copenhagen were broader, more explicit, and subsequently elaborated such that they became subject to monitoring and enforcement. According to Pridham (2005: 36), the significance of Copenhagen was that the Council for the first time explicitly outlined the requirements for EU membership.

Copenhagen can therefore be read as a kind of strategic framework for political-economic harmonization – a way of making explicit the conditions of EU membership so that they might be put into practice. The criteria for candidate states as set out in 1993 are as follows: 1) Political Requirements – Member states must be organized along democratic principles, govern through the rule of law, ensure the protection of human rights, and provide for the protection of minorities; 2) Economic Requirements – Member states must possess a functioning market economy with the ability to withstand the competitive market pressures of membership; 3) Member states must have the capacity to take on the obligations of membership. This last requirement signified that candidate states wishing to enter the EU must adopt the *acquis communautaire* as well as the entire evolving set of EU rules and standards codified across a variety of treaty instruments. The obligation to adopt the entire *acquis* – including an increasingly elaborate set of benchmarks and standards in employment, social policy, and

education and training (Chapters 19 and 26 of the *acquis*) – represents the EU’s gradual move into socio-cultural and subjective domains of political-economic life that have traditionally been jealously guarded prerogatives of nation-states.

The “qualitative jump” (Pridham 2005: 36) in conditionality coincided with the fall of state communism in Central and Eastern Europe. In this reading, the Copenhagen Criteria emerged as an institutional response by member states and the EU to the desire of liberal reformers in “newly independent” (that is, post-communist) states in Eastern Europe to pursue Union association or membership, paired with “security concerns” expressed by member states faced with a number of new or “emerging” democracies and unconsolidated market economies in Central and Eastern Europe (Pridham 2005: 37, Grabbe 2006: 10). According to Heather Grabbe, one aim of conditionality “was to reassure EU states that the eastern candidates would look like familiar, West European countries, not bringing instability, authoritarianism or economic collapse into the Union” (2006: 37). The conditions of possibility for Copenhagen were therefore a multiplication and tightening of internal EU institutional procedures and a more activist Commission (Pridham 2005: 36) paired with an economic and security discourse centered on the threats and potentials of unconsolidated political and economic spaces along the EU’s external borders. A similar problematic of enlargement emerged in Southeastern Europe following the eruption of civil war in the republics of the former Yugoslavia.

While the Copenhagen Criteria indeed outlined more explicit requirements for EU membership than previous references to democracy, the rule of law, and human rights, as a strategic framework for conditionality the conditions outlined at Copenhagen are a “moving target” and contain “highly debatable and slippery concepts” (Grabbe 2006: 32) like “democracy” and “market economy”; even the definition of the *acquis* shifts and is “subject to minimalist and maximalist interpretations” (Grabbe 2006: 34). Given these indeterminacies, the requirements outlined at Copenhagen have been elaborated upon in subsequent Council rounds and by the European Commission. Most importantly, the Commission has assumed the responsibility for ensuring compliance with the criteria, “shaping these conditions and defining the requirements in detail” (Grabbe 2006: 14). In doing so, the Commission has designed a number of progressively more elaborate instruments of conditionality (see Chapter 4).

Copenhagen was followed by the launch of a “pre-accession strategy” in 1994 which sought to “incorporate earlier agreements and commitments... and added some new elements,”

elaborating specific accession requirements but “in a selective fashion” concerned mainly with “liberalization and regulatory harmonization.” Further, the pre-accession strategy introduced “the principle of phased adoption of EU rules” rather than regarding the *acquis* as unitary and “indivisible” (Grabbe 2006: 11). In 1997, the Commission issued the first official Opinions on membership applications, assessing applicants’ progress towards meeting the Copenhagen requirements and the terms of the pre-accession strategy (Grabbe 2006: 13). The following year, the Commission began issuing the first annual Progress Reports on candidate states, outlining yearly advances towards meeting the accession requirements, noting areas of concern, and making recommendations for further action. All of this made the requirements at Copenhagen “progressively more explicit and specific” (Grabbe 2006: 14).

Beginning in 1998, the EU began setting out European/Accession Partnerships. Unilaterally issued by the Council and managed by the Commission, the Partnerships “were intended to make conditionality stricter, both on financial assistance through Phare and ultimately on accession itself, by uniting all EU demands and assistance for meeting them in a single framework” (Grabbe 2006: 15). According to Grabbe (2006: 16), the Accession Partnerships “changed the scope of the accession conditionality,” covering “a huge range of policy areas,” “uniting all the EU’s demands, covering not only all the EU’s legislation (as defined by the Commission), but also the other political and economic conditions.” The Partnerships were paired with National Programmes for Adoption of the Acquis issued by candidate states which “set timetables for achieving the priorities” (2006: 15).

In Southeastern Europe, a Stabilization and Association process was introduced in 2000 which “opened up the prospect for EU membership for all the countries of the region” (Bartlett 2008: 200). As a precursor to accession, Stabilization and Association Agreements (SAAs) “provided for asymmetric trade liberalization with the EU, economic and financial assistance, political dialogue, approximation with EU legislation and cooperation in other policy areas” (Bartlett 2008: 200). SAA negotiations depended upon adherence to general conditions “open to subjective interpretations,” including implementation of economic reforms, establishment of democratic institutions and the rule of law, free elections, and respect for human and minority rights (Bartlett 2008: 201). The European/Accession Partnership model (paired with National Programmes) has persisted following the 2004 and 2007 enlargements, with the first Partnerships issued for Southeastern Europe in 2004. Importantly, financial assistance from Phare and other

aid programs was consolidated during this period and integrated into a uniform Instrument for Pre-Accession Assistance (IPA).

The latest incarnation of the “checklist approach” (Pridham 2005: 41) adopted by the Commission is visible at present in the conditionality regime at work in the Republic of Macedonia and other current candidate states; another cursory glance at the 178-page “Monitoring Matrix” reveals the extent to which recent applicants for membership “have undergone a more arduous change process than applicants in previous enlargements” (Pridham 2005: 78). “Current members [states entering prior to 2004] had not been judged” on the basis of the Copenhagen conditions (Grabbe 2006: 34). And through subsequent elaboration and refinement of the criteria (especially through the Accession Partnerships), candidate states are now subject to more intense requirements for institutional adjustment than existing member states (Pridham 2005: 15), which at the time of their accession faced only the necessity of adopting the *acquis communautaire* and were “able to negotiate opt-outs from parts of the *acquis*” (Grabbe 2006: 34).

While previously “accession terms had been a bargained outcome” resulting in special arrangements (Grabbe 2006: 36), “the Commission has tightened up the requirement that the conditions be met before accession takes place” (Pridham 2005: 41). The scope of accession requirements has also increased: The *acquis* has expanded, taking in more policy areas, and the competences of the Commission “were extended without any of the justificatory and restraining principles that apply in the EU, such as subsidiarity, proportionality and competence, or the involvement of restraining institutions” (Grabbe 2006: 36).

Whether or not the full range of conditions are enforced in practice (or are merely a matter of formal compliance) remains open to debate – in part because most of the existing literature on conditionality is concerned with bargaining, negotiation, and formal legislative rule adoption rather than practices, instruments, and implementation. Pridham, however, is particularly attuned to how the problem of implementation and enforcement has been driven by the gradual expansion of conditionality beyond the reform of institutions. He notes that “some political conditions are not satisfied merely by institutional or legislative changes. This particularly applies to the anti-corruption drive, human rights, and the protection of minorities. In all these cases, satisfactory conditions include ultimately changes in human behavior which are much more difficult to bring about” (Pridham 2005: 53). Pridham further argues that the

basic motive of “administrative modernization” is to “inculcate the notion of a public service which involved changes in both procedures and mentalities”; furthermore, judicial reforms require “changing the mentality of judges and training them in new areas like human rights, anti-corruption, environmental protection and banking law” (2005: 136). For Pridham, it is precisely these “socio-economic” factors and “predispositions of a cultural kind” (2005: 175) which represented “the weakest arena for conditionality effects” (2005: 229).

Pridham’s comments about the importance of “mentalities,” while peripheral to his overall argument, suggest the significance of the socio-cultural and subjective dimensions of conditionality – especially in employment, education and training, and social inclusion – for determining the “depth” of political-economic transformation, consolidation, and cohesion. Without these dimensions, accession remains “a mainly elite exercise politically” and suggests not only “limitations to how far the accession process could penetrate downwards” (Pridham 2005: 188) but also limitations for the prospect of consolidating the socio-cultural and subjective conditions of possibility for a harmoniously functioning political economy of Europe.

Pridham’s work on political conditionality permits a view of the scope and ambitions of conditionality which is broader than the usual narrative. This narrative generally suggests that the Council has required the fulfillment of the “political” criteria for membership prior to a state’s acceptance as a candidate for membership, while the specific “economic” requirements are implemented throughout the accession process. The “negotiations” over the specific legal rules to be adopted through implementation of the *acquis* (the taking on of the “obligations of membership”) are opened and closed by chapter during the formal accession negotiation process itself.

It is this formal process – rather than the range and variety of instruments that drive conditionality in practice – which is primarily highlighted in enlargement studies concerned with the “Europeanization” of candidate states. With a focus on formal negotiations and legislative action, European Union membership conditionality is generally interpreted theoretically as either a set of incentives driving the adoption of EU rules or as a vehicle for transmitting norms of state conduct which are either embraced strategically by candidate states or internalized “thickly” by national actors as part of the accession process. Conditionality requirements therefore function instrumentally to induce rule adoption or norm adoption by candidate states. Conditionality is then part of a strategic game between the EU and candidate states; the EU offers incentives

(financial and technical assistance, preferential access to EU markets) to prospective member states in exchange for rule/norm adoption. According to this view, member states adopt rules/norms on the basis of “the current distribution of preferences and bargaining power between international and domestic actors and different international actors promoting divergent rules.” The focus is therefore on conditionality as a set of incentives that “upsets this domestic equilibrium by introducing additional incentives for compliance with EU rules into the game,” causing states to recalculate the cost/benefit analyses that are said to be at the heart of state-level decision making (Schimmelfennig & Sedelmeier 2005a: 11).

Despite the limitations of this perspective for thinking about the political economy of conditionality beyond the cost-benefit calculations, norms adopted, and interests pursued by state actors, it is possible to locate theoretical work that engages the ways in which the conditionality framework outlined so generally at Copenhagen has been instrumentalized and applied through the work of the European Commission since 1993. Here we have to put aside the debate centered on bargaining, negotiation, and rule/norm adoption (where conditionality is understood as *incentive*) and instead look at how the Copenhagen Criteria have been elaborated and put into *practice* through particular mechanisms. Grabbe’s (2006) analysis of EU norm adoption in Central and Eastern Europe is quite useful in this regard, as she works to move beyond state cost-benefit calculations to elaborate a set of “mechanisms” – defined as “potential means of influence” (2006: 75) – through which conditionality functions. According to Grabbe, these mechanisms are as follows:

1) Models – The Commission does not advocate for one single institutional model to be adopted in conformance with the political criteria of membership. The “open method of coordination” (OMC) permits the Commission to set benchmarks and leaves candidate states open to adjust the specific organization of legislative, judicial, and economic institutions in keeping with a number of models available in EU member states (2006: 76-79).

2) Money – The implementation of the requirements laid out in the Copenhagen Criteria is currently supported by over a billion euro a year in financial support to prospective candidate states and candidate states. These funds are designed to support institutional reforms and were previously allocated through the Cards and Phare programs, now consolidated and replaced by the Instrument for Pre-Accession Assistance (IPA). This funding is ongoing, oriented towards specific projects proposed by candidate states and endorsed by the Commission, and contingent

on making progress towards the fulfillment of the Copenhagen Criteria and the adoption of the *acquis* as outlined in annual Progress Reports issued for candidate states (2006: 80-82).

3) Monitoring and Benchmarking – Progress towards the fulfillment of the Copenhagen Criteria is assessed by the Commission in Progress Reports on candidate states. While these reports have been criticized as being too general, they do elaborate extensively on the areas of assessment and intervention that require further attention, and they do work to organize and codify particular requirements (2006: 83-84); the reports therefore serve to both extend the gaze and deepen the knowledge of objects to be governed through conditionality, expanding the scope and reach of proscribed interventions.

4) “Twinning” – A practice through which “experts” from member states are embedded in candidate state institutions at the formal request of candidate states for assistance on particular projects. Member state experts funded by the EU observe local practice, collect information, assist in the training of personnel, and advise their candidate-state counterparts in the design of institutional reform (2006: 84-86). It is here that the conditionality mechanism strategically extends its reach into micropolitical settings: Twinning “could thus provide a route for cognitive convergence” (2006: 86).

5) Gate-keeping – A “blunt weapon” rather than a “precise instrument that can effect complex changes in institutional frameworks” (2006: 87), the ultimate promise of EU membership is considered to be the overarching factor that ensures the compliance of candidate states with the conditionalization of domestic institutions (2006: 86-88). The promise of membership (with its assumed economic benefits) is said to be one factor that strengthens EU conditionality over other conditionality regimes in Europe, such as those of the OSCE, NATO, and the Council of Europe (Schimmelfennig, Engert, & Knobel 2006: 38).

Grabbe’s focus on instruments suggests that a clear distinction between “political” and “economic” requirements can only be sustained at the risk of neglecting the practices being elaborated through the work of the Commission and candidate states. Many studies of enlargement simply assume the effectiveness of these practices, but the work of James Hughes, Gwendolyn Sasse, and Claire Gordon challenges the usefulness of thinking about conditionality as an “ideal-type” relationship defined by the socialization of state actors through “rewards and sanctions” (2004: 3). In an investigation of regional policy in the CEECs before and during the accession process, they argue that conditionality should be understood in terms of “the process of

its application,” emphasizing “the interactions between multi-level actors, perceptions, interests, different rewards and sanctions, temporal factors, [and] institutional and policy compliance” (2004: 3). Hughes, Sasse, and Gordon conclude that “analysis of the application of EU conditionality in practice” demonstrates “the fluid nature of conditionality, the inconsistencies in its application by the Commission over time, and the weakness of a clear-cut causal relationship between conditionality and policy or institutional outcomes in the CEECs” (2004: 8). Rules and norms are not mechanically adopted by candidate states, and the socializing effects of “informal conditionality” often fail to reach beyond national elites. This skepticism for existing accounts of conditionality and attention to the “ambiguities, inconsistencies, and contradictions” of its practices (2004: 29) is reflected in my own approach, which nonetheless understands the governmental ambitions of these practices differently – extending well beyond the aims of policy adoption and institutional reform.

Thinking about conditionality in terms of either *incentive* or *practice* is therefore a basic ontological choice with significant implications for what elements of conditionality remain visible and subject to analysis. While many scholars consider “Europeanization” to be “post-ontological in being concerned with the effects of the enlargement process” (Grabbe 2006: 47), I maintain that literature on “Europeanization” in EU enlargement is fundamentally ontological – assuming a particular understanding of conditionality which significantly shapes the direction and concerns of scholarship. These limits are derived from the ontological inheritance of rationalist theorizations of political economy, yet literature on “Europeanization” fails to make explicit this paternity and its consequences for scholarship.

III. Re-reading Political Economy, Re-thinking Conditionality

Understanding the operation of conditionality outside of equilibrium-oriented, rationalist perspectives requires re-reading political economy as a field of knowledge and practice concerned with the potential and limits of governing the disharmonies of political-economic life rather than as a discipline concerned with making a space for the operation of invisible hands. The relationship of the field to the question of harmony has long been contested. Political economy in its beginnings was a moral and social project concerned with securing order and abundance, and the extent to which this project required deliberate direction proved to be a vital point of contention. From the mid-18th century, Adam Smith and James Stuart were ambiguous

about the extent to which the conditions of possibility for a harmoniously functioning political economy could be fixed in space and time. For Smith, the operation of an invisible hand would in many cases – but not all – tend self-interested actions toward collective ends (Smith 1976a: 456), but Smith also suggests that in the “race for wealth” the operation of self-interest must be tempered by a moral-ethical exchange of fellow-feeling (Smith 1976b: 82-83). For Steuart, such common purpose required the hand of the statesman, who could shape public spirit according to changing circumstances and work to secure order and abundance, at least for a time (Steuart 1966: 25). A century later, Karl Marx was less equivocal, seeing in the drive to theorize the means to harmonization both a bourgeois delusion and a fundamental misunderstanding of the dynamics of the capitalist order of political economy then being consolidated across Europe and the United States.

During the winter of 1857-1858, Marx sketched out as part of a series of notebooks now known as the *Grundrisse* (1973) a critique of the “the harmonizer[s]” (1973: 581) of political economy – those theorists and statesmen who sought “to demonstrate the harmony of the relations of production at the points where the classical economists naively described this antagonism” (1973: 884). For Marx, the error was not with the classical theorists of antagonism but with writers who relied upon “unhistorical” and “anti-historical” (1973: 888) approaches to the study of capitalist production. The harmonizers concluded on the basis of “thin, drawn, antithetical reflection” (1973: 887) that the social and political antagonisms accompanying the capitalist mode of production were “superficial and accidental rather than intrinsic to the system” (Ernest Mandel in Marx 1981: 327). According to Marx, “the abundance of living observation” (1973: 887) reinforced the contrary: “All over the world, the harmony of economic laws appears as disharmony” (1973: 886).

Despite Marx’s suggestion that disharmony is endemic and inherent to political-economic life, political economy as it is most predominantly practiced today remains in the hands of the “harmonizers” – scholars and practitioners who insist that economy tends towards equilibrium and dream of overcoming disruption, crisis, irrationality, and inefficiency through deliberate study and rational, scientifically-informed policy choices. *The Oxford Handbook of Political Economy* (Weingast & Wittman 2006) defines political economy not as a field of inquiry – a set of shared problems, questions, or concerns – but as “the methodology of economics applied to the analysis of political behavior and institutions” (Weingast & Wittman 2006: 3), where the

“methodology of economics” is derived from neoclassical microeconomic theory. Doing work in political economy is therefore equated to the study of rational-choice decision making within an already stable institutional order, albeit one which is occasionally modified by external incentives, exogenous shocks, or the bounding of rationality by normative constraint. The task of the investigator becomes one of comparative statics – bracketing everything messy, identifying relevant variables, and thereby explaining the shift to a new equilibrium of interests and outcomes.

This definition of the field becomes especially curious if one considers that much of the early work in political economy – and the legacy of Steuart, Smith, Marx, and others – was directed at understanding political economy as a moral or social project that was always threatened by disruption and held together by – in no particular order – a general spirit of industriousness, the creation of new wants, a sociality of “fellow-feeling,” the actions of knowledgeable statesmen, the qualities and capacities of subjected laborers, or the actions of capitalists bound to the systemic imperative to accumulate.

Even more disquieting is that many scholars working in *international* political economy (IPE) today trace the beginnings of serious and sustained theoretical labor in IPE to the 1970’s and the work of Susan Strange, Robert Keohane, and Joseph Nye. While it may be accurate from a narrow disciplinary perspective to insist with Benjamin Cohen that “as a distinct academic field... IPE was born just a few decades ago” (Cohen 2008: 1), such a statement works to exclude and bypass the contributions of classical and critical traditions in political economy, separating out this older field of political economy conceptually and historically from the field of IPE; and all this despite Steuart’s reflections on varieties of European culture and the attraction of foreign manufactures, Smith and Ricardo’s explicit concern with international trade, and Marx’s often repeated statement that “the need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe” (Marx & Engels 1978: 476). The refusal to see work in political economy – especially early contributions in the field – as *always already international* serves to limit what counts as work in IPE in ways that are detrimental for our understanding of the socio-cultural and subjective dimensions of the political economy of European Union membership conditionality.

Fortunately, we need not begin an inquiry into these dimensions with IPE as it came of age in the 1970’s. An older tradition of thinkers – I focus on Steuart, Smith, and later Marx –

provide theoretical resources that can be used to unpack these dimensions of political-economic life. A re-reading of classical and critical traditions in political economy suggests an alternative conceptualization of political economy as *a field of knowledge and practice concerned with understanding the political, legislative-legal, institutional, socio-cultural, and subjective conditions of possibility for securing order and abundance and reflecting on the potential and limits of governance to consolidate these conditions in a world of shifting circumstance.*

Addressing the specific dynamics at work in any given order of political economy requires us to understand how the function or disfunction of the whole is sustained by specific configurations of and relations between political, legislative-legal, institutional, socio-cultural, and subjective domains of activity. This means that *particular* subjective qualities, habits of culture, patterns of sociality, political interests, legislative-legal frameworks, and configurations of institutional rules/norms are at work in sustaining the harmonious (or disharmonious) functioning of political economy as a whole. The typical concerns of the field – growth, inequality, employment, innovation, investment, interests, class dynamics, capital and labor mobility, consumption patterns, and above all, institutional and political order and organization – depend on much more than the mostly-rational choices of states, firms, and consuming subjects.

Theorizing political economy in this way opens a space for a reconsideration of the ambitions and limits of EU membership conditionality. Conditionality is defined in much of the literature on enlargement through the theoretical prism of rational-choice-based models of political economy and modifications of this approach derived from social constructivism. Conditionality has been understood through this conceptual language predominantly as a set of incentives in a strategic game of institutional rule/norm adoption. Existing research on EU conditionality has privileged the study of the political economy of institutional reform, the adoption of the *acquis communautaire*, and the bargaining and negotiation process (see Schimmelfennig & Sedelmeier 2005a, 2005b) – focusing on institutional, legislative-legal, and political domains of activity and neglecting socio-cultural and subjective dimensions of political-economic life.

Studies emphasizing processes of democratization in Eastern Europe (Pridham 2005) and “Europeanization” as a process carried out through conditionality (Grabbe 2006) helpfully broaden the scope of analysis. While suggesting a number of dimensions of conditionality directed at socialization and changes in human behavior, this work remains primarily concerned

with understanding decision making, institutional reform, rule compliance, and norm adoption at the state level. And while alternative accounts of conditionality informed by realist thinking in international relations and Marxist approaches to political economy call into question the assumptions of rational-choice bargaining models, these approaches leave the social, cultural, and subjective dimensions of membership conditionality and enlargement mostly unexplored.

Analyzing the potential and limits of existing enlargement and “Europeanization” literature for understandings of EU membership conditionality (see Chapter 2) reinforces the need for a re-reading of political economy oriented to the social, cultural, and subjective dimensions of political-economic life in order to address the puzzle posed by the Monitoring Matrix: *Why do employment, education and training, and social inclusion appear in the matrix as fields of intervention? Why must the instruments of conditionality aspire to transform habits of culture, patterns of sociality, and the subjective dimensions of the person?*

Rather than assuming conditionality to be an object already known to us (a set of formal membership requirements, an incentive mechanism for negotiation, or a vehicle for transmitting a bundle of norm to state actors) I investigate conditionality through its practices and work to understand what these practices are laboring to effect. I ask the *how* of conditionality in order to better address the *why* of conditionality. Understanding the *how* of conditionality requires going beyond the politics of European Union enlargement as it has been understood as the bargaining processes of member states and the EU. Privileging the *how* of conditionality also means thinking about the political economy of conditionality outside of the immediate context of rule/norm adoption by candidate states. A number of questions can be derived from this approach: *How does EU conditionality function or disfunction (through what instruments and agencies)? What range of objects does conditionality target through these instruments? What do these instruments drive to effect? What are the limits of these instruments? Are the ambitions of conditionality realized in practice?*

I conclude on the basis of this questioning that the scope of interventions at work in EU membership conditionality must be reconsidered. The instruments of conditionality *are* directed at the reform of institutional rules, the adoption of EU legal standards, and the altering of calculations of political interest, but they are also concerned with remaking administrative and professional culture, reshaping education and training practices, altering patterns of socio-cultural exchange, and standardizing conduct at a variety of institutional sites. These latter

ambitions are most visible in the Operational Programme Human Resources Development (OP-HRD), which directs EU-funding to specific programs in employment, education and training, and social inclusion linked explicitly to the requirement for candidate states to adopt Ch. 19 (Social Policy and Employment) and Ch. 26 (Education and Culture) of the *acquis communautaire*.

Investigating the practices of conditionality at work in the Republic of Macedonia as they appear in EU documents and are put to work programmatically by agents of the European Commission and Republic of Macedonia highlights the social, cultural, and subjective dimensions of the European project, suggesting that conditionality functions as much more than a rational incentive: *Conditionality labors as a set of governmental practices directed at that enduring dream of political economy – the drive to consolidate the conditions of possibility for securing order and abundance in a world of shifting circumstance.*

IV. Ontology and Method

This study understands the terms “political economy” and “conditionality” in ways that are designed to overcome the limitations of more typical usages; I employ the concept of “subjectivity” and “the subjective” in order to more precisely articulate the way that conditionality engages and cultivates particular attitudes, capacities, and habits of the individual person in a project of political-economic harmonization.

As a field of inquiry, political economy provides the theoretical frame required to grasp the functional significance of practices of conditionality that work to open up fields of intervention in employment, social inclusion, and education and training. However, if political economy is only the “the methodology of economics applied to the analysis of political behavior and institutions” (Weingast & Wittman 2006: 3), programs like the Operational Programme Human Resources Development – which aims to alter habits of culture, patterns of sociality, and the subjective dimensions of the person – are overlooked, owing to the fact that accounts of the person derived from microeconomic theory fix the subjective dimensions of the person (individualistic, rational, self-interested, and utility-maximizing) *a priori*.

Randall Germain argues that these approaches (among others) are “poorly placed to consider subjectivity because they assume a particular version of subjectivity rather than problematize subjectivity itself” (2011b: 63). If the subjective dimensions of the person are

fixed, then there is no need to consider how particular configurations of these dimensions might impact the operation of political economy as a whole. The subjective dimensions of the person are taken for granted or made exogenous to analysis, rather than understood as a dynamic and integral domain of political-economic activity.

In claiming that conditionality targets the “subjective dimensions of the person” rather than stating that conditionality aims for certain effects on the individual, I follow Michel Foucault’s understanding of subjectivity and subjectification. I argue that persons are made and make themselves into particular kinds of subjects by adopting, altering, or resisting the various discursive and material practices through which they come to know themselves and act in the world in certain ways and not others. Conditionality can be theorized as a set of practices which in part seeks to engender particular modes of subjectification. Foucault (2003a: 130) writes that what is at work in subjectification is:

“a form of power that applies itself to immediate everyday life [and] categorizes the individual, marks him by his own individuality, attaches him to his own identity, imposes a law of truth on him that he must recognize and others have to recognize in him. It is a form of power that makes individuals subjects. There are two meanings of the word “subject”: subject to someone else by control and dependence, and tied to his own identity by a conscience or self-knowledge. Both meanings suggest a form of power that subjugates and makes subject to.”

I emphasize the ways that interventions directed at employment, education and training, and social inclusion programmed and implemented under the auspices of EU membership conditionality *assume and simultaneously seek to develop particular kinds of persons* with certain habits, qualities, dispositions, and understandings of the self and one’s relationship to others. Conditionality aims to constrain, evoke, or remake these dimensions, encouraging persons to take up different subject positions as adaptable, life-time learner, mobile worker, entrepreneurial bearer of human capital, rational, efficient administrator, and tolerant, inclusive citizen. The claim is not that all such interventions succeed – merely that they are integral to the ambition of consolidating a harmoniously functioning political economy of Europe capable of delivering both order and abundance.

Theorizing political economy in this way, EU membership conditionality can be rethought as a governmental project concerned with *conditionalizing* the political, legislative-legal,

institutional, socio-cultural, and subjective domains of activity constituting a political economy of Europe. Conditionality emerges as an ensemble of material and discursive practices directed at political-economic harmonization. Re-reading political economy and re-thinking the ontology of conditionality thus becomes central to answering the questions about education and training, culture, and sociality posed in the Monitoring Matrix.

Methodologically, this analysis depends upon a *particular* style of reading theoretical texts in political economy along with the discourse of conditionality as it is elaborated across official EU documents. These readings have been supplemented by personal interviews with officials from the European Commission in Brussels, members of the EU Delegation in Skopje, and officials of the Republic of Macedonia who provide insight about the operation and limitations of EU-financed programs in employment, training and education, and social inclusion carried out as part of the requirement to take on the obligations of European Union membership (see Chapter 5). These interviews help to overcome the limitation of reliance on EU documents – namely, the uncertain relationship between the work of conditionality on paper and the implementation of specific programs as they are carried out by agents of the European Union and the Republic of Macedonia in a variety of institutional contexts.¹

Re-reading works in classical and critical traditions of political economy in order to foreground socio-cultural and subjective domains of political-economic activity neglected in both rationalist and state-centered constructivist accounts of the field requires departing from an approach to reading texts that is aimed at securing a timeless truth, discovering the original intent of an author, or explaining the world as it necessarily is. For example, in order to read in Adam Smith a concern with the transformation of the subjective dimensions of the person under the increasing specialization of labor characteristic of a commercial society, one must avoid approaching *The Wealth of Nations* as a finished work, the final meaning of which can be extracted and mechanically applied to an analysis of the present.

In “What is an Author?” (2003b), Michel Foucault counsels against treating a theoretical text as a finished, reified “product” or “thing” to be possessed or “caught up in a circuit of

¹ Nevertheless, interviews bring their own epistemological challenges: Heather Grabbe notes that “both EU and CEE policy-makers tended to exaggerate the extent of EU influence for policy circles. Both the main sources for evidence of Europeanization (i.e. actors in EU institutions and candidate country governments) had a vested interest in claiming that the EU was the principle driver of most reforms” (2006: 48). The officials interviewed for this project were more likely to raise limitations to EU influence than to exaggerate the impact of EU activities.

ownership” (Foucault 2003b: 383). Discourses for Foucault are objects of appropriation, subject to use by those who deploy assumptions, concepts, statements, even authorship itself to wage a strategic battle for what counts as truth (2003b: 382). All readings of texts are for some purpose. No single reading can discover the true and essential nature of the man Adam Smith who wrote *The Wealth of Nations* (or any other theorist); all we have are Smith’s words in the order he arranged them and the traditions of meaning that have been attached to them in the more than two centuries since this work was written.

For Foucault, appropriation of discourse is always selective, it is never complete, and it is always deployed within a wider universe of meaning that tends to shift historically. “The modes of circulation, valorization, attribution, and appropriation of discourses vary with each culture and are modified within each” (2003b: 389). Discourse is strategic, but it is not arbitrary. It is not possible to say just anything at any time. Foucault’s own *oeuvre* suggests that we must remain attentive to the contingent and historical limits of discourse, the ways in which individual statements can strain against established regimes of truth but never *in themselves* modify any overall *episteme*.

In accepting this understanding of what it is to appropriate discourse, one becomes wary of attempts to totalize meaning, to shore up foundations, and to insist upon an original intent that must be accepted lest thought exceed its accepted bounds. In the study of theorizations of political economy, the reader must be especially aware of the historical weight of the appropriations that have come before – of all the enduring appeals to “invisible hands” or “alienation” that circulate in contemporary political-economic discourse. This is not to suggest that references to established conceptual appropriations are “false,” but they may be limiting or even *dangerous* in that they prevent the opening of a text to a different kind of analysis concerned with a different sort of problematization. Thinking about the political economy of conditionality in one way – privileging certain assumptions, deploying certain conceptual inheritances, and respecting certain disciplinary boundaries – is productive of some understandings but works to constrain or limit thinking about what conditionality is and what it drives to effect.

Nevertheless, Foucault insists that appropriation, while always selective and never complete, is absolutely inevitable. *How* we appropriate therefore becomes a matter of methodological concern. Foucault’s concern for how appropriation is carried out is taken up by

Richard Ashley and William Connolly. The re-readings of Steuart, Smith, and Marx undertaken in Chapter 3 amount to a series of appropriations concerned with producing “openings” for new problematizations (specifically, a desire to capture the potentially disharmonious socio-cultural and subjective features of political-economic life). These readings are informed by methodological positions culled from the work of Ashley and Connolly. While the object of Ashley and Connolly’s concern is predominantly the state of theorization in the field of International Relations, the implications of Foucault’s analysis of appropriation are perhaps even more serious for interpretive readings of canonical texts in political economy. Many of these readings remain exercises in disciplinary cohesion and foundational justification – a matter of searching in texts written hundreds of years ago for timeless truths, original intent, or objective descriptions of the world as it is. To see this phenomenon in action, one need look no further than the extraordinary history of appropriations of the *oeuvre* of Adam Smith (see Shelton, forthcoming).

What Ashley and Connolly provoke through a critical analysis of the state of international relations theory is a conviction that readings of political economy must also engage with the inevitability of appropriation, the discursive limits of theoretical texts, and their capacity (or incapacity) to produce useful insights when read against the grain of disciplinary orthodoxy. In “The Poverty of Neorealism,” Ashley (1984) suggests that to read a text such as Kenneth Waltz’s *Theory of International Politics* is not a matter of ascertaining whether Waltz’s theory reflects the world as we know it; instead, Waltz’s text is an invitation to consider how the strategies deployed within the text both leave us disposed to find just this world (of interest-driven unitary state actors in a condition of anarchy) and not others. Ashley suggests that all texts produce a “generative potential” (1984: 275) – a capacity to make statements and to provoke thinking within particular bounds; it is the limits of this “generative potential” and the way these limits must be covered over or concealed through the workings of the theory itself that interests Ashley, and he suggests that a deconstruction of texts such as Waltz’s will help us to expose the contingent and particular in all that is posited to be necessary. Part of what is at stake in a study of the political economy of conditionality, then, is the “generative potential” of the terms “political economy” and “conditionality” and the development of a methodological capacity to overcome the limits of predominant understandings of these terms in order to engage

with the social, cultural, and subjective dimensions of the European project made visible in the Monitoring Matrix.

In “The Geopolitics of Geopolitical Space” (1987), Ashley suggests that developing this capacity entails the adoption of a disposition or *attitude* towards the text (1987: 406). One can either embrace what Ashley later calls “heroic practices” – wherein texts are read, written, and interpreted as sovereign centers of transparent and unchanging meaning that help to stabilize claims to truth (1988: 230) – or one can question this move by embracing a careful, critical, destabilizing reading of texts that seeks to uncover unstated assumptions and particularities in all the claims that are asserted as general and ahistorical. Here we might ask how economic subjects who are assumed to be rational utility-maximizers are made to regard their own interests in certain ways and not others through processes that are historical and the product of so many contingent relations. This latter approach to critical reading reflects what Ashley calls a “genealogical attitude” (1987: 409). In “Untying the Sovereign State” (1988) Ashley pairs this attitude with the practice of “dialogical” reading, wherein one reads critically in order to open up spaces for reflection that are obscured by “monological” approaches seeking unity, uniformity, and closure (1988: 231-234).

In the context of reading classical and critical traditions in political economy – again I adopt the example of Adam Smith – such a genealogical attitude might entail reading Smith in order to discover the historical limits or “generative potential” of his own discourse (see Shapiro 1993). Or it might involve searching in Smith for the moments where he permits the *disharmonies* of commercial society to come into view, only to close off this opening in order to insist upon the progressive and ameliorative effects of “the system of natural liberty” (Smith 1976a: 687).

There are limits, however, to the work this kind of reading can carry out. The function of critical or deconstructive readings is to destabilize or to decenter, not to assert a new center or to establish a new truth. William Connolly reflects on this methodological limit in “Identity and Difference in Global Politics” (1989), where he engages directly with what he calls Ashley’s “self-restriction” to a method of theoretical deconstruction, or “one perpetual assignment to ‘invert the hierarchies’ maintained in other theories” (1989: 336). Connolly suggests that despite the value of Ashley’s approach, it produces a kind of “post-ponism” (1989: 336) of affirmative theorizing that leads critical scholarship in international relations to avoid the task of undertaking

theory *construction*. Such constructions could produce situated, contingent, but *general* understandings of the forces at work in the contemporary world. Connolly differentiates *general* theories from *totalizing* ones, asserting that totalizing theories seek closure in timeless and exhaustive explanations, while general theories merely construct temporary artifices in order to shed light on a particularly thorny set of problems (1989: 336). The *general* theorist wants to escape the limits of purely deconstructive theory, and in embracing *constructive* theory he or she is precariously aware of the relationalities in which such theorizing is embedded. Connolly therefore asserts the need for theoretical work in international relations that both reads against the grain and works within the discursive space opened up by such readings to produce “affirmative constructions” (1989: 337) despite the problem of contingency – that is, despite the problem of appropriation. The account of conditionality as a modality of political-economic governance presented in Chapter 6 is intended to be just this kind of construction.

I maintain that this critical, constructive approach to theoretical work can be usefully applied to overcoming the limits of theorizing political economy in terms of a harmonious order of generally rational states, transaction-cost reducing institutions, mostly-efficient markets, and occasionally short-sighted but nevertheless utility-centered consumers tending towards equilibrium. While some of these assumptions have been usefully modified or discarded in the constructivist, cultural, and critical approaches to political economy explored in Chapter 2, I argue that the generative potential of early work in political economy also need not be constrained by the weight of established appropriations. Returning again to Smith, general and constructive appropriations would read Smith against the grain of hegemonic appropriations of his work, searching for discursive spaces where Smith the author can be found questioning the harmonies of markets, the effects of the division of labor on the worker, and insisting upon the necessity for moral exchange of sentiment to regulate the self-interest of no longer unequivocally rational individuals.

Re-reading political economy in this way reveals in the work of Steuart, Smith, and Marx a concern with potentially *disharmonious* habits of culture, patterns of sociality, and subjective dimensions of the person. Such a reading does not dismiss the importance of politics, the legislative process, or institutional configurations, but suggests that these dimensions of political economy are only part of the story. On the basis of this re-reading, political economy can be re-conceived as a field of knowledge and practice concerned with understanding the political,

legislative-legal, institutional, socio-cultural, and subjective conditions of possibility for securing order and abundance and reflecting on the potential and limits of governance to consolidate these conditions in a world of shifting circumstance.

While appropriations of Steuart, Smith, and Marx are useful in fleshing out the social, cultural, and subjective dimensions of a political economy defined by disharmony, these readings do not in themselves suggest the *specific* linkages between practices of conditionality concerned with employment, education and training, and social inclusion and the drive to stabilize and consolidate disharmonious domains of activity within the political economy of Europe. The question of *how* conditionality functions in this context has still yet to be addressed. Answering this question requires a methodological approach to investigating conditionality that can identify the aims, instruments, and objects of conditionality through its practices. If conditionality is directed predominately at altering incentives for bargaining and negotiation, it stands to reason that the instruments and objects of this conditionality will be different than if conditionality is more broadly aimed at securing and consolidating various domains of political-economic activity.

It is here that the ontological and methodological orientation of governmentality studies can be particularly useful. Governmentality analyses problematize what it means to govern and in doing so help to identify *particular* instruments, agents, and objects of governance. Government, according to this approach, is “any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape conduct by working through the desires, aspirations, interests and beliefs of various actors, for definite but shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes” (Dean 2010: 18). Rationalities of government function to render “reality thinkable in such a way that it was amenable to calculation and programming,” while technologies of government actualize these rationalities through “assemblages of persons, techniques, institutions, and instruments for the conducting of conduct” (Miller & Rose 2008: 16). According to Peter Miller and Nikolas Rose, “rationalities and technologies, thought and intervention, were two dissociable dimensions through which one might characterize and analyse governmentalities and begin to open them up to critical judgment” (2008: 17). Studies in governmentality seek to articulate the *particular* rationalities and *particular* practices that constitute attempts to govern the states, societies, individuals, and

communities that are made knowable and therefore the possible objects of governmental intervention. Studies in governmentality shift the analytical focus from states and institutions to the material and discursive practices (often mundane governmental interventions – census, mapping, benchmarking, auditing, standardizing, calculating, training, evaluating) that do the work of *effecting* governance.

Methodologically, this perspective suggests that conditionality can be studied as a set of practices rather than as a set of requirements or incentives emerging from a center or centers of power. Deriving a core theoretical inheritance from Foucault's lectures on "governmentality" at the Collège de France from 1977-1979 (Foucault 2007, 2008), governmentality studies call into question the assumption that government is something directed from the center of a sovereign state. For Foucault, this representation of government and power no longer reflects the *how* of the operation of governmental power in contemporary society. To govern is no longer only or even primarily the question of a limit or negation (the "juridico-discursive" representation of power outlined in Foucault 1990: 82). The art of governing is instead aimed at managing, regulating, and harnessing the energies of productive subjects and populations through a variety of interventions at numerous points and through multiple capillaries of power. Importantly, these interventions do not always succeed; the dreams of governance are often deferred.

Governing emerges from this analysis as any activity concerned with the "conduct of conduct." To be governed is not merely to be subjected to law or to the limits imposed by the state, but also to be more or less productively subjected to relations of power within particular institutional sites. Additionally, governance can be a relation to the self, as when one conducts oneself in keeping with self-knowledge and identities that are constituted through discourse (Foucault 2003a: 130). Discourse here is understood as a set of rules and *practices* that govern the production of meaning (Hall 2001). For Foucault, discourse is *productive* of relations – including relations of governing – that conduct subjects towards particular ends and through which subjects create knowledges and effect particular social relations. Understanding discourse *as practice* permits an analysis of the way that the discourse of conditionality articulated through official EU documents works to constitute the instruments through which conditionality operates.

While governmentality analysis has been predominantly utilized in the study of the governing techniques of the state (see Barry, Osborne & Rose 1996, Foucault, et. al 1991), applying the governmentality approach to relations of power that work across, within, and

between national spaces is notably the subject of Larner and Walters' (2004) *Global Governmentality*. Furthermore, Walters and Haahr's (2005) *Governing Europe* explicitly considers the EU's open method of coordination as a neoliberal rationality of government, taking into account the tension between the kind of rationality informing the free movement of goods, persons, and capital (which values the productiveness of freedom and seeks to open up spaces for circulation) and the requirements of Schengen, which is programmatically concerned with the dangerous, threatening subjects that circulate in just such a space. This analysis emphasizes that rationalities of government are multiple and may be articulated within the same spaces. Walters and Haahr, however, do not explicitly consider EU membership conditionality or how conditionality makes use of the open method of coordination.

Moving away from the question of the circulation of economic subjects across and within states, Katharyne Mitchell (2006) utilizes a governmentality approach to analyse how these subjects are developed through the European Commission's increasing commitment to "lifetime learning" in educational reform, training, and technologies of citizenship. She understands these programs as products of neoliberal governmentality. Mitchell's analysis is concerned with the failure or incompleteness of this work in marginalized spaces within the existing member states of the EU, specifically within the immigrant communities of Marseille. I maintain that Mitchell's problematization of educational and training regimes can be usefully extended to a broader analysis of conditionality as a set of practices concerned with political-economic harmonization.

In particular, Michael Merlingen's characterization of IGOs as "apparatuses through which non-sovereign forms of power are produced and circulated through capillaries that link international, transnational, national, and subnational actors (public and private)" offers a useful point of departure for the work undertaken in this study. Merlingen emphasizes the importance of engagement with processes at the level of "microsocial and micropolitical sites" that "seek to shape governments (national and local) *but also civil society actors and citizens*" (Merlingen 2003: 370, emphasis added).

An explicit concern with articulating the connections between rationalities and technologies of governance at the level of IGOs, governmental practice within states, and the *shaping of human subjectivity* as integral to the consolidation and operation of political economy remains underexplored in studies of governmentality. A re-reading of classical and critical

traditions in political economy suggests that the field of political economy contains untapped resources for understanding the cultural, social, and subjective dimensions of political-economic governance – contributions to the study of subjectivity which are overlooked by governmentality scholars concerned with the subjective dimensions of the conduct of conduct.

Nor do governmentality analyses sufficiently differentiate between the dreams of governance on paper and the coherence or incoherence of the effects of technologies of government in practice. Conduct can be misconducted. Disfunction and incoherence may be as important for understanding conditionality as rationality and coherence. While Mitchell Dean (2010) usefully notes that governmental technologies *often* fail to secure their desired effects, studies in governmentality frequently presume (or fail to problematize) the success of the interventions under investigation. Program implementation is either assumed or remains outside the scope of the investigation. The inclusion of interviews with officials from the European Commission, the EU Delegation, and the government ministries of the Republic of Macedonia in the present study works against these limitations: Questioning officials about the operation and limits of conditionality in practice does not produce irrefutable evidence of success or failure, but such questions do help to measure the sometimes not inconsiderable distance between the aims of governance on paper and their actual material effects.

Taking up a closely related problem, Bernard Harcourt (2011) warns against the broad and ahistorical application of Foucault's conceptual apparatus, which was, it is important to recall, originally derived from specific historical investigations of psychiatric power, punishment, and sexuality undertaken in the 1970's. In a recent contribution to a genealogy of the idea of "natural order" in political economy, Harcourt (2011) argues that the rote application of uniform categories like "discipline" or uniform rationalities like "liberalism" as ways of organizing an analysis of governmental practices can distort and conceal as much as such concepts reveal. The temptation to universalize Foucault's concepts and assume their effects should be resisted as a methodological principle. Instead, the usefulness of these categories can be assessed in terms of the specific analyses being undertaken.

Harcourt's challenge is taken up in this study. I attempt as much as possible to develop a conceptual apparatus derived from the sources of analysis themselves: I conclude that EU membership conditionality is concerned with a broader project of political-economic "harmonization" rather than "discipline" or "normalization", despite the disciplinary function of

conditionality in training and education. I try to understand the emergence and “prioritization” of various fields of intervention for conditionality rather than focus on the application of a singular “governmental rationality” across these fields; however, where particular “rationalities” (namely neo-liberal assumptions about persons as bearers of human capital) delimit how the socio-cultural and subjective dimensions of political-economy are understood and made objects of governance, I consider the effects of these assumptions in practice. This study does deploy some terms (“instruments” of conditionality, “objects of governance”) more directly culled from the language of governmentality studies where these concepts are well-suited to understanding the workings of conditionality in practice.

Despite the limitations outlined above, I adopt two important premises from the work of Foucault and studies in governmentality. Methodologically, this work suggests that the study of how governance is effected should begin with the study of material and discursive practices rather than assuming the presence of a unitary center (or centers) of sovereign state power. This move shifts the concerns of a political economy of conditionality away from the institutional politics of the European Commission, Council, and member and candidate states and moves the analytical focus of investigation to the myriad practices of conditionality themselves – the priorities and objects identified, the programs delineated, and the monitoring mechanisms implemented through instruments of conditionality. The practices that constitute these instruments are visible not only in the discourse of conditionality – official agreements, partnerships, programs, reports, and evaluations produced by the Council, the Commission, and the Republic of Macedonia – but are also reflected upon in conversations with the agents of conditionality tasked with implementing conditionality “on the ground.” Ontologically, studies in governmentality usefully problematize the subject in a manner that contributes to a richer understanding of the many ways that the subjective dimensions of the person are made objects of governance through the work of various instruments.

In sum, governmentality provides a different conceptualization of what it is to govern and what the objects of government entail. Asking *how* conditionality functions moves the analysis away from member states and the European Union as centers of power and towards specific practices of governance carried out under the name of “conditionality.” The understanding of the *how* of government developed in governmentality studies is useful in drawing out the fields of intervention, objects of governance, and agents of conditionality as they emerge through the

assembly and operation of particular instruments. Understanding the limits of these instruments in terms of the domains of political economy they aim to transform enables a re-thinking of conditionality as a modality of governance concerned with political-economic harmonization.

V. The Republic of Macedonia – Conditionality’s Laboratory?

Study of European Union enlargement, “Europeanization,” or membership conditionality is faced with the task of selecting a particular state, institution, accession requirement, or program through which the analysis can be anchored and delimited. Analysis of employment, training and education, and social inclusion as integral components of *conditionalization* demonstrates the relevance of rethinking the ontology of conditionality: Conditionality is not merely a set of accession requirements or incentives aimed at legal harmonization and the reform of institutional rules, but functions as a set of increasingly dense and delineated practices directed in part at the harmonization of conduct within various institutional sites.

Studying these practices in the context of the accession process of the Republic of Macedonia highlights the contemporary relevance of Southeastern Europe as a laboratory for the *conditionalization* of the socio-cultural and subjective dimensions of political-economic life within the context of European Union enlargement. While many studies have been written on the previous round of enlargement in Eastern Europe, “very few analyses about its [the conditionality mechanism] impact on the transitional processes in the region of South East Europe have been conducted, while the complexity of the situation there highlights the need to do so, indeed” (Knezović 2009: 93).

The “situation” in the Republic of Macedonia is indeed complex. Problems of endemic unemployment (consistently above 30%) and low GDP growth (0.7% in 2010) have been exacerbated by the effects of the 2008-2009 economic crisis, which has placed additional strain on a population of two million persons comprised of a Macedonian majority (64%), a sizable and growing Albanian minority (25 %), and smaller communities of Turks, Serbs, and Roma. Unemployment is even higher among young people, women, and members of minority communities. These persistent disharmonies are particularly worrisome in the context of the violence that erupted in January 2001 between Albanian militants and Macedonian security forces. While a political settlement securing additional rights for ethnic Albanians was reached in August of the same year, social relations between groups remain problematic. In the opening

months of 2012, “fears of a new bout of intercommunal violence” flared following two incidents which left seven people dead and sparked rioting, protesting, and street fighting. Dozens were injured (Brunwasser 2012). The *political* integration of these communities is explicitly at stake in efforts to increase employment, reform education and training programs, and promote social inclusion. Questions of order and abundance are therefore intertwined in the political economy of conditionality.

The system of formal contractual relations between the European Union and the Republic of Macedonia inaugurated with the Stabilisation and Association Agreement (SAA) signed in 2001 has undergone numerous transformations over the past decade, intensifying in the years since the Republic of Macedonia was granted EU candidate status in 2005. At present, formal membership negotiations have yet to be opened by the Council, and privately ministry officials in Skopje suggest membership may be delayed another decade² (personal interviews, December 1 & 2, 2011). Conditionality during this period has not stood still. The instruments of conditionality are perpetually being refined and reassessed, and approaching conditionality *in its latest phase* permits a view of EU conditionality as it has been reconfigured following the 2004 and 2007 enlargements.³

The choice of documents used to draw out these instruments is made difficult by the sheer volume of enlargement-related material published by the European Union. Official relations between prospective candidates for EU membership, candidate states, and the EU are outlined in a number of documents, including: Commission Enlargement Strategies published annually; Stabilization and Association Agreements with not-yet candidate states; Commission Opinions on candidate applications; Council decisions; Europe Agreements; European/Accession Partnerships; annual Progress Reports on candidate states’ progress towards meeting the requirements of membership; the Instrument for Pre-Accession Assistance (IPA); and National Programmes for the Adoption of the Acquis Communautaire (NPAA) and Operational Programmes developed by candidate states in accordance with the requirements of membership.

Taken together, these documents outline various fields of intervention, problematize a variety of objects to be transformed (political incentives, institutional rules/norms, legislative

² Greece has worked to block or delay the Republic of Macedonia’s accession as part of the ongoing naming dispute.

³ The latest enlargement round, for example, is the first to make use of the unified Instrument for Pre-Accession Assistance (IPA), which replaced a number of other EU project funding mechanisms.

agendas and legal code, patterns of sociality derived from exchange, professional and administrative cultures, the subjective qualities, capacities, and habits of persons as workers, citizens, students, teachers, and administrators), and invest a number of agents in programmatic interventions designed to transform these objects. I argue that the discourse of conditionality elaborated in these documents assembles the instruments and enables the agencies through which conditionality as material practice is carried out within and across spaces typically conceived as international, national, and local.

Given the sheer volume of enlargement materials available, this study undertakes a detailed analysis of the operation of conditionality in the fields of employment, education and training, and social inclusion in the Republic of Macedonia on the basis of a *selection* of these documents, specifically the priorities for reform outlined in the 2001 Stabilisation and Association Agreement, European/Accession Partnerships issued by the Council in 2004, 2006, and 2008, the annual Progress Reports issued by the Commission, the projects outlined by the Republic of Macedonia as reflected in the National Programme for the Adoption of the Acquis Communautaire and the programming and funding priorities for “Human Resources Development” outlined in the IPA and associated Operational Programme. Special emphasis is placed on the Republic of Macedonia’s efforts to fulfill the requirements of Ch. 19 (Social Policy and Employment) and Ch. 26 (Education and Culture) through the Operational Programme Human Resources Development (OP-HRD).

This selection of documents permits a detailed and focused exploration of the ways in which socio-cultural and subjective domains of political-economic activity are problematized in discourse and invested as objects to be transformed through instruments of conditionality. Such an analysis enables reflection on the ways in which these interventions are crucial to a project of political-economic harmonization within the Republic of Macedonia aimed at consolidating the conditions of possibility for a harmoniously functioning political economy of Europe.

VI. Conclusion

The claims of this study are in keeping with the kind of critical but constructive, general, non-totalizing theoretical work suggested by William Connolly (1989). I engage existing accounts of the political economy of conditionality not merely to analyze their generative limits, but to offer an alternative ontological framework as a temporary artifice erected to shed light on

the significance of socio-cultural and subjective dimensions of the European project. In Chapter 2, I argue that the social, cultural, and subjective dimensions of conditionality as practice have been neglected in the existing “Europeanization” literature and I trace this neglect to the limitations of rationalist theorizations of political economy which underpin many of these studies. I explore the insights of alternative approaches to political economy and ask how they might contribute to a political economy of disharmony concerned with culture, sociality, and the subject. I link rationalist approaches to political economy to the ontology of conditionality as *rational incentive* predominant in the existing literature and investigate additional ontologies of conditionality that appear in studies of EU enlargement. I conclude that understanding the ambitions and limits of EU membership conditionality requires engaging more explicitly with the social, cultural, and subjective dimensions of political economy – elements which feature prominently in early work in the field concerned in part with understanding the potential for and limits to governing the disharmonies to which political-economic life is especially prone.

In Chapter 3, I re-read canonical works in classical and critical political economy, suggesting that both the most-celebrated Adam Smith and the mostly forgotten James Steuart provide resources for understanding social, cultural, and subjective sources of political-economic disharmony. Steuart (1966) invokes a world of self-interest absent an invisible hand, arguing that public good must be maintained by a statesman who works to alter the circumstances by which existing habits of culture are gradually transformed and productively attuned to the requirements of wealth creation. In Steuart’s assessment, political-economic governance must work to model minds. While Adam Smith is often interpreted as a thinker concerned with revealing the underlying social harmonies inherent in self-interested exchange, reading Smith as a harmonizer misses much in his thought attuned to the potential for disharmony and discord. Smith (1976a) never claims the “invisible hand” *always* leads men to promote ends which are in no part their intention; neither does he suggest that the pursuit of self-interest *always* promotes the ends of society. Re-reading Smith (1976a, 1976b) suggests that a stable configuration of sentimental exchange – a pattern of approbative sociality – is integral to the functioning of commercial society and the harmony of public and private interests. Regulating sociality becomes vital to the functioning of markets. From the beginnings of “political oeconomy” as a field of inquiry, then, we can locate a concern for identifying cultural and social elements of political-economic discord.

I link the concerns for disharmony found in Steuart and to a lesser extent in Smith to the work of Karl Marx. Marx (1981) transforms Smith's concern with the alienating effects of the division of labor, arguing that under the conditions of industrial capitalism, the subjective dimensions of the person are not merely passive inputs to a production process: The social, moral, and intellectual qualities of subjects are integral to the accumulation of profit. Political economy demands productive laboring subjects, but these subjects are not ready-made; they are instead subject to continuous re-making through education and training in accordance with the changing requirements of capitalist accumulation. Reworking the *normal* qualities of the person (capacity, skill, attitude) becomes vital to the productivity of capitalism as a mode of production.

What is made possible through these re-readings is a denaturalization of the subjects of political economy. Persons are not naturally predisposed to produce and consume in particular ways, nor are they born in an empty social and cultural space that has no significance for how political economy functions; instead, their habits, skills, capacities, cultural affinities, moral-ethical sensibilities and situatedness within structures of production, consumption, and socialization indeed matter for understanding how orders of political economy function and disfunction. The peril, for Smith and Steuart, is that an emerging political-economic order might become undone; the hope for more critical thinkers like Marx is that “we” (some *we*) might effect just such an undoing so that some alternative order of social relations might emerge out of what came before. Re-reading political economy in this way broadens the scope for work on conditionality beyond the political economy of institutional design, rational-choice bargaining, and rule/norm adoption. I suggest that political economy be understood as field of knowledge and practice concerned with understanding the political, legislative-legal, institutional, socio-cultural, and subjective conditions of possibility for securing order and abundance and tasked with articulating the potential and limits of governance to consolidate these conditions in a world of shifting circumstance.

In Chapter 4, I turn to a consideration of conditionality in terms of the discursive and material practices through which it is articulated, tracing the assembly, operation, and limits of instruments of conditionality as they emerge through the agreements, partnerships, reports, and programs produced by the European Commission and the Republic of Macedonia. I detail how fields of intervention for conditionality are opened across political, legislative-legal, institutional, socio-cultural, and subjective domains of political economy, emphasizing how objects of

governance in the fields of employment, social inclusion, and education and training become targets for conditionality through the operation of its instruments. I then outline some limitations to the instruments of conditionality in practice. This analysis benefits from personal interviews conducted with officials of the European Commission in Brussels. I conclude that a closer examination of EU-funded interventions in “human resources development” will permit a better understanding of the aims and of limits of conditionality as its instruments encounter the socio-cultural and subjective domains of political-economic life which Steuart, Smith, and Marx suggest are particularly prone to disorder.

In Chapter 5, I analyze the operation and implementation of the Operational Programme Human Resources Development 2007-2013 (OP-HRD), which directs IPA funding to specific programs concerned with “human resources development” – strategically linking the fields of employment, education and training, and social inclusion to a single program concerned with socio-cultural and subjective elements of political economy understood in terms of “human capital.” I examine the objectives of the program, investigating how the OP-HRD targets *particular* habits of culture, patterns of sociality, and subjective qualities and capacities of the person. I also consider the technical, political, cultural, and ontological limits of these interventions given significant delays in implementation. This analysis is informed by interviews conducted with members of the EU Delegation and officials of the Republic of Macedonia in Skopje – agents charged with program implementation “on the ground.”

Chapter 6 links the limits of conditionality in employment, education and training, and social inclusion to the drive for political-economic harmonization at the heart of the European project. With the benefit of the re-reading of political economy carried out in Chapter 3 and the re-thinking of conditionality undertaken in Chapters 4 and 5, I propose an alternative ontology of EU membership conditionality as a *modality of political-economic governance* concerned with consolidating the conditions of possibility for a harmoniously functioning political economy of Europe. I argue that this modality of governance intervenes through an ensemble of *circuits of activity* across fields of intervention that are potentially unstable and in perpetual need of shoring up. I suggest that the limits to this modality of governance are found not only in technical or political constraints, but are derived from the limits of the dream of political-economic harmony itself: The *precarity* of socio-cultural and subjective dimensions of political-economic life that have long resisted capture by the arts and practices of governance.

CHAPTER 2: THE POLITICAL ECONOMY OF CONDITIONALITY

Political economy has been a contested terrain since its emergence as a field of knowledge and practice concerned with securing order and guaranteeing abundance in the emerging commercial societies of late 17th century Europe. Disputes and exclusions emerged early on: Adam Smith challenged James Steuart's account of what kind of knowledge should be brought to bear in managing the art of political economy, who possessed such knowledge, and the extent of governance required to secure these ends. Yet, when Smith wrote *The Wealth of Nations* he failed to engage Steuart – then the best-known political economist of the age – by name.

An engagement with contemporary debates in political economy suggests that very little has changed over the past 235 years; political economy is still defined as much by what passes by in silence as by what is made explicit. The silences continue, particularly in the field of international political economy (IPE). Since the publication of Benjamin J. Cohen's (2008) narrow intellectual history of IPE, much has been made of the need to reconcile “American” and “British” schools in IPE characterized as ontologically and methodologically distinct (see Phillips & Weaver 2011). In Cohen's account, the “American” School is defined by a methodological drive to “mimic the research techniques of the economics discipline” (Cohen 2008: 13) and the adoption of a “rationalist model of human behavior” (Katzenstein 2011: 109), while the “British” school remains methodologically pluralist and committed to “the notion of political economy as the study of the social whole” (Underhill 2011: 153). In defining political economy in terms of a binary split, however, Cohen's narrative and associated commentaries function to exclude Marxist and other alternative approaches to thinking about international political economy (German 2011a); the debate is therefore as much about defining and policing disciplinary boundaries as it is about contributing to a field of knowledge and practice.

Additionally, and perhaps more fundamentally, there remains little agreement over whether the term “political economy” signifies a methodological approach (Weingast & Wittman 2006: 3) or a field defined by its subject matter (Germain 2011a: 89). Nevertheless, in fields of discourse, as “between equal rights, force decides” (Marx 1981: 344). Despite the considerable efforts made in new edited volumes of constructivist (Abdelal, Blyth, & Parsons 2010a), cultural (Best & Patterson 2010a), and critical (Shields, Bruff, & Macartney 2011b) approaches to the

field, much of what counts as political economy today is consolidated and defined under the influence of disciplinary orthodoxy derived from microeconomic theory; this inheritance has severely constrained the vision of predominant theoretical approaches to the study of EU membership conditionality.

In this chapter, I explore the effects of the ontological monism known as “rationalism” on the field of political economy. I then consider insights from alternative constructivist, cultural, and critical approaches to political economy, suggesting that this work provides resources that can move scholarship towards a more pluralistic understanding of the field – and in the direction of a political economy of EU membership conditionality concerned with culture, sociality, and the subjective dimensions of the person. I then reflect on the significance of this intellectual inheritance for the theorizations of EU membership conditionality presented in the existing literature on enlargement and “Europeanization.” I outline the ontological limits of a rationalist approach to conditionality and consider alternative ontologies of conditionality available in the literature. I conclude that a re-reading of works by Steuart, Smith, and Marx directed at explicitly problematizing socio-cultural and subjective domains of political-economic activity provides a more extensive and detailed set of theoretical resources that can be brought to bear on an analysis of the political economy of conditionality in the Republic of Macedonia.

I. The Limits and Potential of Political Economy

Despite basic ontological and methodological disagreement, political economy as a discipline has settled upon one strong point of consensus: For better or worse, rationalist approaches and understandings of political economy remain dominant in the field, especially in the U.S. academy (Cooley 2009: 48). While rationalism is associated with the “American” School of IPE, I suggest below that the ontological assumptions of rationalism similarly dominate scholarship on EU membership conditionality, much of which is written outside the bounds of the U.S. academy.

Above all, a rationalist ontology in political economy “reflects a comfortable certainty about how the world works... the vast majority of IPE scholars assert that we can derive sufficient explanations of action from some function of rational responses to objective and largely knowable and transparent environments” (Abdelal, Blyth, & Parsons 2010b: 1-3). Rationalist approaches to IPE assume “that economic actors act instrumentally in pursuit of their

ranked preferences... These studies theorize the political reactions of these economic agents to the distributional consequences of new international economic pressures” (Cooley 2009: 48). Rationalism in political economy assumes a world of “purposeful and consistent” (Cooley 2009: 48), self-interested, unitary actors (states, firms, individuals) which seek to maximize benefits (relative power, profit, utility) and minimize costs. Actions by states, firms, and individuals are taken on the basis of rational calculation. Economy is defined as a sphere of free exchange of goods and services based on rational calculation and governed by the workings of the price mechanism. Politics is defined as institutionalized bargaining over arrangements through which states, individuals, and firms “capture those benefits [power, profit, utility] and attempt to insulate themselves from their costs” (Cooley 2009: 48).

Explaining political and economic outcomes is a matter of calculating the interests of states, firms, and individuals and understanding the institutional context of interaction, which works to alter the cost/benefit calculations of rational agents. Institutions are designed to further the interests of contracting states, firms, and individuals “by improving the contracting environment and facilitating exchange” (Cooley 2009: 50). For rationalists, institutions function to reduce uncertainty, to lower transaction costs, and to regularize cooperative action – producing mutual and absolute gains in power, profit, or utility, but also distributing these gains unevenly to particular agents. The contract, from this perspective, functions as a “governing mechanism” that conducts individuals, firms, and states to particular outcomes (Cooley 2009: 49).

Rationalism defines the units that matter in political economy (states, firms, individuals), gives an account of the character of these units (rational, self-interested, calculating), and presupposes an environment for their interaction (the liberal sphere of exchange and contract) which together amounts to a rationalist ontology of political economy as a game of self-interest by way of cost-benefit analysis. These ontological assumptions are most fully realized in the “open economy politics” approach to IPE, which has been called “the most important emerging paradigm in IPE” and is credited with stimulating “an ongoing period of Kuhnian normalcy” (Lake 2011: 46-47). Despite this praise, the OEP’s assumption of *a priori* rationality, account of interests, and approach to causal analysis suggests the limits of rationalism for understanding the dynamic interplay of political, legislative-legal, institutional, socio-cultural, and subjective domains of activity in political economy. There is much in the OEP approach that contributes to

the limits of the predominantly rationalist accounts of EU membership conditionality considered in the next section.

According to David A. Lake, a proponent of open economy politics, “OEP begins with sets of individuals – firms, sectors, factors of production – *that can be reasonably assumed to share (nearly) identical interests*” (2011: 47, emphasis added). Interests, which are “defined as preferences over alternative outcomes” are derived from “the distributional implications of different economic policies, which in turn follow from how a unit is located relative to others in the international economy” (2011: 47). Ontologically, the assumption is that units of analysis interact on the basis of interests that are “fundamentally materialist” and deduced *a priori* from economic theory (2011: 47).

Studies informed by OEP bracket as “exogenous” most features of political-economic life, seeking to isolate and study a single causal effect. OEP specifies the interests of units, examines how these interests are aggregated, refracted, and translated into policy through institutions, and then deduces how states bargain to influence one another based on this aggregation and the previous outcomes of their interactions. OEP insists upon “focusing on bargaining” (2011: 48). But given that most of what might be interesting about the context of such bargaining (cultural, social, or subjective dimensions) is made exogenous or assumed *a priori* to interaction, OEP is reduced to explaining state action and the significance and effects of institutional reform through the prism of the cost-benefit calculations of rational agents.

Therefore, in assuming the qualities and capacities of agents prior to interaction, OEP closes off any consideration of the possibility that the subjective dimensions of political-economic actors are made and unmade through interaction, that these interactions incorporate patterns of sociality or cultural habits, or that these qualities are integral to “outcomes.” The agentic subjects of OEP calculate based on material preferences; this is the only quality of the state, firm, or person that matters for rationalist political economy and it functions as an independent variable. OEP and associated rationalist models of political economy, therefore, are poorly suited for thinking about dimensions of political-economic governance that explicitly target sociality, culture, or the subjective dimensions of the person: Since “agents” do not change, and preferences are calculated in a socio-cultural vacuum, such interventions are incomprehensible. Despite these considerable limits to the sorts of questions political economy

can ask and the kinds of questions it can venture answering, Lake concludes that “open economy politics” has proven to be a “remarkable progressive approach” (2011: 51).

Progressive or not, the rationalist ontological assumptions of OEP and related “contractualist” approaches have proven exceedingly influential, making their mark even on many constructivist understandings of political economy. The claim that “purely social phenomena intervene between actors and material structures” (Abdelal, Blyth, & Parsons 2010b: 2) is a fundamental constructivist position – one which serves to adjust *how* the interests of states, firms, and individuals are calculated, but does not displace the unitary ontology of choice-oriented agents. Equilibrium may not be the product of so-many rational choices, but outcomes can be explained by thinking about the actions of an aggregate of unitary agents who take action in a choice environment “structured” by meaning (norms, interpretation), cognitive constraints (filtering, heuristic, biases, shortcuts), or ideas generated in periods of uncertainty (Abdelal, Blyth, & Parsons 2010b: 9-13). Norms, filtering, and uncertainty are used to explain “irrational” actions – signifying that individualistic, calculating rationality has not lost pride of place. In the social ontology of constructivism, individual incentives and interests remain predominant. States, firms, and individuals may adopt norms, but norms serve merely to adjust interests. Norms are a locus around which decision-making can coalesce and through which policy consensus can be produced, but left unconsidered is the broader function of “normalization” as a socio-cultural condition of possibility for a harmoniously functioning political-economy.

While Abdelal, Blyth, and Parsons concede that “the preceding [constructivist] paths presume preexisting agents,” they do introduce an approach labeled the “the path of subjectivity” (2010b: 13) which problematizes the pre-existence of agents, but offers a limited understanding of the dimensions and conceptual potential of subjectivity. In this approach, the role of subjectivity in theorizing political economy is reduced to an exploration of the constitutive function of discourse. Abdelal, Blyth, and Parsons suggest that accounts of political-economic life incorporating the subjective dimension are concerned primarily with norms as “expressions of power” that define “what it is possible and impossible to say and thus do in a particular context” (2010b: 13). While Abdelal, Blyth, and Parsons usefully bring subjectivity into a conversation about political economy, the possibilities for incorporating subjectivity into studies of political economy are broader than the question of discourse, and much is left here to be explored by others. Specifically, while highlighting the role of discourse in constituting

conditions of possibility in political-economic life, Abdelal, Blyth, and Parsons do not explore the possibility that *particular* subjective dimensions of the person – capacities, attitudes, habits, skills – might be vital components in securing order and abundance in political economy.

Nevertheless, constructivist concern with “the path of subjectivity” marks a turn away from a rationalist ontology that assumes particular kinds of subjects and therefore fails to problematize the subjective dimensions of political economy. These dimensions are more explicitly engaged by alternative cultural and critical strands of IPE, which taken together suggest a strategy for incorporating the cultural, social, and subjective dimensions of political-economic life into the study of EU membership conditionality.

Cultural approaches to political economy differ from the rationalist consensus in that they make endogenous to the field of political economy the “meanings that we give to social life and material objects, and the concrete practices that they enable and depend on for their sustenance” (Best & Paterson 2010b: 3) – factors that are “bracketed” in OEP and contractualist approaches. Cultural political economy understands political economy as a field of activity not in terms of the interaction of calculating self-interested agents within a realm of exchange mediated by institutions and tending towards equilibrium, but as “an assemblage: a loose collection of objects, subjects, practices and institutions which are then reified into appearing like something much more solid” (Best & Paterson 2010b: 14). The re-introduction of dynamism, potential instability, and contingent practices into the study of political economy is a significant contribution to a post-rationalist ontology of political economy – one that is useful in thinking about the socio-cultural dimensions of political-economic *disharmony* in European Union enlargement.

Indeed, cultural approaches to political economy help to flesh out these dimensions, understood as a set of relations constituted and sustained through “day-to-day practices” which have a “cultural character” (Best & Paterson 2010b: 5). What this means for political economy is that particular modes of reasoning, producing, and relating to subjects and objects are not *given* external to any particular political-economic order. Rather, cultural approaches to political economy insist that “our basic economic activities... have been internalized as habits” (Best & Paterson 2010b: 15); therefore, modes of production, exchange, distribution, the institutional orders through which they function, and the habits of the persons who sustain, reproduce, and alter them are historically contingent practices.

If the dis/function of political economy depends on engrained habits of daily life, securing the conditions of possibility for a harmoniously functioning political economy requires more than adopting laws and adjusting institutional rules; “change in the world economy requires practices to be engrained in the lives of non-elite actors... such agents have actual or potential agency in transforming their own political and economic environments” (Hobson and Seabrooke 2009: 290). Understanding the conditions of possibility for a harmoniously functioning political economy requires leaving the bargaining table and investigating “how the world economy is played out at the everyday level of ordinary people” (Hobson and Seabrooke 2009: 290). Importantly, “everyday life” for cultural political economists is not a space of freedom or organized in keeping with a rational ordering of preferences. Economic practices depend “on various *specific* cultures which change over time and across space” (Best & Paterson 2010b: 15). From this perspective, market relations and “the creation of such ‘free market’ economies on a grander scale similarly entails cultural work to *produce the sorts of people* and institutions that can sustain such economies” (Best & Paterson 2010b: 14, emphasis added).

Focusing on the production of particular “sorts of people” explicitly introduces the subjective dimension into the study of political economy, but the approach is less explicit in elucidating precisely *how* particular subjects are made through culture or *why* such subjectivities are vital to political-economic dis/function. One approach to these questions is taken up by David L. Blaney and Naeem Inayatullah (2010a, 2010b), whose work re-appropriates canonical contributions to classical political economy in order to make explicit that political economy from its inception has functioned as a “cultural project” reflecting “ethical meaning and purposes: wealth, order, freedom, equality, etc.” (2010b: 34). According to Blaney and Inayatullah, classical political economists were concerned not only with the problem of managing scarcity and abundance but also with the social and cultural transformations that underpinned an emerging way of life that ultimately produced both wealth and the “wound of wealth” (2010b: 29) – the disharmonies of inequality, dispossession, and alienation.

The analysis undertaken in Chapter 3 is particularly indebted to Blaney and Inayatullah’s *Savage Economics* (2010a), which contains a skillful and engaging re-appropriation of the work of James Steuart. Blaney and Inayatullah are particularly sensitive to the way that a re-reading of Steuart’s 1767 treatise *An Inquiry into the Principles of Political Oeconomy* “focuses our attention directly on the ‘real’ of economic disorder that persists in civil society despite promises

of natural harmony” (2010a: 58). Blaney and Inayatullah emphasize Steuart’s “sensitivity to the embeddedness of economy in varying socio-cultural contexts” (2010a: 59) as well as his concern with governing the shifting circumstances of political economy (2010a: 60-61). According to Blaney and Inayatullah, “Steuart’s political economy appears less as mechanical and more a form of knowledgable practice and political decision” (2010a: 61). This characterization of the field informs the development of my own approach.

Blaney and Inayatullah argue that understood as cultural project, classical political economy “comes to us laced with uncertainty about ourselves as social beings” yet functions as a body of discourse which engrained “the instrumental elements of economic logic – a kind of sociality at the heart of the social practice of economy” into economic discourse and practice; a rational, calculating, individualistic economic subjectivity is thus “the consequence of a rich structuring of social meaning and purpose in which this ‘asocial sociality’ is pivotal to wealth production” (2010b: 35). In this account, then, classical political economy is actually a constitutive cultural element of the present rather than a series of reflections on the origins, consolidation, and operation of a capitalist political-economic order in late 17th to early 19th century Europe. On the basis of this insight, we might ask a related question of Steuart, Smith, and others: Given that subjectivity, culture, and sociality is taken for granted in so much of what counts for political economy today, what theoretical resources can be drawn from a re-reading of the canonical tradition that might speak to the shifting socio-cultural and subjective dimensions of contemporary political-economic life? Here the emphasis is not “adding culture to an already established political economy” (Walker 2010: 229) but in thinking about how particular cultural, social, and subjective features of political economy might be at stake in the operation of instruments of conditionality concerned with employment, education and training, and social inclusion.

This returns the analysis of culture, sociality, and subjectivity in political economy to the problem of *how* these dimensions are targeted by particular governmental practices. A final contribution from “everyday international political economy” introduces the study of “bottom-up processes” to the study of IPE, suggesting that the sources of regulation and order (or instability and disorder) in political economy run much deeper into the social body than considered by rationalist accounts. According to this perspective, it is not the logic of cost-benefit analysis which produces the regularities of political-economic life, but a “logic of discipline” functioning

in the production and reproduction of “everyday spaces and families, the marketing of lifestyles to be administered, and the introduction of normalization of processes associated with the acceleration of modern capitalism” (Hobson & Seabrooke 2009: 296). In this account, “changing work practices or financial practices, initiated by elites and their institutions, lead to new constraints or disciplinary behavior (primarily self-disciplinary) on the non-elite actors that is expressed through the production of a new common sense in their everyday lives” (Hobson & Seabrooke 2009: 296).

Rather than abandoning the concept of “rationality” to the rationalists, or to social constructivists who emphasize the absence of rationality in temporary “moments of radical uncertainty/crisis,” Hobson and Seabrooke import from Max Weber the idea that “reason” is not uniform but informed by habit, norms, and identities which “prevail at any one point in time and which prescribe that which is rational in the first place” (2009: 302). Economic subjects do not reason in a vacuum. An actor “retains a concept of interest,” but these interests are neither purely instrumental nor purely value-oriented (2009: 302). Rather, actors employ “axiorationality” – “habit-formed, reason-guided behavior” in which “an actor uses reason to reflect upon conventions and norms, as well as the interests they inform, and then chooses to act in ways which are in accordance with broader intersubjective understandings of what is socially legitimate” (2009: 302). Thinking about rationality in this way, while potentially exaggerating the intention-oriented agency of choosing actors, opens up the analysis of political economy to a consideration of the ways in which particular kinds of rationality are put to work in institutional settings as well as through the practices of individuals as workers, consumers, administrators, students, teachers, and citizens. “Rationality” is no longer a taken-for-granted assumption but a shifting subjective feature of political-economic life which can be brought to bear in analyses of EU membership conditionality.

A counter-tradition self-identified as “critical political economy” takes on these and other assumptions of rationalist political economy most directly, working not only to destabilize any account of the field that would place rationalism at its center, but encouraging work that explicitly links world order to subjectivity (Germain 2011b: 62). Stuart Shields, Ian Bruff, and Huw Macartney see in the “American” versus “British” School debate an effort to “put critical thinking in its place” at the margins (2011c: 3); they dispute Cohen’s account of the field and

suggest that critical approaches to IPE, while always present, have been marginalized by the rationalist consensus which makes a place only for mild forms of social constructivism (2011c).

Moreover, in understanding critical political economy as a “parallel tradition” rather than than “an add-on to orthodox IPE,” (Ashworth 2011: 10) “critical” accounts of IPE open up early work in the field to reconsideration. And this critical potential of early work need not be limited to various appropriations of Marx. While Lucian Ashworth traces “Critical IPE” to “the founding of IR as a field of study,” (2011: 26) collapsing the PE/IPE distinction permits us to read in early work in classical political economy a concern with power, inequality, alienation, disorder, dispossession, and instability that can be applied to studies of the international dimensions of political-economic life. Moreover, in emphasizing the critical potential of IPE, Shields, Bruff, and Macartney invite that “older works – often less marked by the specializations which are more characteristic of the contemporary era – may justify a rereading” (2011a: 171). Echoing Foucault’s account of appropriation, they conclude that “our scholarship is always partial (in both senses of the word) and thus open to contestation” (2011a: 171).

This critical attitude is reflected in the work of Randall Germain, who looks to the dynamics of subjectivity to explain “why people adhere to an order that so manifestly fails to benefit them in a satisfactory manner” (2011b: 78). Germain insists that the problem of subjectivity is “paramount” for the issue of agency, because the subjective dimensions of the person produce the “self-understanding that agents have of themselves” and therefore “subjectivity provides the connection between the world that confronts human agents – whether collective or individual in terms of their organization – and what they do in and to that world” (2011b: 62). For Germain, the subjective dimensions of world order should be engaged by critical IPE scholars open to modifying purely materialist accounts of subjectivity (wherein class interest is a direct product of structural position); rather, scholarship in IPE should engage with the work of Robert Cox and others who “take seriously the interrelationship of forms of subjectivity with the actual human practices that sustain and challenge them” (2011b: 75). Material practices remain important, but just as important for Germain is the “web of human meaning that informs human practice at definite points in history” (2011b: 78); real human subjects develop particular modes of reasoning in light of meanings derived from culture but simultaneously emerge “in the context of their material surroundings” (2011b: 77).

While Germain's focus on the subjective dimensions of order helps to focus analysis on what subjectivity *effects* or makes possible in political economy, "attraction to a particular world order" (2011b: 79) is only one condition of possibility for such an order. Germain's work is therefore a sound starting point for a broader series of reflections on how the subjective dimensions of the person inform the harmonious (or disharmonious) operation of political economy. These reflections are elaborated through the re-readings of Steuart, Smith, and Marx undertaken in Chapter 3.

II. Ontologies of Conditionality

While the contributions of cultural and critical political economy suggest the potential for a broader field of reflection in IPE, rationalist ontologies remain highly influential in predominant theorizations of the political economy of EU membership conditionality; the ontological limits of rationalist accounts of political economy for a study of the social, cultural, and subjective dimensions of conditionality are clearly reflected in EU enlargement and "Europeanization" literature. Moreover, the most prevalent alternative to a rationalist understanding of conditionality, derived from a "social constructivist" framework, adopts many of the key assumptions of rationalism, limiting the scope of theoretical alternatives. While "rationalism" may contribute to understanding the formal bargaining and negotiation processes in EU enlargement, thinking about political economy through rationalist lenses leaves the social, cultural, and subjective elements of a political economy of conditionality unexplored.

This section considers the rationalist ontology of conditionality along with its alternatives. I critically engage the rationalist ontology of conditionality and link this understanding to the rationalist approaches to political economy considered above. I then take the theoretical exploration of conditionality beyond the debate between "rationalist and constructivist institutionalism" highlighted in the existing literature (Schimmelfennig & Sedelmeier 2005b: 10-16), considering the potential contributions of alternative ontologies of conditionality found in the current literature on the "Europeanization" of candidate states – approaches which integrate theoretical insights from social constructivism, but also assimilate components of the realist tradition in IR and Marxist accounts of capital accumulation and class relations. I examine four ontologies of conditionality, which I term: 1) conditionality as rational

incentive; 2) conditionality as state normalization; 3) conditionality as geopolitics; and 4) conditionality as class domination.

Conditionality as Rational Incentive

Rationalist theorizations of conditionality adopt what Frank Schimmelfennig and Ulrich Sedelmeier call “the external incentives model,” a “rationalist bargaining model” (2005a: 10) which presupposes “strategic, instrumentally rational actors who seek their own power and welfare” on the basis of a “logic of consequences” (2005a: 9). Importantly, these actors are states – and rationalist approaches “are interested in the transformation of state-level rules rather than individual beliefs” (Schimmelfennig, Engert, & Knobel 2006: 2). According to the “external incentives model,” “Europeanization” is “a process in which states adopt EU rules” (Schimmelfennig & Sedelmeier 2005a: 7). Rule adoption requires “the authoritative decision of the target government, which seeks to balance EU, domestic, and other international pressures in order to maximize its own political benefit” (2005a: 12). Domestic political space is thus a marketplace of interest-based bargaining, characterized by a status-quo of institutional rules based on an existing configuration of domestic interests; the status-quo is “conceived as a ‘domestic equilibrium’ reflecting the current distribution of preferences and bargaining power in domestic society” (2005a: 3). When states adopt new rules, the “status-quo” is altered, producing a new equilibrium of power and interest among domestic actors. The key to rule adoption is overcoming “domestic adoption costs” by reaching a “cost benefit balance” (2005a: 12), which can be shifted based on incentives offered by an external agent (in this case, by the European Union).

Schimmelfennig, Stefan Engert, and Heiko Knobel equate the adoption of EU rules to state socialization, where socialization is defined as “a process in which states are induced to adopt the constitutive rules of an international community” (2006: 2). They distinguish state socialization from individual socialization, arguing that “rule adoption may occur at the level of collective structures and processes without individual change”; thus state socialization does not require the internalization or habitualization of norms (2006: 4), but only the strategic, formal, institutional adoption of rules on the basis on the strategy of “reinforcement by reward” (2006: 7). These rewards are material – money and the economic promises of membership. All that is required for rule adoption is that “mechanisms internal to the state (domestic mechanisms)

guarantee compliance” (2006: 3). Compliance with EU rules is minimalist and based on costs: Discursive adoption is the least costly, formal institutional adoption more costly, and “behavioral adoption” (wherein rules are fully internalized) the most costly and thus the least likely (Schimmelfennig & Sedelmeier 2005a: 17).

The rationalist approach therefore minimalizes the functional role of norms and identification in bringing about adoption and compliance with EU rules. Indeed, Schimmelfennig, Engert, and Knobel write that “social incentives and disincentives have generally not been an effective instrument of international socialization” (2006: 9). Nor has “overall identification... with Europe and the West” had “any systematic impact” (Schimmelfennig & Sedelmeier 2005: 50). If “cultural values and norms” matter it is because it is “plausible to assume” that states “regard them as external constraints on, or resources for, domestically motivated action, and that they behave expediently and strategically towards them” (Schimmelfennig, Engert, & Knobel 2006: 18). Schimmelfennig and Sedelmeier further argue that the “legitimacy and resonance of EU conditionality does not affect the likelihood of rule adoption in any systematic way” (2005a: 29).

The function of conditionality is delimited by this embrace of a rationalist political-economic universe. Conditionality functions as “reinforcement by reward” (Schimmelfennig, Engert, & Knobel 2006: 7) which induces compliance with EU rules. Conditionality is understood as a set of material, rational *incentives* offered to candidate states in exchange for the adoption of EU rules. “EU conditionality upsets... domestic equilibrium by introducing additional incentives for compliance with EU rules into the game” (Schimmelfennig & Sedelmeier 2005a: 11). Candidate states will adopt EU rules if the material benefits of adoption outweigh the material costs. “Credible EU... membership incentives and low domestic political adaptation costs are individually necessary and jointly sufficient conditions of compliance” (Schimmelfennig, Engert, & Knobel 2006: 10)

The task of the scholar, then, is to outline the costs and benefits of compliance given the initial configuration of forces, to consider how these factors are altered through conditionality (understood as a package of incentives for rule adoption and compliance), and to measure the effect of changing domestic institutional configurations on costs and benefits. Conditionality is an incentive in a strategic game of rule adoption between the EU, candidate states, and the

political and economic interests within these states. What this “game” of rule adoption is seeking to effect is not frequently called into question.

The “conditionality as rational incentive” approach adopts wholesale the ontology of rationalist political economy outlined above. The units that matter for analysis are rational, self-interested, and calculating states which interact in a transparent environment of exchange characterized as a “game,” where outcomes are determined by choices taken on the basis of cost-benefit analyses. By offering material carrots (trade agreements, institutional cooperation, financial assistance, the privileges of free movement under Schengen, a common currency) and sticks (exclusion from these preferential arrangements) conditionality adjusts the terms of the game, alters the domestic equilibrium within candidate states, and moves rational states towards compliance with EU rules. Like the OEP approach to political economy, rationalist approaches to the study of conditionality presume the interests of units based on a microeconomic logic of maximizing material benefits and minimizing material costs, examine how state interests (understood as a domestic cost-benefit balance) are aggregated, refracted, and translated into policy through institutions, and then deduct how candidate states and the EU bargain over rule adoption based on the existing configuration of interests – again understood in material terms as economic costs and benefits.

When conditionality is conceived ontologically as a rational incentive inserted into a field of political economy understood as a game of state bargaining and negotiation, much is lost. The social, normative, and cultural context of accession negotiations is neglected, reducing a wide range of conditionalities to so many rational “carrots” devised in a bureaucratic vacuum. This limitation is compounded by the fact that understood as *incentive* rather than a myriad of *practices*, conditionality can have no function except to alter cost/benefit calculations. And in assuming a stable political-economic environment characterized by balance and equilibrium, the possibility that conditionality might work to stabilize endemic political-economic disorder or drive to consolidate always precarious social, cultural, and subjective dimensions of political economy remains unexplored. Finally, in assuming that the agents to be “socialized” through conditionality are states rather than persons, rationalist theorizations of conditionality fail to problematize the subjective targets of conditionality in employment, education and training, and social inclusion – among them teachers, students, administrators, workers, the vulnerable, and the unemployed.

Conditionality as State Normalization

Constructivist approaches to conditionality alter the rationalist approach by introducing the possibility that norms might alter the interest calculations of still predominantly rational state agents. “Conditionality as state normalization” reflects a social constructivist modification (rather than the abandonment) of the rational incentive approach to conditionality. Here the focus remains on state adoption of particular rules, but the assumption of state rationality is relaxed to permit states to adopt conditionality requirements not only in order to receive “rational” benefits but also because they have come to identify with the “norms” of the European Union – democracy, human rights, freedom of market exchange, etc. States remain predominantly rational, but in a “bounded” way that permits them to internalize (as would persons) the constitutive norms of the community.

Rationalists conceive of norms as instruments of power wielded by interest-driven state actors or, in some accounts, as principles that limit (rather than transform) the pursuit of rational state interests. Ulrich Sedelmeier maintains that norms can influence member states in their bargaining with candidates, limiting their pursuit of material interest. Sedelmeier remains predominantly wedded to the “rational incentive” approach to conditionality most enthusiastically adopted by Schimmelfennig, but there are differences. Both scholars seek to explain why the EU opted for formal enlargement rather than political and economic association with Central and Eastern Europe, given the risks and costs of enlargement. For Schimmelfennig, the CEEs favoring enlargement did not possess “sufficient material bargaining power” to drive enlargement (2005: 143) and were thus in a weak bargaining position facing the EU. “The problem,” writes Schimmelfennig, “is to explain how a *rational* outcome (association) based on egoistic preferences and relative bargaining power was turned into a *normative* one (enlargement).” His answer is that candidate states engaged in “the strategic use of norm-based arguments”; they were “able to shame their opponents into norm-conforming behavior and to modify the collective outcome that would have resulted from constellations of interests and power alone” (2005: 142). Norms for Schimmelfennig are instrumental weapons. By utilizing “the ‘founding myth’ of European integration” (2005: 158), candidate states engaged in “the manipulation of collective identity” (2005: 159) and therefore rationally utilized norms to secure an instrumental outcome – enlargement – which benefitted the candidates’ material interests. The question of *why* supposedly rational, materialist member states were so affected by the

“norms as weapons” tactic is left unexplained by Schimmelfennig – perhaps because it suggests that state interests were altered by norms, a precept which challenges rationalist orthodoxy but which is considered by Sedelmeier.

Sedelmeier suggests that norms can regulate interests rather than simply serve as instrumental weapons. He concludes that given the long-term risks, costs, and uncertainty of enlargement, “the EU’s decision to open accession negotiations was not the result of a strategic choice in response to the potential risks and instability of CEECs... Rather, the EU’s decision to pursue accession negotiations can be attributed largely to the collective identity that it created for itself and the regulative norms such an identity entailed” (Sedelmeier 2005: 135). According to Sedelmeier, while “calculations of the material costs and benefits of enlargement” were important, “to understand the decision to enlarge requires one to depart from materialist assumptions of rationality” (2005: 135-136). It was “the notion of a ‘special responsibility’ of the EU towards the CEECs” which “proscribed purely self-interested behavior” and “prescribes a degree of accommodation of the CEECs’ preferences in EU policy,” limiting available policy options available to EU member states (2005: 121-122).

Sedelmeier argues that under certain conditions, states are willing to relax the requirements of rational-choice – they are willing to limit, but not abandon, the pursuit of interests which are still primarily material. Norms can therefore “regulate” interests. But importantly, Sedelmeier does not reject the overall rationalist ontology of conditionality presented above: Conditionality still functions to adjust the cost-benefit calculations of states, but that calculation may also be informed by a sense of responsibility derived from collective identity.

A more constitutive role for norms in driving candidate state decision-making is permitted by Heather Grabbe (2006), who seeks to understand “why the applicants adopted EU policies even in areas where the EU’s policy logic was contradictory and where the candidate countries had little immediate incentive to comply” (2006: 3). Grabbe maintains that despite enormous power asymmetries between the EU and candidate states in Central and Eastern Europe, the EU compromised on a number of issues during accession negotiations, indicating that “a diffuse norm of accommodating CEE interests was at work” (2006: 3). And in CEE states, candidates continued to implement EU policies despite “little immediate incentive to comply” given restrictions maintained on the free movement of persons within the EU and across

the external borders of the Union (2006: 3). According to Grabbe, “rationalist frameworks can explain parts of the negotiation process,” but “the behavior of the applicant countries” also “involves changes in the *logic of behavior* of domestic actors and institutions that are driven by the absorption of EU norms” (2006: 2, emphasis added). Grabbe argues that a “logic of adapting to the EU became embedded in domestic policy-making in CEE” (2006: 3); this logic was transmitted through conditionality. Mechanisms of conditionality, then, work to normalize state actors by changing the “logic of political behavior” within candidate states, leading to bargaining outcomes that do not strictly reflect material interests. According to Grabbe, “policy-makers often cease to be aware of what is EU as opposed to national policy” (2006: 50).

Usefully, Grabbe does not view states as unitary actors to be socialized, but tries to understand how conditionality works to socialize institutional agents within the state. According to Grabbe, the accession process was carried by “a logic and momentum of its own” (2006: 199) not only because of state-level cost-benefit calculations – expected benefits, sunk costs in implementation, and the transaction costs of changing course (2006: 197) – but because the political institutions inside candidate states were “staffed by people who were increasingly socialized into EU procedures and who had absorbed the discourse of the EU... the number of Europeanized staff in the ministries was initially small, but EU policies and methods slowly penetrated deeper as the accession requirements affected more and more areas of public policy” (2006: 198). The institutions of candidate states “became Europeanised at micro-level” (2006: 199). The result is that conditionality functions to effect state normalization, and it is state normalization through conditionality that helps to explain both “irrational” behavior in the bargaining and negotiation process and the way that the overall accession process was driven forward “to some extent independently of the terms negotiated for joining the EU” (2006: 199).

The limitation of Grabbe’s approach to conditionality remains her indebtedness to rationalism. Conditionality is understood in her account as a set of mechanisms driving the normalization of states in part through the socialization of institutional actors. However, Grabbe’s discussion of socialization remains focused on a rationalist definition of the problem: How to explain exceptions to rational behavior by the EU and candidate states. A default state rationality is assumed, and the task is to explain deviations from materialist cost-benefit outcomes by reference to norms. Norms explain non-rational state behavior, thereby saving the central assumption of rationalism by way of exception. Norms regulate, adjust, or even modify

state rationality, and thereby explain (in a circular kind of logic) the initial absence of rational behavior. The problem is still one of compliance; norms explain this compliance, and the bargaining and negotiation game continues apace.

This need not be the limit of the analysis, however. Grabbe's work offers considerable insights into conditionality as an instrument of socialization of actors within the state. She contends that conditionality is a series of mechanisms that extends beyond the incentives offered at the bargaining table, and she suggests that these mechanisms are targeted at socialization – specifically, at altering the interests and preferences of agents for supporting, adopting, and enacting EU rules. Thinking about conditionality in terms of socialization, however, can be brought to bear on problems that remain outside the rationalist problematic of accounting for bargaining and negotiation outcomes.

While Grabbe's account of socialization by conditionality is limited by a rationalist account of states as interest-bearing, preference-holding agents, the introduction of socialization into the analysis of conditionality has potential beyond an investigation of the sources of "irrational" compliance. EU-sponsored training and education programs for state officials and administrators may encourage these officials to "comply" with the implementation of EU-mandated reforms on the basis of some internalized set of "norms" or standards, but more is at stake in education and training than formal compliance. What does "taking on the behavioral logic of the EU" mean for understanding the practices which are working to consolidate the political economy of the European Union? Specifically, what do efforts to socialize agents of the state signify about the ambitions of conditionality and the extent to which subjective dimensions of political-economic life must be harmonized? What can norms tell us – not about bargaining outcomes – but about the sources of political-economic disorder and disfunction? The re-reading of political economy undertaken in Chapter 3 broadens the scope for thinking about the function of sociality in the political economy of EU membership conditionality.

While the questions above are not well explored in the existing literature, the relationship between norms and international order is taken up by English School theorists in IR, and some of this work addresses conditionality requirements in terms of order. From Grabbe's perspective, EU membership is "seen as a way of becoming 'modern' and 'civilised'" (2006: 53); candidate states identify "with Europe as an ideal of civilisation" (2006: 53). Grabbe's fledgling concern with the relationship between civilizational norms, order, and EU membership conditionality is

more explicitly developed by Yannis Stivachtis (2008), who moves the discussion of norms away from bargaining, compliance, and rule adoption – instead exploring the historical relationship between international norms and political order. Stivachtis asks a perennial question posed by the English School: What must be harmonized in order for an international system to function as a society of states? He argues that Europe as an “international society” requires a shared set of norms in order to function and suggests that these norms in the contemporary period are put into place through EU conditionality requirements. Additionally, Stivachtis notes that this functional *need* for standards is ever present in international relations, arguing that EU conditionality represents the latest manifestation of a historical European “standard of civilization.”

Stivachtis’ approach to order, however, maintains a focus on states as the subjects and objects of socialization and is more attuned to investigating the historical emergence, consolidation, and transformation of sociality within the official diplomatic and bureaucratic channels of European states than investigating *how* conditionality as practice seeks to secure the the conditions of possibility for a harmoniously functioning political economy of Europe. In short, the English School offers an historical approach to understanding the evolving functions of international law and security, but offers little in the way of an analysis of the social, culture, and subjective dimensions of political-economic life.

Overall, while the constructivist approach to norms is useful in introducing “normalization” into a discussion of conditionality, primarily rational state actors remain the predominant agents and objects of conditionality for constructivists writing about EU membership conditionality; even when the socialization of agents within states is introduced as a variable, the analysis remains concerned primarily with explaining “irrational” compliance with the requirements of membership rather than fully problematizing the role and function of sociality, culture, and subjectivity in the enlarged and unconsolidated political economy of the European Union. While rationalist and constructivist ontologies of conditionality remain the most explicitly theorized in the existing literature, it is possible to extract from the concerns of often-overlooked realist and Marxist scholars of “Europeanization” implicit understandings of what conditionality is and how it functions in the context of EU enlargement. These approaches challenge the assumptions of rationalist political economy, highlighting state security, empire,

exclusion, class power, and capital accumulation as undertheorized dimensions of EU membership conditionality.

Conditionality as Geopolitics

The “conditionality as geopolitics” approach is derived from realist theorizations of international relations. This perspective maintains a rationalist concern with state actors, but theorizes these actors not in terms of the calculating agents of bargaining and negotiation games but as alliance-forming actors driven to seek security from external threats. Realist approaches to enlargement highlight the asymmetric relations of power that exist between the EU and the states along its external periphery and suggest that conditionality should be understood not as a rational incentive or as state normalization but as an expression of geopolitical power and a drive by European states to secure the peripheries of a dangerous borderland (discursively understood as the “European Neighborhood”).

Lars Skålnes maintains that only a geopolitical “focus on security” is capable of explaining the timing of the EU’s decisions to enlarge to Central and Eastern Europe (2005: 213), an outcome which Schimmelfennig has attributed to “rhetorical action” – or the use of norms as instrumental weapons by candidate states (Skålnes 2005: 30, Schimmelfennig 2005: 142). Skålnes suggests that normative pressure to enlarge from candidate states was ever-present; it was not sufficient to commit member states to the considerable costs of enlargement. Rather, “the commitment to an eastern enlargement was driven by a shift in strategic assessment prompted by the lessons drawn in the wake of the break-up of Yugoslavia and by the first signs that public support for domestic reforms in Eastern Europe was weakening” (2005: 219). As threats of dangerous spillovers from political instability and economic disruptions increase, member states will become more willing to bear the costs of enlargement.

According to Skålnes (2005: 223), “the protectionist threat to continued reform in Eastern Europe and the conflicts in the Balkans in 1991-2 increased the threat of instability in Eastern Europe. To promote stability, the EC decided in 1992-3 to accept that enlargement to the east would take place.” Additionally, a policy to begin negotiations with Latvia, Lithuania, Romania, Bulgaria, and Slovakia occurred only after a “reassessment of the politico-military threat following the Kosovo crisis” (2005: 224). The timing and extent of enlargement, then, is driven not by “domestic economic interests,” but by state security defined in terms of a shifting

assessment of threat. Conditionality requirements implicitly emerge from this analysis as an exertion of the power of an alliance of states which respond to specific threats to order (the collapse of the U.S.S.R., ethnic conflict in the Balkans) by calculating strategically that the benefits to be gained by supporting this fragile region outweigh the financial and institutional costs, which would be eclipsed by the potential costs of regional disorder.

The problem of consolidating geopolitical order is also taken up by Anderson (2007), who thinks of conditionality as a means of enlarging and consolidating the core of an “imperial territoriality” (2007: 18) which uses asymmetric power relationships to secure internal zones of economy and external zones of security (2007: 23). Anderson defines imperial territoriality as a “malleable, adaptable and heterogeneous” (2007: 18) political space characterized by expansionist tendencies, gradations of direct control of external territories, and highly differentiated and unequal internal spaces, with heterogeneous relations between these spaces. This mode of territoriality is characterized by a core-periphery structure and “a radial, hierarchical pattern of concentric circles” rather than a single center of sovereign authority exercising power throughout a homogeneous, unitary territory (2007: 19).

If Anderson’s definition of empire is somewhat ambiguous, his description of the EU’s imperial tendencies is more direct. The EU, from his perspective, has taken on qualities of empire by “enlarging the core of a would-be hegemon,” creating border zone defenses through “a spatio-temporal programme of creating new members, candidates and a ‘ring of friends; and the ‘spatial fixes’ of cross-border labour and capital flows which... involve territorial incorporation to make high-risk states safe for Western investors” (2007: 23). In short, conditionality functions to expand empire; by offering “the ‘carrot’ of formal inclusion in the empire or access to its markets.... implicitly imperialistic, asymmetrical power relationships... have given the EU leverage to effectively impose its norms of liberal democracy and privatised markets on its friends in the east” (2007: 23). According to Anderson, then, conditionality works to consolidate and order empire.

To those who are not friends, the EU offers, according to Warwick Armstrong, “a cordon sanitaire around the EU against an unstable and allegedly threatening world” (2007: 3). Exclusion is as much a feature of the EU as is enlargement – indeed they are “twin procedures” (2007: 3). Understanding the dynamics of exclusion demands attention to security. Here “the constriction and controls by the EU’s external borders” – reflected in the conditionalization of

border security – function as “a reflection of the asymmetric relationships that exist between Third World societies and the wealthy states of the global capitalist system” (2007: 6).

According to Armstrong, the EU faces “a serious quandary” – the need to reconcile a “strategy of fortress protection against the threats (real and perceived) from unstable and exigent states, hostile movements... and persist migrants” with “its need to compete freely in a world of already-powerful and emerging competitors” (2007: 3). Conditionality then functions as a geopolitical strategy to engage this quandary – working asymmetrically in Central and Eastern Europe to secure the expanded external borders of the EU while simultaneously seeking to erase internal borders “in accordance with the current neoliberal philosophy and practice of a global system free from those obstacles typical of earlier phases of nation-state capitalism” (2007: 2).

The “conditionality as geopolitics” approach therefore argues for engaging the *strategy* of enlargement outside the context of bargaining and negotiation. In problematizing *securitization* as a dimension of enlargement, Skålnes, Anderson, and Armstrong suggest that conditionality can function as an asymmetric instrument of power and a limit on disorder, not merely as a rational incentive in a game of rule compliance and institutional reform.

These approaches, however, also maintain a state-centered understanding of power as a capacity to be possessed in a center or centers and exercised as a constraint or limit on disorder. They are concerned with the broad strategic movements of self-help states. They understand the EU primarily as an economic and security alliance (or in Anderson’s case, an “empire”) which exists to secure the power and security interests of its members. These interests are understood as meeting the competitive demands of contemporary capitalism and addressing the threats of potentially dangerous neighbors.

While there is no doubt that securitization is aimed at identifying and constraining dangerous flows, power is not merely something to be possessed in sovereign centers and then exercised as a limit on disorder. The mechanisms through which such security “constraints” function require productive relations of power: The identification of threatening subjects and the constant management of a “European neighborhood” through the construction of border security apparatuses; the accumulation of knowledge of flows through surveillance techniques; the active cultivation of “neighborhood” cross-border cooperation through ENP Action Plans; and the retraining of national border security in keeping with EU standards. Here, as with other requirements of membership, the subjective dimensions of the person are a target of intervention;

just as realists should concern themselves with the subjective dimensions of state security, a political economy of conditionality must also concern itself with the practices that are carried out in the name of *securing* particular subjective dimensions of the person.

Conditionality as Class Domination

Marxist analyses of “conditionality as class domination” understand conditionality requirements as a set of neoliberal strategies for restructuring, consolidating, and expanding class power in the wake of declining opportunities for capital accumulation in the post-Keynesian social welfare states of Europe. This approach can be differentiated from others in that transnational *classes* and *class* interests are privileged over the analysis of individual state interests.

Andreas Bieler (2005: 77) rejects approaches to EU enlargement “based on an objective economic rationale,” arguing that such approaches “take existing social and power structures as given... consider states to be the most important actors at the international level and consequently, overlook the importance of supranational institutions, transnational actors and the independent role of ideas.” Additionally, these approaches “incorrectly concentrate on interstate negotiations as the most important instances of integration.” What this means for studies of enlargement and conditionality is that “the social purpose underlying European integration is overlooked.” For Bieler, social purpose – rather than the logic of rational choice, state normalization, or geopolitics – is the “underlying rationale” of enlargement (2005: 75). Bieler argues that the social purpose of enlargement is an open-ended process of “class struggle” (2005: 77). He claims that “the revival of European integration revolved around neo-liberalism,” an “underlying driving force” (2005: 76) which when consolidated in candidate states (through conditionality) “allowed the continuation of capitalist accumulation after the post-war Keynesian arrangements had run out of steam at the national level” (2005: 86).

According to James Anderson and Ian Shuttleworth (2007: 125), capitalist accumulation resumes because enlargement provides a vehicle for delivering “a new spatial fix for capitalist crisis.” Not only does enlargement make permanent the free movement of European capital into new low-wage member states, but the “free movement of persons” permitted within the internal borders of the EU permits the import of cheap labor from Central and Eastern Europe to core economies. This labor is cheapened by the neoliberal deregulation of labor markets (2007: 129)

as well as negotiated transition periods which delay the granting of social and political rights to migrant workers from new member states (2007: 125). Free movement of workers within the EU helps solve the problem of “the relative immobility of some capital” by pairing it with “the mobility of some labour” (2007: 129). And border controls on the external frontier function as “filters which further cheapen already cheap labour, allowing it in under duress (rather than actually stopping entry), and thus also rendering it in neo-liberal terms more ‘flexible’” (2007: 129). Anderson and Shuttleworth conclude that “formal political enlargement of the EU” is one way of “assessing their [Eastern Europe’s] underused supplies of labour and other resources if only they could be made safe(r) for Western investors” (2007” 133).

Conditionality requirements, then, serve to implement a “hegemonic project” with the goal of integrating the “social relations of production in Central and Eastern Europe” into the global economy (Bieler 2005: 86). According to Bieler, “EU pre-accession strategies not only secured but clearly intensified the neoliberal restructuring of CEE economies” (2005: 88). “Overall, the promise of membership ensured a restructuring of CEE in line with the EU’s own development and satisfied the need of European transnational capital for further expansion of capitalist accumulation” (2005: 89).

Bieler argues that rationalist political economy fails to conceptualize the role of transnational class formation as a product of enlargement (2005: 90). His analysis problematizes class interests in EU enlargement and therefore makes a space for thinking about conditionality in terms of class domination. He concludes that analyzing “the 1995 and 2003 enlargements against the background of globalization clearly identifies the neo-liberal restructuring of the new members’ and applicant countries’ economic-political systems as the underlying social purpose of enlargement” (2005: 90). While Bieler paints his portrait of neoliberal enlargement in broad strokes, his work suggests a political-economic function for conditionality beyond bargaining and negotiation – a function concerned with consolidating a particular order of class power by adjusting the political, economic, and social conditions facing transnational capital.

In sum, approaches which theorize “conditionality as class domination” work to understand how the contradictions of capitalist accumulation drive innovations in governance which modify the institutional conditions of accumulation such that a decline of profits can be arrested, thereby fueling the resumption of capital accumulation. According to this perspective, the privatization, marketization, and liberalization of the political economies of Central, Eastern,

and Southeastern Europe is a project of capital that has permitted Western Europe to enjoy an influx of cheap labor and has made possible the reinvestment of Western European capital in candidate states as foreign direct investment.¹ Enlargement has furthered and consolidated this project through EU membership conditionality.

While thinking about conditionality in terms of class domination usefully problematizes capital accumulation as a driver and effect of conditionality, like the geopolitical approach to conditionality considered above, the perspective is totalizing and global, and there is not much in the way of specific attention to the disparate bundle of interventions carried out under the name of conditionality. Foucault is helpful here: While not dismissing the capacity of “global theories” to provide “tools that can be used at the local level” (2003c: 6), Foucault notes that many different conclusions can logically be deduced from “the rule of the bourgeoisie” (2003c: 31). According to Foucault, “such deductions are always possible; they are both true and false. They are essentially too facile, because we can say precisely the opposite... I think we can deduce whatever we like from the general phenomenon of the domination of the bourgeois class” (2003c: 31-32).

The drawbacks of the class domination approach are clear as soon as we ask the question of the limits to capital: There is little here that suggests that a project of accumulation might be constrained by social, cultural, and subjective barriers within a particular political-economic context. While the class domination approach is focused on the way in which economic “reforms” (such as free movement of labor and capital) enable a restoration of capital accumulation, what remains to be considered are how governmental interventions at the level of sociality, culture, and the subject contribute to this project. A re-reading of classical and critical traditions in political economy suggests that socio-cultural and subjective domains of activity often characterized as “non-economic” may have as much to do with restoring the conditions for capital accumulation as macro-level structural adjustments.

III. Conclusion

Schimmelfennig and Sedelmeier maintain that “rationalist institutionalism emphasizes the *political* economy of enlargement, including the autonomy concerns and re-election

¹ It should be noted that the extent to which this process was well underway prior to EU enlargement is often not acknowledged.

constraints of governments, asymmetrical interdependence, and the differential power of interest groups” (2005b: 24). In this chapter, I have argued that the rationalist understanding of “political economy” adopted in their analysis narrows the scope for thinking about the range of interventions at work in EU membership conditionality. A political economy of conditionality, I suggest, should entail an investigation into the social, culture, and subjective conditions of possibility for securing order and abundance in a world of shifting circumstance, and should not ignore the ways that conditionality in employment, education and training, and social inclusion attempts to modify these dimensions within candidate states.

While cultural and critical approaches to political economy provide insights into thinking about culture, sociality, and subjectivity and invite scholars to consider the potential contributions of older works in the field, much of what counts as political economy today remains wedded to rational-choice accounts of political-economic life which constrain thinking about EU membership conditionality and inform the ontologies of conditionality at work in existing literature on enlargement and “Europeanization.” Both rationalist and constructivist accounts of conditionality remain narrowly focused on the problem of state compliance with EU rules. And alternative accounts of conditionality implicit in realist and Marxist accounts of enlargement adopt either state-centered understandings of power or general accounts of class struggle which fail to capture the cultural, social, and subjective dimensions of the minute, detailed interventions at work in the prioritization, programming, and monitoring of EU-funded interventions in the fields of employment, education and training, and social inclusion. What is needed, then, is a simultaneously broader and more focused approach to a political economy of conditionality – one that makes visible and problematizes social, cultural, and subjective dimensions of political economy and works to connect those dimensions to the conditionality requirements at work in EU enlargement.

In Chapter 3, I take up this challenge by re-reading canonical works in classical and critical political economy by James Steuart, Adam Smith, and Karl Marx – finding in their work a way of thinking about the *disharmonies* of political economy that can unpack social, cultural, and subjective dimensions of political-economic life which are overlooked in existing theoretical approaches to conditionality. When combined with an analysis of the elaboration and operation of instruments of conditionality in the Republic of Macedonia (Chapter 4) and a specific investigation of the ambitions and limits of conditionality directed at employment, education and

training, and social inclusion (Chapter 5), insights from classical and critical traditions in political economy suggest an alternative theorization of conditionality that can better account for what is ultimately at stake in a project of European Union enlargement.

CHAPTER 3: TOWARDS A POLITICAL ECONOMY OF DISHARMONY

Equilibrium is the article of faith of a political economy defined in terms of harmony. No matter the temporary impediments to order and abundance in political-economic life, the actions of self-interested states, firms, and individuals will in time adjust to new conditions and deliver a new set of prices, a new level of output, and a stable institutional order reflecting a new balance of political interests. Where irrationalities erupt, they can be attributed to the operation of “norms” and subsumed as an exception which proves the rule. States, firms, and individuals calculate, markets clear, and institutions adjust. From this vantage point, political economy appears as a “great and harmonious machine” (Blaney and Inayatullah 2010a: 58). In Chapter 2, I suggested that existing theorizations of European Union enlargement are heavily indebted to this account of political-economic life, explaining the function of EU membership conditionality in terms of bargaining outcomes, legislative alignment, and rule/norm adoption. These accounts focus on how conditionality functions to harmonize three domains of political-economic activity: 1) The political domain, defined as the formal practice of bargaining and negotiation, including the composition and coordination of state interests and incentives; 2) the legislative-legal domain, defined as the legislative and legal practice of harmonizing national law with the *acquis communautaire*; and 3) the institutional domain, defined as the practice of reforming institutional rules and policies in keeping with EU standards, especially concerning democratic practice, administrative reform, and the regulation and operation of markets in goods, services, labor, and capital.

In this chapter, I argue that the knowledge and practice of political economy should incorporate two additional domains of activity – the socio-cultural and subjective. These dimensions are vital to understanding the *disharmonies* of political-economic life concealed by rationalist approaches. Thinking about political economy as a harmonious system obscures from view the disturbances and disruptions endemic to the operation of political economy – all those forces of political conflict, cultural upheaval, social disorder, institutional rigidity, and subjective disaffection, alienation, and incapacity which accompany the ordering of society and the production of wealth. A system of political economy derived from an assumption of equilibrium is therefore a “general proposition” made ineffective by shifting circumstance. Such systems are, in the words of 18th century political economist James Steuart, “mere conceits,” “a chain of

contingent consequences, drawn from a few fundamental maxims, adopted, perhaps, rashly” (1966: 7).

Although at first glance the concerns of someone who lived and wrote two and a half centuries ago may seem a world apart from the problems of contemporary political economy in general and the ambitions of European Union membership conditionality in particular, Steuart’s worries about the perils of political-economic disruption, the need for governance to adapt to an “infinite variety of circumstances” (1966: 124), and theorization of political economy as a field properly concerned with “the spirit, manners, habits, and customs of a people” (1966: 16) provides the ground for a re-thinking of political economy as a field of knowledge and practice that is attuned to socio-cultural and subjective sources of disharmony in political-economic life. Returning to the work of Steuart, Adam Smith, and Karl Marx demonstrates that the field from its classical and critical beginnings took account of cultural, social, and subjective sources of disruption to order and abundance.

Importantly, this body of work can also be read as a series of reflections on the dream of harmonization that still eludes the field some two and half centuries after Steuart and Smith first reflected on the possibilities for securing order and abundance in the emerging commercial societies of 18th century Europe. Steuart, Smith, and Marx are each in their own way concerned with thinking about what political economy might hope to effect as a field of knowledge and practice. What binds these thinkers together is not a uniform assessment of the possibility for harmony in political-economic life, but a willingness to face the social, cultural, and subjective dimensions of political-economic disorder and to consider the potential of governance to overcome these uncertainties: For Steuart, the power of the state must work to transform stubborn habits of culture which fail to adapt to shifting circumstance and thereby threaten abundance. For Smith, the excesses of self-interested exchange are regulated by the desire for the approval of one’s fellows; this pattern of sociality is potentially undone by the effects of the division of labor. For Marx, the naïve illusion of the harmony of the marketplace effaces the way that the production process, governed by the imperative to accumulate, makes and remakes the subjective dimensions of the person as the bearer of labor-power of a normal quality.

The aim of this chapter is to lay the theoretical groundwork for the analysis of the political economy of European Union membership conditionality conducted in Chapters 4 and 5: Appropriating the work of Steuart, Smith, and Marx for a political economy of disharmony

provides the resources for an alternative approach to political economy, inverting the assumption of equilibrium and instead asking *what must be made harmonious* for political economy to be received as a natural system capable of realizing order and abundance through the pursuit of individual interest and the workings of the price mechanism. On the basis of this analysis, *particular configurations* of habits of culture, patterns of sociality, and subjective qualities and capacities of the person emerge as vital yet elusive conditions of possibility for securing order and abundance in political economy. The argument of this chapter is not that Steuart, Smith, and Marx would discover in our present a mirror image of their own time. Rather, I engage the *generative potential* of these texts to produce a set of problematizations that can be deployed in thinking about the ambitions and limits of conditionality as *practice*.

I. Habits of Culture and the Ambitions of Governance

In their notable “rehabilitation” of James Steuart as a worldly exile sharpened by an “appreciation for the variety of economic circumstances offered by a commercial era,” David Blaney and Naaem Inayatullah offer a portrait of an early political economist sensitive to difference and attuned to the need for “economic management” to “keep the forces of disorder in check” (2010a: 58) but insistent upon “individual self-interest as the definitive motive for human action in a commercial age” (2010a: 59). While Steuart’s analysis in *An Inquiry into the Principles of Political Oeconomy* (1767) features an account of individual self-interest more narrow than that of Adam Smith, Steuart does not imagine that a natural harmony emerges from the pursuit of one’s own ends; rather, he suggests that governance must shape the circumstances through which self-interest operates. Interests will conflict; harmony is contrived. The “statesman” – a term utilized by Steuart as “to signify the legislature or supreme power” rather than any specific individual (1966: 16) – must seek the public good on the basis of a sound knowledge of political economy.

James Steuart’s association with “mercantilism” has confined his work to the remote storage buildings of university libraries even as appropriations of Adam Smith’s *The Wealth of Nations* (1776) have been made to ground the claims of an entire discipline (see Shelton, forthcoming). However, reading Steuart as a mercantilist concerned with the relationship between food supply, population, and the growth of industry obscures other dimensions of his work, among them important reflections about the cultural dimensions of political-economic life

and persistent worries about the potential for changing circumstances to undermine the consolidation of order and abundance in commercial society. Long before Michel Foucault reflected on the ambitions of power to remake the subjective dimensions of the person, Steuart conceived of political economy as a *modern* project concerned with the statesman's strategic use of governance to "model the minds of his subjects" (1966: 17). Modeling minds requires an intimate knowledge of the population to be governed: According to Steuart, it is impossible to execute the correct plan of political economy "without exactly knowing their [the inhabitants'] situation as to numbers, their employment, the gains upon every species of industry, the numbers produced from each class" (1966: 70).

For Steuart, political economy is a field of knowledge and practice – an art concerned with securing the conditions for order and abundance in a world of shifting circumstance. The "object of the art" is "to provide food, other necessities, and employment to everyone of the society"; "to provide a proper employment for all the members of a society, is the same as to model and conduct every branch of their concerns" (1966: 28). Political economy is an art of conduction – a difficult labor which encounters a number of limitations. "To model and conduct" (1966: 28) is not an easy task, for there is no blank slate to be worked upon and no natural harmony to be discovered: "States are found formed, and the oeconomy of these depends upon a thousand circumstances. The statesman... is neither master to establish what oeconomy he pleases, or, in the exercise of his sublime authority, to overturn at will the established laws of it, let him be the most despotic monarch on earth" (1966: 16). Given a state "found formed" and a people inclined to "self-love" (1966: 34), the statesman is tasked with securing the necessary conditions for order and abundance; these conditions cannot be taken for granted but depend upon a delicate balance of socio-cultural forces that can easily come undone.

Steuart offers an account of the conditions of possibility for maintaining order and abundance which depends upon a proper orientation of the "spirit of a people" to shifting circumstance. For Steuart, "the spirit of a people is formed upon a set of received opinions relative to three objects; morals, government, and manners: these are generally adopted by any society, confirmed by long and constant habit, and never called into question, form the basis of all laws, regulate the form of every government, and determine what is commonly called the customs of a country" (1966: 22). As tastes shift, values change, technical innovations are introduced, and foreign competitors become more industrious and innovative, these changing

circumstances strain relations of class built on the provision of reciprocal wants and undermine existing patterns of consumption and habits of industry. The “spirit of a people” must be made to adapt to new circumstances, otherwise order and abundance are threatened as reciprocity is arrested and consumption and industry decline.

Steuart’s account of the cultural dimensions of wealth creation depends on a particular story about the origins of manufacturing and industry: According to Steuart, achieving abundance first requires a people inclined to ambition and industriousness and acculturated to resist “ease and idleness” (1966: 39). Industry and ambition increase the productivity of cultivated land. Once agricultural yields can support more inhabitants than required to attend to farming, some persons “apply themselves to industry and to the supplying of other wants” (1966: 42). A class distinction emerges between “two principle classes of a people,” farmers and “free hands” (1966: 59); the latter apply themselves to the creation of new wants in order to exchange their goods for the means of subsistence cultivated by the farmer. To ease the exchange of these wants for others, money is introduced and is unevenly distributed between those who had the original advantage to possess it and those who did not. Steuart is not very specific about how original accumulation occurs, but he makes clear that “mankind becomes industrious” due to a desire for money “as the best equivalent of all”: “Money becomes the object of our wants” and workmen turn “their labour to every object which may encourage the rich to part with it [money]” (1966: 45). Thus, “the ingenuity of the workmen begets a taste in the rich, so the allurements of riches kindles an ambition, and encourages an application to works of ingenuity, in the poor” (1966: 46). It is therefore ambition, desire, and ingenuity which create the wealth of nations.

For Steuart, abundance is achieved through the contrivance of new wants and the multiplication of reciprocal obligations between classes and individuals that emerges through reciprocal patterns of exchange; the volume of such exchanges – and thus the abundance of society – increases with the industry and ingenuity of workmen and the expanding “taste for superfluity” (1966: 156) in consumers. As new standards of taste are established, “this taste will increase consumption, which again will multiply workmen, and these will encourage the production of food for their nourishment” (1966: 46). So long as wants and reciprocal obligations are married to habits of industry and a taste for refinement, order between classes will be maintained and abundance will multiply. Increases in trade volumes and the expansion

of industry are therefore driven by the multiplication of reciprocal wants – not through an increase in the “quantity of coin” (1966: 156).

According to Steuart (1966: 157), the extent of new wants in commercial society is virtually limitless:

“Let any man make an experiment of this nature upon himself, by entering into the first shop. He will nowhere so quickly discover his wants as there. Every thing he sees appears either necessary, or at least highly convenient; and he begins to wonder (especially if he be rich) how he could have been so long without that which the ingenuity of the workman alone had invented, in order that from the novelty it might excite his desire; for when it is bought, he will never once think more of it perhaps, nor ever apply it to the use for which it at first appeared so necessary.”

New wants are therefore the “materials with which this great fabric [of trade] is built... Here then is a reason why mankind labour though not in want. They become desirous of possessing the very instruments of luxury, which their avarice or ambition prompted them to invent for the use of others” (1966: 157). Laborers come to desire the luxury goods first produced for the wealthy, prompting the laboring class to labor and consume more. Ambition is therefore an important driver of production: Although consumption is self-interested, it is not altogether rational, and Steuart maintains that man is a “sociable creature” also driven by “expediency, duty, or passion” (1966: 20). Abundance is built on desire, and order between classes is grounded in mutual want.

The perils of building abundance on subjective inclinations – ambition, avarice, ingenuity – and upon the diffusion of socio-cultural standards of taste and a general “spirit of industry” (1966: 119) is that such features of political-economic life are prone to instability. A harmonious multiplication of reciprocal wants is not guaranteed. A number of circumstances can undermine the spirit of industry or ingenuity, alter habits of taste, or transform existing practices of production or commerce, destabilizing the existing order of things: Innovation in machinery and technology at home frequently undermines the harmony of reciprocal wants. “Suddenness” in innovation (1966: 122) introduces “inconveniences” (1966: 121); Steuart notes that “an industrious man” will be “made idle” by a new machine (1966: 122), his labor no longer wanted by the manufacturer or the consumer. Commerce between nations also challenges domestic

harmony: While international trade permits a “ready market abroad,” and engages “every one to pursue that branch of industry which succeeds best in his hands” (1966: 90), the ingenuity and industriousness of foreign competitors – “advantages which they have acquired by nature, or by industry and frugality” (1966: 242) – introduces new tastes into society and thereby undermines domestic manufacturers. Consumers no longer want the products of domestic labor, favoring foreign imports. Such a situation can “prove hard to bear, and throw people into great distress” (1966: 242). Unemployment increases, and under these stresses, the circulation of commodities and money can breakdown (1966: 325).

For Steuart, changes in taste, innovations in manufacturing, and the ingenuity and drive of foreign competitors perpetually threaten the breakdown of a system of political-economic order dependent on the harmonization of self-interest and mutual obligation: What results from this breakdown is a society populated by those who depend on no one and by those who “upon whom nobody depends, and who depends upon every one” (1966: 88) – the army of the unemployed. For Steuart, the forces shaping these disharmonies are habit, custom, taste, and disposition – “the spirit of a people” (1966: 25) rather than problems of supply and demand to be resolved through the working of the price mechanism. The role of government for Steuart is to shape the circumstances at work in political economy as much as is possible given the continuity of self-interest. Government cannot do just anything; the statesman must “engage a free people to concur in the plans which he lays down for their government,” and must therefore appeal to their self-interest. In doing so, he must also gradually work to adapt the “spirit of a people” to changing circumstances and thereby restore the harmonious multiplication of reciprocal wants in society: “In treating every question of political oeconomy, I constantly suppose a statesman at the head of government, systematically conducting every part of it, so as to prevent the vicissitudes of manners, and innovations, by their natural and immediate effects or consequences, from hurting any interest within the commonwealth” (1966: 122).

The statesman emerges as a judge of the public good (1966: 143-144) who in the face of the countervailing forces of circumstance is to direct the changing dispositions and habits of his subjects “so as to induce them, from the allurements of private interest, to concur in the execution of his plan” (1966: 17). Plans of political economy are instituted to combat the vicissitudes of circumstance, and they must avoid being general and systematic. For Steuart, “all actions, and all things indeed, are good and bad by relation only” (1966: 20). The statesman must strive to be

“a citizen of the world, comparing customs, examining minutely institutions which appear alike, when in different countries they are found to produce different effects: He should examine the cause of such differences with the utmost diligence and attention” (1966: 17). Given that “the consequences of innovations in political oeconomy, admit of an infinite variety, because of the infinite variety of circumstances which attend them: no reasoning, therefore, however refined, can point out a priori, what upon such occasions must indispensably follow. The experiment must be made, circumstances must be allowed to operate, inconveniences must be prevented or rectified as far as possible...” (1966: 124). Circumstances can be shaped, but they cannot be resisted.

Although the statesman cannot know what will necessary follow from every change in circumstance, Steuart maintains that in the absence of perfect knowledge the statesman must still act to stave off socio-cultural disruptions to order and abundance. Uncertainty is not an invitation to inaction as the consequences of failing to respond to shifting taste, habit, and disposition are simply too dire: “If they [the people] be of an indolent disposition, directed in their political oeconomy by established habits and old prejudices, which prevent innovations, although a change in circumstance may demand them, the effect will be to put a stop to population; which cannot augment without an increase of food on one hand, and of industry on the other, to make the first circulate” (1966: 119). Stubborn habits of culture can precipitate a crisis of order and abundance.

Therefore, government is tasked with restoring harmony: The state should redirect the industrious man displaced by machine to productive employment (1966: 122). The statesman should concern himself with the “education of the youth” so as to “supply manufacturers with new hands” and take in children “in order to be bred early to industry and frugality” (1966: 251). Government “should provide retreats of all sorts” for members of society who “remain unemployed, either from natural infirmities or misfortunes” (1966: 73); it should promote habits of frugality, temperance, oeconomy, and an application to labor and ingenuity (1966: 232). Given foreign competition, the statesman must direct “part of her [the nation’s] commerce into a proper channel” in order to “establish a just balance in this particular” (1966: 243); as tastes change in favor of foreign manufactures, he must recall the “levity and changeableness of mankind” and work to promote the “imitation” of luxuries made at home rather than a taste for those from abroad (1966: 244). More generally, the statesman must “judge when it is proper to

encourage consumption, in favour of industry, and when to discourage it, in favour of a reformation upon the growth of luxury” (1966: 326). When “stagnation occurs” and the circulation of money and goods is arrested, the state should “facilitate the introduction of symbolical money to supply its place” (1966: 325).

Despite counseling all these interventions, Steuart insists that shifting circumstances signify that “no prosperity can be permanent” (1966: 338). “As industry and idleness, luxury and frugality, are constantly changing their balance throughout the nations of Europe, able merchants make it their business to inform themselves of these fluctuations, and able statesmen profit of the discovery for the re-establishment of their own commerce...” (1966: 296). Sometimes it is necessary to “yield to the force which cannot be resisted; and, by address and management, to reconduct a people to the height of their former prosperity, after having made them travel (as I may say) with as little inconvenience as possible, through all the stages of decline” (1966: 338).

Political economy emerges as a field of knowledge and practice concerned with managing the fluctuations of circumstance given a set of socio-cultural limits that can only be changed “by slow degrees” (1966: 25). According to Steuart, “the great art therefore of political oeconomy is, first to adapt the different operations of it to the spirit, manners, habits, and customs of a people; and afterwards to model these circumstances so, as to be able to introduce a set of new and more useful institutions” (1966: 16). While the example of other states can be helpful, all plans of government must be adapted to “domestic circumstances.” When these circumstances are “rightly attended to, it becomes easy to discover the means of executing the same plan, in a way adapted to the spirit, temper, and circumstances of the people.” If a plan is to succeed, the spirit of the people must be “properly disposed” (1966: 27).

Given these considerable reservations about the extent to which knowledge can master the vicissitudes of circumstance, Steuart exudes a strange confidence in the ability of the statesman to contrive harmony, at least for a time: “In turning and working upon the spirit of a people, nothing is impossible to an able statesman... by properly conducting and managing the spirit of a people, nothing is impossible to be accomplished” (1966: 25). Steuart’s keen eye for the disharmonies of political-economic life reveals a socio-cultural domain defined by its disruptive potential, but his ambition for governance is that it can overcome these disturbances; despite finding the state formed, his plans limited by the self-interest of his subjects and the

stubbornness of their “spirit,” Steuart’s statesman examines, waits for the proper moment, and in the end succeeds in preparing “the people to relish the innovation” of government (1966: 25).

The socio-cultural conditions of possibility for securing order and abundance change over time, but for Steuart, there is no invisible hand to ensure that the spirit of a people is harmoniously adjusted to these requirements. Well-ingrained customs and habits of culture (tastes, dispositions, values, existing patterns of obligation) may prove out of step with the requirements of wealth creation. This account of socio-cultural disruption – of the spirit of a people falling out of step with the demands of the times – is married to an ambitious faith in the potential of the statesman to carefully consider “different schemes of oeconomy” and then to “model the minds of his subjects” so as to induce them to restore harmony through the “allurement of private interest” (1966: 17). The problem with Steuart’s account is that it is unclear that even the most able “supreme power” (1966: 16) would be capable of overcoming the fluctuations he posits: Given the “infinite variety of circumstances” (1966: 124) attending the operation of political economy, the persistence of self-interest, the stubbornness of culture, and the requirement that the statesman “model and conduct every branch of their [the subjects’] concerns” (1966: 28), an art of political economy conducted by anything but a god necessarily falls short. The sobriety of Steuart’s account of the vicissitudes of circumstance undermines his virtually boundless ambitions for governance – to master the endless flux, the knowledge of the statesman would have to be as infinite as the technique of government was perfect.

Steuart’s work reminds us that the dream of political-economic harmony is an old one – dating to the origins of the field itself. He also reminds us that the ambitions of governance have long been directed at shoring up socio-cultural dimensions of political-economic order. In Steuart’s account, government is rightfully concerned with stabilizing relations of class based on mutual need and obligation, perpetuating systems of want creation, and cultivating standards of taste (a desire for new and ever-changing superfluities) and habits of culture (industriousness, frugality, ingenuity, ambition) designed to intensify the production and consumption of commodities. While the technologies and objects of governance may have changed (“entrepreneurial spirit” has displaced “industriousness” and “frugality” as the quality to be cultivated), the drive to make tastes and habits of culture consistent with the requirements of order and abundance rather than a disruptive force in political-economic life has been retained.

It is far from certain that today's instruments of governance are any more capable of mastering these dimensions than was Steuart's omniscient statesman.

II. Patterns of Sociality and the Fragility of Commercial Exchange

At first glance, Adam Smith does not share James Steuart's anxieties about political-economic disorder: In Smith's account, there is but infrequent need for a statesman to direct self-interest to a contrived harmony. The most referenced line in Smith's *The Wealth of Nations* (1776) is the statement that an individual intending "only his own gain" is in many cases "led by an invisible hand to promote an end which was no part of his intention... by pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it" (Smith 1976a: 456). On the basis of this passage and others, Smith is narrowly appropriated as a prophet of *laissez-faire* or as the founder of an economic science who laid the cornerstone of general equilibrium theory.

Reading Smith as a harmonizer, however, obscures important insights in his work about the disharmonies to which market societies are prone. In *The Wealth of Nations*, Smith counsels a number of exceptions to the idea that the pursuit of self-interest always results in the good of society. According to Smith: Masters and workmen do not share a harmony of interests with respect to wages; merchants and manufacturers have an interest in high profits, to the disadvantage of the public; the interests of merchants and manufacturers are opposed to those of farmers, landlords, and the general public; when people of the same trade meet together it is to conspire to raise prices; domestic exporters find it in their interest to export corn abroad during a general shortage in order to raise prices at home; and private initiative will neglect the proper upkeep of roads (Viner 1993: 154).

Smith's concern for disharmony in *The Wealth of Nations* extends beyond conflicts of public and private interests – he also worries that the increasingly intricate division of labor at work in commercial society brings not only the promise of abundance, but also a tearing asunder of social bonds between persons. In his earlier work, *The Theory of Moral Sentiments* (1759), Smith suggests that other-regarding sentiment, or a sociality of "fellow-feeling," underpins the workings of commerce and moderates the excesses of self-interest – rendering the art of Steuart's

statesmen largely superfluous to political-economic management.¹ It is therefore possible to read Smith as vitally concerned with the socio-cultural underpinnings of market activity – generally confident in the harmonizing effects of a generally diffused pattern of approbative sociality yet also worried that the socio-cultural conditions of possibility for a harmoniously functioning market society might be unmade by the very productive forces that work to deliver the wealth of nations.

For Smith, it is not the art of the statesman that ensures order and abundance, but the imaginary of the impartial spectator. Understanding Smith's confidence in an order derived from self-interested exchange requires unpacking how he understands the emergence and regulative function of moral judgment. In *The Theory of Moral Sentiments*, the harmony of market exchange depends upon a generally diffused pattern of sociality that is consolidated through observation and interaction with others. Smith (1976b: 9) claims that persons come to identify with the situations of others through a process of social exchange, in which persons as spectators of the activities of another *imagine* themselves in the position of this other: "As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation." Bystanders come to sympathize with the passions of others as if they were subject to the same conditions: "Whatever is the passion which arises from any object in the person principally concerned, an analogous emotion springs up, at the thought of his situation, in the breast of every attentive spectator... In every passion of which the mind of man is susceptible, the emotions of the bystander always correspond to what, by bringing the case home to himself, he imagines should be the sentiments of the sufferer" (1976b: 10).

On the basis of imagining ourselves in the place of another, we come to have "fellow-feeling" with the sentiments of others – or sympathy. Sympathy for Smith refers not only to emotional concordance with the misfortunes of others, but more generally is "made use of to denote our fellow-feeling with any passion whatever" (Smith 1976b: 9-10). Through a process of sympathetic exchange, we find ourselves feeling what we *imagine* the other party must feel – joy, sorrow, anger, pleasure, pain.

¹ Smith does maintain that "the general contribution of the whole society" should support public works which are beneficial to the whole society but cannot be or are not maintained by the contribution of particular members (1976a: 815). Public revenues should therefore provide for defense, the administration of justice, maintaining good roads and communications, and operating institutions for education and religious instruction (1976a: 815-816).

The problem of moral judgment arises when the feeling of the spectator does not correspond with the passions of the person under observation. Smith seems to regard these passions as transparent and open to the gaze – that is, not subject to the problematic mediations of language or meaning (see Shapiro 1993: 130). For Smith (1976b: 17), the source of our approbation or condemnation of the actions of others is not derived from abstract reasoning or revelation but is “ultimately founded upon a sympathy or correspondence of this kind” which emerges from social experience:

“When the original passions of the person principally concerned are in perfect concord with the sympathetic emotions of the spectator, they necessarily appear to this last just and proper, and suitable to their objects; and, on the contrary, when, upon bringing the case home to himself, he finds that they do not coincide with what he feels, they necessarily appear to him unjust and improper, and unsuitable to the causes which excite them” (1976b: 16).

Persons anticipate the judgment of others and imagine how an “impartial spectator” (1976b: 83) would regard their conduct. Through the workings of moral exchange of sentiment, a general pattern of sociality emerges which establishes what sort of passions will produce approbation in others and which are to be avoided. Moral judgment is therefore internalized in the imaginary of the spectator.

Why do self-interested individuals worry about the judgment of the spectator? For Smith, “every man is, no doubt, by nature, first and principally recommended to his own care” (1976b: 82), but as a social being he is driven not so much by a desire for material gain but by a desire for approbation. “It is chiefly from this regard to the sentiments of mankind, that we pursue riches and avoid poverty... To be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation, are all the advantages which we can propose to derive from it. It is the vanity, not the ease, or the pleasure, which interests us” (1976b: 50).

In Smith’s account, the pattern of approbative sociality that emerges from the workings of sentimental exchange not only drives the accumulation of riches, but also works to limit the disharmonies of public and private interest which concern him in *The Wealth of Nations*. In *The Theory of Moral Sentiments*, Smith (1976b: 83) notes that while the “ruin of our neighbor” may help us to avoid some small misfortune,

“We must, here, as in all other cases, view ourselves not so much according to the light in which we may naturally appear to ourselves, as according to that in which we naturally appear to others. Though every man may, according to the proverb, be the whole world to himself, to the rest of mankind he is a most insignificant part of it... If he would act so as that the impartial spectator may enter into the principles of his conduct, which is what of all things he has the greatest desire to do, he must, upon this, as upon all other occasions, humble the arrogance of his self-love, and bring it down to something which other men can go along with. In the race for wealth, and honours, and preferments, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should jostle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of.”

Here Smith suggests that fellow-feeling is essential to the functioning of a commercial society; sentimental exchange establishes a general standard of “fair play,” working to moderate the excesses of self-interest. Spectators “sympathize with the natural resentment of the injured, and the offender becomes the object of hatred and indignation” (1976b: 83). To harm others in the pursuit of one’s own ends is to bring about the judgment of the spectator. Smith famously maintains in *The Wealth of Nations* that “it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest” (1976a: 27); re-reading *The Wealth of Nations* together with *The Theory of Moral Sentiments* suggests that these interests include a healthy regard for the approbation of others.

Order and abundance in commercial society is therefore maintained by a pattern of approbative sociality that is derived from sentimental exchange. Harmony in the pursuit of self-interest emerges not from the guiding hand of the statesman but from the internalization of individual restraint engendered by the impartial spectator. The socio-cultural condition of possibility for securing order and abundance is a general diffusion of moral sentiment that is established and enlarged through social exchange. In short, we come to regard the well-being of others because we encounter them in the marketplace and seek their approval of our conduct.

The expansion of commercial exchange in late 18th century Europe would therefore seem an institutional setting uniquely suited for enlarging the scope of other-regarding sentiment; as

markets for goods and services expand, so do occasions for sentimental exchange. However, abundance cannot be taken for granted: For Smith the wealth of nations *depends* upon commercial exchange but is *derived* from the social organization of production. Abundance is fueled by the division of labor; this division is itself the “very slow and gradual consequence” of a subjective dimension of the person – man’s “propensity to truck, barter, and exchange one thing for another.” Smith maintains that the colossal gains in labor productivity afforded by the increasingly complex division of labor in society have given occasion to “general opulence” (1976a: 25).

Smith’s anxieties about political-economic disorder only become visible as he considers the subjective dimensions of production – or the way that the capacities of the person are reconfigured in the manufacturing process. He worries that an increasingly elaborate division of labor has effects on the worker which undermine a sociality of fellow-feeling, throwing into question the general harmony of commercial exchange. According to Smith, “in the progress of the division of labour” the employment “of the great body of the people, comes to be confined to a ‘few very’ simple operations; frequently to one or two” (1976a: 781). Recall that in *The Theory of Moral Sentiments*, Smith emphasizes that the experiences of persons matter for how they come to relate to others and form moral judgments; this conclusion is echoed in *The Wealth of Nations*, where he writes that “the understandings of the greater part of men are necessarily formed by their ordinary employments” (1976a: 781-782).

Smith argues that the habits of daily routine have subjective effects:

“The man whose whole life is spent in performing a few simple operations... has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid as it is possible for a human creature to become” (1976a: 782).

The impact of the division of labor is not confined only to matters of intelligence – more is at stake than the capacity for “relishing or bearing a part in any rational conversation” (1976a: 782). Smith also suggests that a person confined to a few simple operations is incapable “of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life” (1976a: 782). The capacity for moral sentiment is therefore damaged.

The laborer's civic responsibilities also suffer. According to Smith, the "courage of his mind" and the "activity of his body" is corrupted; he is unable to judge the interests of his country and disinclined to defend it in war. Smith concludes that "in an improved and civilized society... the laboring poor, that is, the great body of the people" fall into such a state. The division of labor which promises abundance requires the person to develop a "dexterity" for particular trades which is "acquired at the expence of his intellectual, social, and martial virtues" (1976a: 782).

Given Smith's dependence on a pattern of approbative sociality to mitigate the excesses of self-interest, the "expence" incurred exceeds the considerable impacts upon the life of the individual laborer; the violence done to the capacity for sentimental exchange has potentially destabilizing effects for order and abundance in political economy. Smith maintains that government must take "some pains" to prevent the "gross ignorance and stupidity" of the "great body of the people" (1976a: 782) through the provision of "the most essential parts of education... to read, write, and account" (1976a: 785). State support is necessary because:

"Common people... have little time to spare for education. Their parents can scarce afford to maintain them even in infancy. As soon as they are able to work, they must apply to some trade by which they can earn their subsistence. That trade too is generally so simple and uniform as to give little exercise to the understanding; while, at the same time, their labour is both so constant and so severe, that it leaves them little leisure and less inclination to apply to, or even to think of any thing else" (1976a: 784-785).

For Smith, this education is essential to maintaining the socio-cultural conditions for securing order and abundance – the state "derives no inconsiderable advantage" from instructing "the inferior ranks of people" (1976a: 788):

"The more they are instructed, the less liable they are to the delusions of enthusiasm and superstition, which, among ignorant nations, frequently occasion the most dreadful disorders. An instructed and intelligent people besides are always more decent and orderly than an ignorant and stupid one. They feel themselves, each individually, more respectable, and more likely to obtain the respect of their lawful superiors, and they are therefore more disposed to respect those superiors. They are more disposed to examine, and more capable of seeing

through, the interested complaints of faction and sedition, and they are, upon that account, less apt to be misled into any wanton or unnecessary opposition to the measures of government. In free countries, where the safety of government depends very much on the favourable judgment which the people may form of its conduct, it must surely be of the highest importance that they should not be disposed to judge rashly or capriciously concerning it” (1976a: 788).

Education of the laboring class, therefore, is not only about the acquisition of basic skills, but essential to the cultivation of essential subjective qualities. Enthusiasm, superstition, and rash judgment threaten the “the most dreadful disorders” (1976a: 788). Decent and respectful conduct is to be encouraged. Faculties of evaluation and judgment are to be developed – so long as they support the established order. Recalling that in Smith’s understanding moral judgment is ultimately derived from observation, interaction, and experience, education functions to involve persons in regularized exchanges of sentiment. In fortifying the working poor with an impartial spectator hardy enough to withstand the deleterious effects of the division of labor, education reinforces the pattern of approbative sociality essential to the orderly conduct of commerce.

Smith’s understanding of the subjective sources of socio-cultural disorder enables some useful reflections on the use of education to cultivate patterns of sociality, but his account is limited in ways that undermine confidence in mass education as a sufficient remedy for the destabilizing excesses of stupidity and self-interest. Productively, Smith’s work suggests a dynamic interplay of the subjective and the socio-cultural dimensions of political-economic life – a concern for how particular qualities and capacities of the person sustain widely diffused patterns of sociality; this sociality – approbative or otherwise – is embedded in market exchanges that appear as the natural product of so many individual interests.

However, Smith’s project is directed at consolidating the conditions of possibility for an emerging commercial society – not in problematizing the social order that sustains it. Smith understands the threat to this order as emerging from the conditions of the poor, and education becomes an exercise in sustaining approbation: The diffusion of a sociality of fellow-feeling functions in large part to defer the political impulses of the working poor to an admiration of their “betters” and a desire to follow them into the accumulation of private wealth. Through the workings of the impartial spectator, “the poor man’s son” (1976b: 181) imagines that the “pleasures of wealth and greatness” will bring “more means of happiness” (1976b: 182); in the

end, however, Smith concludes that wealth affords little “real satisfaction” worthy of all the “toil and anxiety.” The “pleasures of wealth and greatness... strike the imagination as something grand and beautiful and noble” from a distance, but this proves to be a “deception which rouses and keeps in continual motion the industry of mankind” (1976b: 183).

What matters for Smith is that the “regular and harmonious movement of the system, the machine or oeconomy by means of which it is produced” (1976b: 183) is carried forward – the deception of the spectator drives oeconomy to abundance, dragging the poor man along with it. Smith’s vision for education is therefore concerned not with undoing the conspiracies of merchants and manufactures and the privileges of the aristocracy, but in convincing the poor man to respect social rank and to support the emerging commercial order and the state which defends it – even if in the end his real happiness remains deferred.

Therefore, despite his allusions to a privileged elite plagued by sentimental deficiencies, Smith remains narrowly focused on the intellectual and moral capacity of the poor, limiting his approach to thinking about the sources of socio-cultural disorder. He takes for granted that the privileged will behave in keeping with their status, writing that the “authority and consideration” of a “man of fortune depend very much upon the respect which this society bears to him. He dare not do any thing which would disgrace or discredit him in it” (1976a: 795). The “man of low condition,” by contrast, is “very likely” to “abandon himself to every sort of low profligacy and vice” whenever he is unobserved – for example, when he is enjoying the anonymity afforded by a large city (1976a: 795).

Smith simply fails to consider that socio-cultural disharmony might emerge from the sentiments of the wealthy rather than from the alleged vices and stupidity of the masses. His over regard for the better-bred neglects the very real possibility that the socialization and education of powerful merchants, manufacturers, and financiers (whose universe of sentimental exchange is largely confined to persons of their own status) might contribute to the introduction of patterns of predatory sociality that sustain disharmony rather than ensure that private and public interests arrive at concordance.

Smith’s ultimate faith in the workings of approbative sociality is especially curious given the way his own work calls into question the extent to which self-interested persons can be expected to exercise moral restraint: Smith’s concern with the *visibility* of conduct in his description of the “man of low condition” set loose in the big city (1976a: 795) suggests that he

has less faith in the workings of the “impartial spectator” than often asserted. If a man released from the communal restraint of a “country village” can be expected to spend much of his leisure debauching (1976a: 795), moral conduct emerges as calculating and strategic rather than a deeply embedded subjective dimension of the person. When no one is watching, approbation gives way to more base desires. This suggests that the fellow-feeling which sustains Smith’s political economy is far more fragile than he is prepared to admit. It also suggests that in the final analysis, Smith’s understanding of the constitution of self-interest remains narrowly atomistic and economizing; the impartial spectator remains a source of restraint rather than a constitutive element shaping the will to social ends. Absent visibility, Smith’s political economy is characterized by vice.

In short, Smith neglects a number of limitations that must be taken into account if one wishes to derive political-economic harmony from a stable pattern of generally diffused sentimental exchange; to succeed, this sentiment must as timeless and universal as the commercial society which it supports. Here Smith stands in stark contrast to Steuart, who is far more mindful that the socio-cultural conditions of order and abundance remain continually in flux.

All these limits aside, if we decouple Smith’s concern with the socio-cultural dimensions of political economy from his faith that a stable pattern of approbative sociality will sustain a political order oriented to the expansion of commercial exchange, there is much in his account of political-economic life that contributes to a political economy of disharmony. Re-reading Smith in those moments when he considers the importance of other-regarding sentiment for maintaining “fair play” and worries about the challenges for order and abundance posed by the alienating effects of the division of labor suggests that Smith understands the socio-cultural domain of political-economic life to be an essential yet fragile component in the dis/function of a commercial society characterized by market exchange and an intensification of the division of labor.

Smith understands this fragility in narrow terms, in keeping with class-laden assumptions about the capacities of the working poor: He fears that the viciousness of the life afforded to those confined to a few simple operations will undermine fellow-feeling, ultimately producing disorders which challenge both the “freedom” of commercial exchange and the liberalizing political order which sustains it. Smith counsels that the state should educate the great mass of

the working people, yet takes the other-regarding socialization of merchants, manufacturers, and the aristocracy for granted despite his own reservations about their conduct. Smith therefore fails to think about other sources of socio-cultural instability and the extent to which government might be required to intervene to sustain approbation in the status-quo.

Nevertheless, in counseling the ameliorating effects of state education, Smith opens a space for thinking about the ways that governmental interventions are designed to maintain or shore up fragile but essential patterns of sociality deemed essential to securing order and abundance. The commercial society that Smith's work helped to consolidate remains an unfinished project: In the context of the continued expansion and liberalization of markets, we might consider how governmental activity works through markets to establish an individuating and universal sociality of exchange, inevitably encountering alternative patterns of sociality with their own subjective affectations, identifications, and interests which resist the universal approbation that Smith so desired.

Alternatively, Smith's understanding of the function of sociality as other-regarding and interest-limiting prevents him from considering how patterns of sociality might reinforce rather than undermine the disharmonies of self-interest, diffusing a moral sentiment which supports the unrestrained pursuit of one's own commercial ends in the name of freedom, sustaining an order of political economy that is anything but harmonious. Smith suggests that "feeling fellow" is an essential condition of possibility for a harmoniously functioning political economy, but a political economy of disharmony must remain concerned with what this fellow does when he retreats from the visibility of the well-lit marketplace.

III. Normal Labor and the Subjective Requirements of Accumulation

It is precisely the spaces of political economy not visible to the gaze that interest Karl Marx. For Marx, harmony in exchange is not the result of approbative sociality or the management of circumstance, but is an *appearance* – merely the ideological surface of an inherently disharmonious set of social relations that fuel the production of commodities and the accumulation of wealth. In Volume I of *Capital* (1867), Marx (1981: 280) argues that the views, concepts, and standards of the "free trader *vulgaris*" are derived from only the most visible dimension of political economy – "the sphere of circulation or commodity exchange." From the surface of exchange, political economy appears harmonious – a realm of freedom in which

buyers and sellers come together to exchange commodities (including labor-power) by their own free will, equal before the law, and looking only to their own advantage. Within the sphere of circulation, “either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for the common weal, and in the common interest” (1981: 280). To the harmonizer, the domain of political economy is “the exclusive realm of Freedom, Equality, Property and Bentham” (1981: 280).

For Marx, a study of political economy premised on an underlying harmony of exchange will fail to take notice of the material relations of production that make possible the general opulence celebrated by Smith. Taking account of the productive power of the division of labor is not enough; understanding the conditions of possibility for this productivity demands that we “in company with the owner of money and the owner of labour-power, leave this noisy sphere [of exchange], where everything takes place on the surface and in full view of anyone, and follow them into the hidden abode of production... Here we shall see, not only how capital produces, but how capital is produced. The secret of profit-making must at last be laid bare” (1981: 279-280).

Within the confines of the factory, the relation of equality found in the marketplace is erased. The visibility so important to the restraint of Smith’s “feeling fellow” dissipates. The money-owner “strides out in front as a capitalist; the possessor of labour-power follows as his worker” (1981: 280). Harmonious relations of equality are replaced by the most essential of disharmonies: Having purchased the labor-power of the worker, “the worker works under the control of the capitalist to whom his labour belongs” (1981: 291). Furthermore, the use-values created through the productive consumption of labor-power in the process of production belong to the capitalist and not to the worker (1981: 292); the laborer owns only his laboring capacity. In exchange for his labor-power, the worker receives a wage with which he purchases the use-values required to maintain his person. The worker remains dependent on the capitalist for the use of the means of production through which his labor is valorized.

At first glance, the arrangement between the owner of capital and the owner of labor-power appears to be a relationship of equivalence characteristic of exchange: “The capitalist as buyer paid the full value for each commodity... for the labour-power. He then did what is done by every purchaser of commodities: he consumed their use-value.” In consuming the use-value

of labor-power, the capitalist turns his money into commodities by combining this labor-power with the instruments of production (1981: 302). However, for Marx, there is an essential disharmony in this exchange: The laborer is paid a wage equivalent to “the value of the means of subsistence necessary for the maintenance of its owner... a definite quantity of human muscle, nerve, brain, etc. is expended [in labour], and these things have to be replaced” (1981: 274-275).² However, the value extracted from the worker in the laboring process exceeds the value embodied in the wage: “The value of that labour-power [reflected in the wage], and the value which that labour-power valorizes in the labour-process, are two entirely different magnitudes; and this difference is what the capitalist had in mind when he was purchasing the labour-power” (1981: 300).

In combining labor with the means of production, the capitalist can extract from the use-value of labor-power a quantity of value which exceeds the sum of the value of the wage paid to the laborer and the value of the capital incorporated into the commodities produced. If “the daily sustenance of labour-power costs only half a day’s labour, while on the other hand the very same labour-power can remain effective, can work, during a whole day” then “consequently the value which its use during one day creates is double what the capitalist pays for that use” (1981: 301). According to Marx, it is the valorization of labor-power beyond the exchange value of labor-power which drives the accumulation of wealth in the form of surplus-value. This is a special quality of labor-power, and for Marx unlocking this essential productive quality of labor is the “secret to profit-making” (1981: 280) which is concealed by the sphere of exchange: “The consumption of labour-power is at the same time the production process of commodities and of surplus-value” (1981: 279).

If surplus-value (and therefore a world of abundance defined in terms of commodities) is created through laboring, the question for the capitalist is how to extract as much surplus as possible from any given quantity of labor-power under his direction. The capitalist can increase

² Marx argues that the wage is determined by factors that are material, socio-cultural, and historical: “His means of subsistence must there be sufficient to maintain him in his normal state as a working individual. His natural needs, such as food, clothing, fuel and housing vary according to the climactic and other physical peculiarities of his country. On the other hand, the number and extent of his so-called necessary requirements, as also the manner in which they are satisfied, are themselves products of history, and depend therefore to a great extent on the level of civilization attained by a country; in particular they depend on the conditions in which, and consequently the habits and expectations with which, the class of free workers has been formed. In contrast, therefore, with the case of other commodities, the determination of the value of labour-power contains a historical and moral element.” (1981: 275)

the surplus-value created *absolutely* by increasing the length of the working day (1981: 432); after producing a sum of commodities the value of which is equivalent to the value embodied in the wage (necessary labor), the remainder of the value created during the working day is derived from surplus labor. As surplus labor is increased relative to necessary labor, the “rate of surplus-value” is increased, along with “the degree of exploitation of labour-power by capital, or of the worker by the capitalist” (1981: 326).

However, the length of the working day is fixed by physical requirements – the need to restore the laboring capacity of exhausted workers – and “intellectual and social requirements... conditioned by the general level of civilization” (1981: 341). It is also determined by the political and legislative-legal struggle over the length of the working day: “The capitalist maintains his rights as a purchaser when he tries to make the working day as long as possible... and the worker maintains his right as a seller when he wishes to reduce the working day to a particular normal length... Between equal rights, force decides” (1981: 344). Given these physical, social, and political limits to the increase in absolute surplus-value, the accumulation of surplus comes to depend upon *relative* surplus-value – or increasing the productivity of labor within a working day of fixed duration (1981: 432).

For Marx, productivity “is determined by a wide range of circumstances; it is determined amongst other things by the workers’ average degree of skill, the level of development of science and its technological application, the social organization of the process of production, the extent and effectiveness of the means of production, and the conditions found in the natural environment” (1981: 130). Productivity gains permit an increase in surplus-value even as the value of each individual commodity produced is reduced. Why this should be so depends on a number of factors: For Marx, the value of a commodity is determined exclusively by “the amount of labour socially necessary, or the labour-time socially necessary for its production,” where “socially necessary labour-time is the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in the society” (1981: 129). Importantly, “the value of a commodity is determined not only by the quantity of labour which gives it its final form, but also by the quantity of labour contained in the instruments by which it has been produced” (1981: 432). Capital is incorporated into the final value of a commodity as “dead labour” (1981: 342).

A more productive use of labor-power decreases the value of commodities because these commodities embody a *reduced quantity of labor* – each unit of labor-power produces a greater number of commodities, so each contains less congealed labor. Additionally, a “cheapening of commodities in those industries which supply the instruments of labour and the material for labour” required for producing the means of subsistence drives down the quantity of labor congealed in the constant capital which the worker utilizes in the production process (1981: 432). Since the total value of a commodity reflects both the labor required to finish the good as well as the value of the capital expended in its production, a decrease in the value of capital causes the value of finished commodities to fall further.

Importantly, this decrease in the value of commodities *drives up the production of surplus-value*. This occurs for a number of reasons: First, the value of labor-power is reduced. As the value of commodities consumed by the worker falls, the wage is reduced to match the fall in the value of the goods and services needed to retain the worker in his normal condition (1981: 432). As the value reflected in the wage is decreased, “necessary labour-time” is reduced, increasing the proportion of the working day dedicated to the production of surplus-value (1981: 435). Therefore, the surplus extracted from a day’s labor is increased without actually increasing the length of the working day.

A decline in commodity values, however, will only increase the surplus extracted from labor in so far as these cheapened commodities contribute to the means of subsistence; moreover, the wage is also determined by socio-cultural and historical factors (1981: 275) which could potentially drive it upward, reversing the increase in surplus derived from productivity gains. These limits to the accumulation of surplus are overcome as manufacturing gives way to large-scale industry. According to Marx, the division of labor in manufacturing reduces necessary labor-time, but without substantially altering the *quantity* of labor valorized in a given working day; the organization and technology characteristic of manufacturing merely decreases the proportion of the total quantity of labor that needs to be valorized to reproduce the laborer. The magnitude of this labor therefore remains constant; the same quantity of labor is extended over a larger number of commodities produced.

Marx argues that this changes as the character of labor becomes more industrial: “As the use of machinery spreads, and the experience of a special class of worker – the machine-worker – accumulates, the rapidity and thereby the intensity of labour undergoes a natural increase”

(1981: 533). The qualities, skills, and work habits of laboring subjects become increasingly vital to the accumulation of surplus. As the introduction of the normal working day limits the extent of absolute surplus-value, “the intensification of labour, develops into a phenomenon of decisive importance” (1981: 533). In order to derive more surplus-value from labor (holding constant the exchange value of commodities and the length of the working day), the capitalist concerns himself with increasing the *quantity* of labor-power valorized in a given working day – “the compression of a greater mass of labour into a given period” (1981: 534). “What is lost by shortening the duration of labour is gained by increasing the degree of power exerted” (1981: 536):

“The compulsory shortening of the hours of labour... gives an immense impetus to the development of productivity and the more economical use of the conditions of production. It imposes on the worker an increased expenditure of labour within a time that remains constant, a heightened tension of labour-power, and a closer filling-up of the pores of the working day, i.e. a condensation of labour, to a degree which can only be attained within the limits of the shortened working day.”

The accumulation of surplus therefore depends not only on the “extensive magnitude of labor, its duration” but on “intensive magnitude, or magnitude of degree” (1981: 533). Through the intensification of labor-power, an eight hour work day can create as much surplus value as a work day of twelve hours.

For Marx’s capitalist, “moments are the elements of profit” (1981: 352). The key to intensifying labor is increasing “the regularity, uniformity, order, continuity and energy of labour” (1981: 536). Marx focuses on the importance of technology and the organization of production for this process but does not discount the social and subjective dimensions of this intensification. In Marx’s account, labor is primarily condensed through technological innovation: “The speed of the machines is increased, and the same worker receives a greater quantity of machinery to supervise or operate” (1981: 536). “Every improvement in machinery” is converted “into a more perfect means for soaking up labour-power” (1981: 542). Importantly, this machinery is deployed in the context of “the strictest discipline” (1981: 535) – an “organization of the system of machinery” in the space of the factory which in its “most developed form” provides “a means of systematically getting more work done within a given

period of time, or, in other words, constantly exploiting labour-power more intensively” (1981: 544).

According to Marx, the social organization of production is vitally important for the extraction of surplus-value and reveals the techniques through which the subjective dimensions of the person are made productive for capital. Social labor is inherently productive: “The combined working day produces a greater quantity of use-values than an equal sum of isolated working days” (1981: 447), and the “social productive power of labour... arises from co-operation itself” (1981: 447). However, the means by which this co-operative power is harnessed shift as manufacture gives way to large-scale industrial production.

Manufacture structures co-operation in such a way as to separate and isolate the various operations of production, forming a single “collective worker” from “the combination of a number of individual specialized workers” (1981: 468). This entails various subjective requirements: Workers are divided according to “their predominant qualities”; their “natural endowments” are intensified as divided and classified workers are subjected to “different degrees of training” which “develops in them new powers that are by nature fitted only for limited and special functions” (1981: 469). Individual workers use specific tools to engage in a limited range of functions as part of a collective whole. While the productive power of simple co-operation is revolutionized in manufacturing, Marx echoes Smith in suggesting that the worker is transformed into a “crippled monstrosity by furthering his particular skill as in a forcing-house, through the suppression of a whole world of productive drives and inclinations” (1981: 481).

In the industrial factory, however, the subjective requirements for the production of surplus change as the organization and technology of production is altered. The organization of the large-scale industry is not only designed to overcome technical limitations to the intensification of labor, but the “irregular habits of the workers themselves” which “obstruct the regulation of the hours of labour” (1981: 607). In order to maximize the quantity of labour-power extracted from each working day, the laborers movements are made to conform to the operation of the machinery of production. In industrial production, it is not “the tool, and the skill of the worker” which is predominant – “the automaton itself is the subject, and the workers are merely conscious organs, coordinated with the unconscious organs of the automaton, and together subordinated to the central moving force.” Instead of a hierarchy of specialized workers, “there appears, in the automatic factory, a tendency to equalize and reduce to an

identical level every kind of work that has to be done by the minders of the machines” (1981: 545). Training is geared towards teaching the worker “from childhood upwards, in order that he may learn to adapt his own movements to the uniform and unceasing motion of an automaton” (1981: 546). “The lifelong speciality of handling the same tool becomes the lifelong speciality of serving the same machine” (1981: 547).

In Marx’s account of the subjective effects of industrial labor, operating as “living appendages” subjects workers to “the wearisome routine of endless drudgery”; this work “exhausts the nervous system to the uttermost; at the same time, it does away with the many-sided play of the muscles, and confiscates every atom of freedom, both in bodily and in intellectual activity.” The machine “does not free the worker from work, but rather deprives the work itself of all content” (1981: 548). Capital takes the form of the automaton of the industrial factory, which as “dead labour... dominates and soaks up living labour-power” (1981: 548). The accumulation of surplus through the intensification of labor is sustained by the social organization of the factory itself: “The technical subordination of the worker to the uniform motion of the instruments of labour, and the peculiar composition of the working group, consisting as it does of individuals of both sexes and all ages, gives rise to a barrack-like discipline, which is elaborated into a complete system in the factory.” The result is an “industrial army” (1981: 549).

For Marx, innovations in industrial technology, organization, and training drive increases in surplus value as the quantity of labor (and therefore the quantity of surplus labor above what is required to reproduce the laborer) extracted from a given work day increases, even as productivity gains continue to extend a given quantity of labor over a greater number of commodities. More value is produced, and this additional value is spread over an increasing number of commodities. The realization of the additional surplus therefore depends not only on the productivity of intensified labor, but also on a general increase in the quantity of use-values consumed as commodities are cheapened.

In terms of both duration and degree, the exploitation of labor-power is intensified by innovation. This has important implications for competition: A single capitalist adopting a new, more productive method reaps additional benefits from “intensified labour” due to the fact that “exceptionally productive labour... creates in equal periods of time greater values than average social labour of the same kind” (1981: 435). The innovative capitalist reaps a temporary

increase of surplus due to the difference in the value of his individual commodities and the social value of the commodity; the latter value is that reflected in the price of the commodity. “The real value of a commodity... is not measured by the labour-time that the article costs the producer in each individual case, but by the labour-time socially required for its production” (1981: 434).

Given the workings of supply and demand, the “capitalist who applies the new method” can sell a greater quantity of his good at a price *below* the social value but well above the *individual* value. He will therefore experience windfall profits as he is able to undercut the competition and still sell well above the exchange value of the sum of labour-power and constant capital utilized in production. “This augmentation of surplus-value is pocketed by the capitalist himself, whether or not his commodities belong to the class of necessary means of subsistence, and therefore participate in determining the general value of labour-power” (1981: 434-435).

These gains in surplus are both deadly and ephemeral. Capitalists who fail to adopt the new productive methods will be undercut in price and soon cease to be capitalists. The “coercive law of competition, forces his competitors to adopt the new method.” As the new method of production is generalized, “this extra surplus-value vanishes” along with the difference between individual and social value (1981: 436). A new benchmark social value is determined based on a new calculation of socially necessary labor-time. To capture more surplus, yet new innovations must be sought. Because the accumulation of absolute surplus-value is limited by the length of the working day, relative surplus-value accrues in proportion to the productivity of labor, and innovative competition threatens to undermine the realization of surplus in exchange, new sources of productivity must be continually sought out: “Capital therefore has an imminent drive, and a constant tendency, towards increasing the productivity of labour, in order to cheapen commodities and, by cheapening commodities, cheapen the worker himself.” The absolute value of a commodity is “in itself, no interest to the capitalist who produces it. All that interests him is the surplus-value present in it, which can be realized by sale” (1981: 437).

While the competitive gains of the process of innovation are ephemeral (as competitors quickly adjust, adopting new forms of organization, technology, training, and work methods), they must continually be sought. The drive to accumulate surplus “does not depend on the will, either good or bad, of the individual capitalist. Under free competition, the immanent laws of capitalist production confront the individual capitalist as a coercive force external to him” (1981:

381). Marx therefore positions the productivity of labor at the center of the accumulation of profit under conditions of competition. In the production of relative surplus-value, everything is at stake.

While Marx's analysis of the subjective dimensions of labor productivity is limited by the requirements of the coming industrial age with which he was concerned, he offers an understanding of productivity and an account of the "normal quality" of labor which is flexible enough to enable reflection on the shifting subjective dimensions of a political economy regulated by the "immanent laws of capitalist production"; one such "immanent law" makes particular demands on the capacities of laboring subjects: In order to valorize surplus, commodities must be produced and sold at or below the socially determined value. "The time spent in production counts only in so far as it is socially necessary for the production of a use-value." This means that the labor-power employed in production must be "of a normal effectiveness" (1981: 303):

"In the trade in which it is being employed, it must possess the average skill, dexterity and speed prevalent in that trade, and our capitalist took good care to buy labour-power of such normal quality. It must be expended with the average amount of exertion and the usual degree of intensity; and the capitalist is as careful to see that this is done, as he is to ensure that his workmen are not idle for a single moment."

The subjective dimensions of the person are therefore vital to the accumulation of surplus. Yet workers are not naturally equipped with the skills, habits, and discipline required by the production process – persons must be made into laborers of "normal effectiveness" (1981: 303; see also Read 2003: 84-85). Marx therefore insists that persons must be made *normal* in order for their qualities to be harnessed productively. Moreover, the "normal" attributes required in each branch of industry shift as innovation and competition drive technological and organizational changes in production.

While Smith focuses on the general education (reading, writing, figures) that the worker needs to sustain affirmation in his fellows and the state, Marx is concerned with the educational demands imposed by the shifting social and material requirements of production. Education and training provides the means to make "normal" laborers:

“In order to modify the general nature of the human organism in such a way that it acquires skill and dexterity in a given branch of industry, and becomes labour-power of a developed and specific kind, a special education and training is needed, and this in turn costs an equivalent in commodities of a greater or lesser amount. The costs of education vary according to the degree of complexity of the labour-power required. These expenses (exceedingly small in the case of ordinary labour-power) form a part of the total value spent producing it” (1981: 276).

The operation of capitalist production produces not merely commodities but laboring subjects of a normal quality *as commodities*.

The particular qualities and capacities of the laboring person are therefore essential to the changing dynamics of accumulation. As the requirements for realizing surplus-value shift with the unsettling disharmonies of technological and organizational innovation, political struggle, legal and institutional reforms, the opening of new markets, the saturation of old markets, and the arrival of new competitors, workers themselves are subject to continuous re-making, which takes the form of shifting requirements in training and education. The disharmony between existing labor and new requirements is marked by social disruption, political action, and resistance – a struggle often concealed through the workings of disciplinary power (Read 2003: 36-39).

Marx’s analysis of productivity and intensified labor under conditions of capitalist competition establishes that *normal labor* is an essential condition of possibility for accumulation. A disharmony between the subjective requirements of accumulation and the organizational and technical requirements of production results in commodities priced above their social value. The capitalist who employs labor of abnormal quality will fail to transform moments into surplus and will face a decline in surplus relative to his competitors; if “moneybags” fails to adjust the normal quality of the acquired labor-power to the demands of new technology and forms of organization, he will ultimately cease to be a capitalist.

Rather than being peripheral to political economy, then, the subjective dimensions of the person are essential to sustaining the valorization of labor-power necessary for the reproduction of capital. For Marx, order and abundance in capitalist political economy is not derived from an equality of exchange but from the effective exploitation of an essential disharmony between the owners of labor-power and the owners of capital. Thinking about the ways that various agencies

direct governmental practices designed to ensure labor of “the average skill, dexterity, and speed” (1981: 303) is therefore an essential component of a political economy of disharmony.

Re-reading Marx for the present, however, requires decoupling his insights about the subjective dimensions of productivity from the space of the factory floor of 19th century Britain. This task is taken up by Jason Read (2003), whose reading of Marx explores how the production of subjectivity is implicated in the formation and evolution of capitalism. Read finds in Marx’s distinction between abstract and living labor a productive antagonism – the abundant co-operative energies of living labor cannot easily be contained; yet it is precisely the co-operative power of living labor that must be disciplined on the factory floor. Living labor is unruly and prone to resist the violence of its appropriation by capital. The mediation necessary to make living labor into abstract labor – into labor of a normal quality – requires what Marx calls a “barrack-like discipline” (Read 2003: 85).

Read is ultimately concerned with how the harnessing of subjectivity becomes directly productive for capital outside of the factory – not simply by reproducing labor of a normal quality, but in generating subjectivities productive for capital *through consumption*. In short, capital creates consumers of a normal quality. Read, having reached what he characterizes as Marx’s limit (2003: 104), takes his work out of the factory and considers how the production and reproduction of subjectivity through capital could give capital the power to subsume all of social life. Read appropriates Marx’s distinction between formal and real subsumption to understand how capital first disciplines the human material available to it, then remakes the conditions of social relations in its own image. “In formal subsumption the production of subjectivity is linked primarily to reproduction, while in real subsumption the production of subjectivity itself becomes productive for capital” (2003: 136). If the factory is a territory in which social cooperation produces surplus-value, the real subsumption of labor by capital makes it possible to conceive of all of social space as a factory (2003: 122).

In this formulation, capitalism’s greatest achievement is the maintenance of a consuming subject. As Read notes, “in capitalism subjective potentials, desires, and needs are continually mutating along with the needs of the capitalist mode of production” (2003: 123). The production of subjectivity is no longer confined to the factory but occurs wherever and whenever consumption occurs. “Consumption produces both the conditions for future consumption, in the constitution of new desires, and the constitution of new production, in the creation of new

subjective potentials as fixed capital” (2003: 130). Read concludes that real subsumption makes the continual production of subjectivities (rather than the reproduction of a necessarily docile worker) the center of the capitalist mode of production (2003: 149).

Read remains concerned with understanding how “subjectivity” is made productive through the mediation of capital – not only in making the worker docile but in transforming the laborer’s capacities while simultaneously harnessing the desires and altering the habits of consumers. This analysis, however, remains meta-theoretical in scope: A political economy of disharmony must also concern itself with how *specific* subjective dimensions of the person as laborer and consumer (particular skills, capacities, habits, desires) are made and unmade through a range of practices directed at the conduct of conduct. In reference to Marx, this means thinking about how producing and maintaining laborers and consumers of a normal quality becomes an object of governmental intervention that cannot be reduced to the general workings of the agency of “capital.” Nor can we assume that “subjective potentials, desires, and needs” (Read 2003: 123) are adjusted automatically to the requirements of accumulation – socio-cultural and subjective dimensions of political economy often resist programmatic transformation. In this respect, framing the subjective dimensions of political economy in terms of a mediation of and resistance to capital restricts thinking about the aims and limits of the activities, interventions, and agencies through which the work of normalization is conducted; the enduring presence of disharmony and disruption in political economy suggests that the mutations described by Read are hardly a *fait accompli*.

Nevertheless, Read’s work is a useful illustration of how Marx’s concern with the subjective dimensions of productivity can be extended beyond an analysis of the requirements of industrial production. Read links a poststructuralist approach to subjectivity with a critical approach to political economy, opening a space for thinking about the ways that the subjective dimensions of the person are essential not only to the productivity of labor-power but also to patterns of consumption. In this sense, we have returned to an analysis of habit and taste – to that fragile order of reciprocal wants so essential to the governmental ambitions of James Steuart.

IV. Conclusion

In appropriating the work of James Steuart, Adam Smith, and Karl Marx, I have emphasized the way that re-reading canonical work in classical and critical political economy makes visible socio-cultural and subjective domains of political-economic activity. In the work of Steuart, Smith, and Marx, particular habits of culture, patterns of sociality, and subjective dimensions of the person emerge as vital yet precarious dimensions of knowledge and practice – vital because their disfunction threatens to undermine order and abundance, precarious because they are central to the ambitions of political economy while simultaneously remaining the most elusive and difficult to secure: As circumstances shift, changes in taste, disposition, and values threaten abundance. Patterns of approbative sociality essential to the operation of markets can come undone, undermining order and exacerbating the excesses of self-interest. As the social and material conditions of capitalist production change, the conditions by which surplus value is produced are altered, demanding adjustment of the subjective qualities and capacities of the person as worker and consumer.

Taken together, these preoccupations suggest a field from its beginnings captivated by the elusive dream of harmony and concerned with what conditions of possibility must be secured if order and abundance are to be realized, at least for a time. Tensions emerge between ambition and analysis: Steuart understands harmony as the product of an art of governance secured by the knowledge and practice of the statesman; however, habits of culture respond only gradually to changes in circumstance. To conduct the spirit of a people amidst nearly infinite fluctuations, the knowledge of the statesman must be nearly infinite. Smith maintains that harmony emerges from a sociality of fellow-feeling which sustains a system of self-interested exchange, but suggests that the division of labor which fuels the wealth of nations simultaneously undermines the approbation necessary to sustain order and abundance. Smith counsels that education provides a remedy, but his own work points to other sources of disruption of fellow-feeling which are not so easily resolved. For Marx, harmony is only the visible surface of a system of production fueled by an essential disharmony between labor and capital, demanding a continual remaking of the skills, habits, and discipline of laboring subjects; yet for all of Marx's disparaging of the "harmonizers," we might ask if his entire project is not aimed at overcoming disharmony by replacing capitalist political economy with a social formation that would finally rid political economy of these contradictions.

Re-reading political economy in terms of disharmony reverses the assumption of equilibrium featured in rationalist approaches to the field and instead asks what conditions of possibility must be consolidated for the most visible dimension of political economy (Marx's sphere of circulation or exchange) to appear as a harmoniously operating machine. Thinking about political economy as a sphere of exchange defined by bargaining and rational calculation neglects other domains of activity integral to the production of commodities, the functioning of markets, the operation of institutions, and the maintenance of political consensus. The most visible dimensions of political economy are sustained by the dynamic interplay of political, legislative-legal, institutional, socio-cultural, and subjective domains of human activity which are continually in flux – inviting a long history of reflections about the extent to which sources of political-economic disharmony can be overcome. On the basis of these reflections, political economy emerges as a field of knowledge and practice concerned with examining the political, legislative-legal, institutional, socio-cultural, and subjective conditions of possibility for securing order and abundance and reflecting on the potential and limits of governance to consolidate these conditions in a world of shifting circumstance.

While the analysis of this chapter has been concerned with elaborating upon socio-cultural and subjective dimensions of political economy derived from canonical work in classical and critical political economy, re-thinking political economy in terms of disharmony permits a much broader scope for work in the field – including thinking about disharmonies, disruptions, and disorders derived from political, legislative-legal, and institutional domains of political-economic life. Stuart, Smith, and Marx worked to understand the conditions which confronted the dream of harmony in a present that is now our past. As such, work in political economy today is not an exercise in extracting from their work timeless insights about the *particular shape* of the disharmonies of today. It is not enough to say that habits of taste have shifted, that fellow-feeling has dissipated, and that the qualities and capacities of workers often fail to meet the standard for labor of a normal quality. Rather, political economy as a field of knowledge and practice should ask how in a specific place and at a given historical juncture particular configurations of culture, sociality, and the subject are problematized as essential to order and abundance and invoked as objects to be transformed.

In demonstrating that these oft-neglected domains of activity contain essential features of political-economic life, Stuart, Smith, and Marx enable a series of reflections on how the

political-economic present we now confront is constituted in part by socio-cultural and subjective features which must be made visible through critical, constructive analysis. This understanding of the field is brought to bear in Chapters 4 and 5, which examine the ambitions and limits of European Union membership conditionality in the Republic of Macedonia. Thinking about conditionality in terms of its practices makes visible socio-cultural and subjective dimensions of the political economy of conditionality; habits of culture, patterns of sociality, and subjective dimensions of the person emerge as integral to the drive to secure the conditions of possibility for a harmoniously functioning political economy of Europe. The next chapters will explore how instruments of conditionality put to work in the Republic of Macedonia between 2001-2011 come to target *particular* habits of culture, patterns of sociality, and subjective dimensions of the person as objects of governance; through the Operational Programme Human Resources Development (OP-HRD), conditionality aspires to *conditionalize conduct* – directing instruments of prioritization, programming, and monitoring at the cultivation of cultural habits of efficiency and entrepreneurial spirit, the consolidation of a sociality of individualization through labor market exchange, and the remaking of the productive qualities and capacities of persons as bearers of human capital.

CHAPTER 4: CONDITIONALITY AND ITS INSTRUMENTS

Political economy as a field of knowledge and practice has long been concerned with domains of activity outside the political, the legislative-legal, and the institutional. In Chapter 3, I argued that the field has reflected from its beginnings on the possibility of bringing into harmony socio-cultural and subjective dimensions of political-economic life prone to disorder, among them habits of culture, patterns of sociality, and subjective qualities and capacities of the person. I suggested that work in political economy oriented to socio-cultural and subjective sources of *disharmony* should ask how in a specific place and at a given historical juncture particular configurations of culture, sociality, and the subject are problematized as essential to order and abundance and invoked as objects to be transformed through the arts and practices of governance.

In this chapter, I begin an investigation of the political economy of conditionality in terms of *disharmony*, examining how socio-cultural and subjective domains of political-economic life are problematized in the discourse of conditionality as essential to a harmoniously functioning political economy of Europe and gradually integrated into the operation of conditionality through the work of its instruments. EU membership conditionality explicitly seeks to intervene within socio-cultural and subjective domains of political economy, particularly through the obligation of candidate states to adopt Ch. 19 (Social Policy and Employment) and Ch. 26 (Education and Culture) of the *acquis communautaire*. Through the operation of its instruments, conditionality aims not only for political consensus, legislative harmonization, and institutional alignment, but also at the harmonization of objects of governance concerned with culture, sociality, and the subjective dimensions of the person.

Instead of theorizing conditionality in terms of bargaining, negotiation, and rule/norm adoption, I trace the practices through which conditionality is elaborated in official documents produced by the European Union and the Republic of Macedonia and materialized through the actions of agents of the European Commission in Brussels and the EU Delegation and national ministries in Skopje. I argue that conditionality as *discursive and material practice* has functioned to open up domains of political economy to governmental interventions through the operation of several connected but functionally distinct instruments: 1) *prioritization*, which aims to establish particular fields of intervention within and across domains of political-economic

activity and to identify problematic objects of governance within these fields; 2) *programming*, which aims to strategically engage, cultivate, or transform these objects through a variety of activities conducted by agents of conditionality; and 3) *monitoring*, which aims to refine, reinforce, and continually reconfigure the operation of prioritization and programming through measurements of progress. Instruments of conditionality are overlapping; while for analytical purposes it makes sense to separate out their functions, in practice the boundaries between prioritization, programming, and monitoring are less distinct. Each instrument operates only in concert with the others, and the effects of conditionality in practice depend upon the harmonious co-operation of its instruments.

To understand how domains of political-economic life are problematized and integrated into the operation of conditionality in practice, the next sections examine how the instruments of conditionality are assembled through the discursive and material practices through which conditionality is elaborated; I illustrate how specific fields of intervention, agents of conditionality, and objects of governance emerge through the work of official documents – agreements, partnerships, reports, and programs of the EU and Republic of Macedonia. I focus especially on the gradual emergence of objects of governance within socio-cultural and subjective domains of activity. On the basis of this analysis and interviews with Commission officials in Brussels, I suggest some general limitations to the functioning of conditionality in practice, arguing that the ambitions of conditionality are impeded by the fragmented character of the assembly and operation of its instruments.

I conclude that a more detailed assessment of the system of relations established between instruments of conditionality and the cultural, social, and subjective dimensions of political economy problematized in Chapter 3 is best arrived at through a study of the ambitions and limits of the Operational Programme Human Resources Development (OP-HRD), which directs EU-funding to specific programs in employment, education and training, and social inclusion in keeping with the adoption of Chapters 19 and 26 of the *acquis*. The implementation of the OP-HRD “on the ground” represents a terminal point for instruments of conditionality directed at the cultivation of specific habits of culture, patterns of sociality, and subjective qualities and capacities of the person.

I. Prioritization

The *instrument of prioritization* works to open up fields of intervention across domains of political-economic life by defining these fields and the objects of governance contained within them. Prioritization is constituted as an instrument of conditionality through: 1) the 2001 Stabilisation and Association Agreement; 2) the European/Accession Partnerships; and 3) the Progress Reports of the Commission. These documents work to establish fields of intervention for conditionality and to identify particular objects of governance within these fields which are problematized as essential to a harmoniously functioning political economy of Europe.

The first domains of political-economic life opened to the requirements of conditionality in the Republic of Macedonia were political, legislative-legal, and institutional, emerging through the obligations set out under the Stabilisation and Association Agreement (SAA) signed in April 2001 and entered into force in April 2004. The stated aim of the SAA is to “create a new climate for economic relations” between the Republic of Macedonia and EU member states, especially “for the development of trade and investment, factors crucial to economic restructuring and modernization” (Council 2001: 5). In the SAA, the Republic of Macedonia pledges to approximate its legislation to that of the European Community and the European Community agrees to “provide decisive support for the implementation of reform, and to use all available instruments of cooperation and technical, financial and economic assistance on a comprehensive indicative multi-annual basis to this endeavour” (Council 2001: 6).

The SAA is intended to provide a framework for political dialogue, legal approximation, regional cooperation, and “to promote harmonious economic relations and develop gradually a free trade area between the Community and the former Yugoslav Republic of Macedonia” (Council 2001: 7). The agreement outlines a number of “fields of cooperation” (Council 2001: 14). While respect for human rights, democratic principles, and international law are highlighted under the agreement’s general principles (Council 2001: 8) and regional cooperation is mandated as a condition of the agreement, the SAA is in substance primarily economic in scope; the most detailed articles dictate concrete steps for the liberalization of goods, services, and capital. Free movement of goods, workers, and capital between the Republic of Macedonia and members of the European Community is to be implemented gradually. The SAA calls for reducing or eliminating tariffs in goods, permitting the movement of labor across borders, opening up the

Republic of Macedonia to foreign investment, and requiring the equal treatment of Community corporations and their subsidiaries (Council 2001).

In focusing on the legal requirements of economic liberalization, the SAA decisively opens the legislative-legal domain of political economy in the Republic of Macedonia to a project of harmonization. According to Article 68 of the SAA, “The former Yugoslav Republic of Macedonia shall endeavour to ensure that its laws will be gradually made compatible with those of the Community... Starting on the date of signing of the Agreement and lasting as explained in Article 5, the approximation of laws shall extend to certain fundamental elements of the Internal Market *acquis* as well as to other trade-related areas, along a programme to be defined in coordination with the Commission of the European Communities” (Council 2001: 60-61). The SAA also begins the process of opening up fields of intervention within the institutional domain. In the area of Justice and Home Affairs, the SAA calls for “reinforcement of institutions at all levels in the areas of administration in general and law enforcement and the machinery of justice in particular. This includes the consolidation of the rule of law” (Council 2001: 68). Cooperation frameworks are to be established to address asylum, migration, visas, illegal immigration, money laundering, illicit drugs, and other legal activities (Council 2001: 68-74).

Notably, Articles 90-92 of the SAA contain the beginnings of fields of intervention in socio-cultural and subjective domains of political-economic life. Article 90, titled “social cooperation,” states that “with regard to employment, cooperation between the Parties shall focus notably on upgrading job-finding and careers advice services, providing back-up measures and promoting local development to assist industrial and labour market restructuring. It shall also include measures such as studies, the secondment of experts and information and training operations” (Council 2001: 83). Article 91, titled “education and training,” states that “the Parties shall cooperate with the aim of raising the level of general education and professional qualifications in the former Yugoslav Republic of Macedonia taking into consideration the priorities of the former Yugoslav Republic of Macedonia... The European Training Foundation will also contribute to the upgrading of training structures and activities in the former Yugoslav Republic of Macedonia” (Council 2001: 84). And Article 92, titled “cultural cooperation,” states that “The Parties undertake to promote cultural cooperation. This cooperation serves *inter alia* to raise mutual understanding and esteem between individuals, communities and peoples” (Council

2001: 84). Taken together, these articles represent an initial opening for fields of intervention in employment, education and training, and social inclusion. The 2001 SAA only mentions these fields in general terms, however, and provides no further elaboration of priorities or activities for implementation, other than a general call for cooperation.

Explicit conditionality under the SAA is not well defined, but it is not entirely absent. Both parties to the SAA agree to “take any general or specific measures required to fulfill their obligations” under the agreement, pledging to “see to it that the objectives set out in this Agreement are attained” (Council 2001: 103). A Stabilisation and Association Council is established “to supervise the application and implementation” of the SAA; the council is delegated the power to settle disputes by way of a binding decision (Council 2001: 100). Nevertheless, Article 118 maintains that the parties are entitled to take “appropriate measures” if “either Party considers that the other Party has failed to fulfill an obligation under this Agreement” (Council 2001: 104), suggesting that making visible progress towards implementation is at least nominally linked to the provision of Community financial assistance provided for in Title IX of the SAA.

Taken as a whole, the 2001 SAA constitutes an initial drive at political-economic harmonization through prioritization; the SAA provides for trade liberalization plus other cooperative institutional provisions at various levels of specificity, establishing an institutionalized process for implementation and beginning the task of aligning national law with that of the European Community. While the most detailed provisions of the agreement are in the domains of legislative-legal harmonization and institutional alignment, the SAA also problematizes concerns in the fields of employment, education and training, and social inclusion. These fields of intervention are elaborated with increasing detail in the years following the Council’s 2005 decision to grant candidate status to the Republic of Macedonia.

The European Council first issued a European Partnership for the Republic of Macedonia in March 2004, the same month that the government formally submitted its application for EU membership and one month before the 2001 SAA entered into force. With the 2004 European Partnership (amended in 2006 and 2008 under the name “Accession Partnership”), new fields of intervention for conditionality are opened up and existing fields are delineated with more breadth and increasing precision. While many of these fields concern high politics (bargaining and

negotiation), the adoption of legislation, and institutional reform, socio-cultural and subjective elements also emerge as important priorities for the Council.

While confirming that the SAA process remains the framework for relations between the Republic of Macedonia and the European Union, the 2004 European Partnership contains a number of innovations, including an explicit statement of conditionality – a component missing from the SAA. According to the 2004 European Partnership (Council 2004: 15):

“Community assistance under the Stabilisation and Association process to the Western Balkan countries is conditional on further progress in satisfying the Copenhagen political criteria and in particular progress in meeting the specific priorities of this European Partnership. Failure to respect these general conditions could lead the Council to take appropriate measures on the basis of Article 5 of Council Regulation (EC) No 2666/2000. Community assistance shall also be subject to the conditions defined by the Council in its Conclusions of 29 April 1997 and 21-22 June 1999, in particular as regards the recipients’ undertaking to carry out democratic, economic and institutional reforms.”

Conditionality is therefore linked to the requirements of Copenhagen, the SAA, the European Partnership, and tied to specific priorities.

The 2004 European Partnership establishes for the first time an explicit system of prioritization linked to conditionality. The Partnership identifies and sets out specific “priorities for action” (defined in terms of “short” and “medium” terms) related to the capacity of the Republic of Macedonia to meet the terms of the SAA, the Copenhagen Criteria, and the 2003 Thessalonika Agenda for the Western Balkans authorized by the European Council (Council 2004: 5).¹ “Priorities for action” are grouped according to three categories – political situation, economic situation, and European standards. These priorities, however, are not uniformly elaborated. Within the category designated “political situation,” measures to strengthen democracy and the rule of law are identified, including improving the function of public administration, strengthening the judicial system, and improving the fight against corruption (Council 2004: 6-7). Each bullet point is followed by a statement of particular plans, standards,

¹ Thessalonika authorized the creation of European Partnerships, increased financial and technical assistance in institution building and economic development, the extension of “twinning” programs to SAP countries, additional institutional cooperation in Justice and Home Affairs, and extended an invitation for SAP countries to participation in Community programs.

and laws that should be implemented to accomplish the priorities. “Human rights and the protection of minorities” and “regional cooperation and international cooperation” are also identified as fields of intervention, each containing a list of objects of governance – plans to be drawn up, standards to be adhered to, and laws to be implemented (Council 2004: 7-8).

Under the header “economic situation,” the Partnership calls on the Republic of Macedonia to sustain macroeconomic stability, pursue economic reforms, improve the business environment, implement a strategy to reduce unemployment, and improve public finance management (Council 2004: 8). Under “European standards,” priorities are listed in the movement of goods, financial services, personal data protection, customs, taxation, competition and state aid, public procurement, and intellectual, industrial, and commercial property rights (Council 2004: 9-10). Also highlighted are priorities in the area of “sectoral policies,” including regulatory action to be taken in industry, small to medium sized enterprises, and the energy, telecommunication, and environmental sectors (Council 2004: 10). A number of priorities are also listed covering activities in “Justice and Home Affairs,” including institutional cooperation in border management, migration and asylum policies, police, organized crime, trafficking, drugs, money laundering, and terrorism (Council 2004: 10-11). Under all three headings, then – political, economic, and European standards – fields of intervention are opened up and specific objects of governance are delineated through the framework of the European Partnership.

Most of the priorities identified with varying levels of precision in the 2004 European Partnership concern actions to be taken in the legislative-legal and institutional domains. Laws are to be adopted, institutional rules are to be reformed, and regulations drawn up and imposed. However, there are suggestions of socio-cultural and subjective concerns: Short-term priorities in the field of cooperation in “Justice and Home Affairs” designate police conduct as an object of governance, calling on the Republic of Macedonia to “ensure that the police services, in particular the special police forces, *behave* according to international standards and practices” (Council 2004: 10, emphasis added). Medium-term priorities aimed at improving the functioning of public administration call for “career development based on merit, professionalism and equitable representation” and the encouragement of “the development of civil society” (Council 2004: 11). Priorities in education and training, however, are noticeably absent, and “employment and social policy” is mentioned only briefly in a long list of medium-term priorities. Here the Republic of Macedonia is called upon to “develop a social policy to

promote social cohesion, effective social protection systems, improve social standards and address poverty and social exclusion” and to “further develop an employment policy, involving all relevant actors” (Council 2004: 13). The real innovation of the 2004 European Partnership, therefore, is not a detailed accounting of priorities within the subjective and socio-cultural domains of political-economic life, but the *technique* of setting out specific objects of governance through a system of prioritization tied to an explicit statement of conditionality, a strategy which eventually permits fields of intervention to be gradually extended into other domains of activity.

The 2006 and 2008 Accession Partnerships are derived from the 2004 European Partnership. These documents refine prioritization as an instrument of conditionality, expanding its reach and further consolidating its objects. The 2006 Partnership divides priorities in terms of political criteria, economic criteria, and ability to take on the obligations of membership; priorities are delineated more precisely, though not exhaustively. The categories of political criteria and economic criteria are somewhat expanded. Political criteria include a range of objects found wanting, including: Election fraud, the law on civil servants, transparency and accountability in local government, court efficiency and capacity, the financial management of state assets, and compliance with professional standards in law enforcement and prison administration (Council 2006: 35/59-35/61). Under the category of economic criteria, objects of governance include: Clarification of property rights, more efficient legal procedures, “business climate,” completion of market liberalization, unemployment, supervisory standards in banking, and public finance management (Council 2006: 35/61). A range of other legislative priorities and technical standards for adoption are noted in relation to the “ability to assume the obligations of membership” under headings ranging from “free movement of capital” and “information society and media” to “agricultural and rural development” and “food safety, veterinary, and phytosanitary policy” (Council 2006: 35/62-35/64). The scope of priorities in the legislative-legal and institutional domains therefore expands considerably.

Education is mentioned directly in the 2006 Partnership only in reference to securing access for “all ethnic communities” (Council 2006: L 35/61), a priority later intensified. Ethical and professional standards and training programs for police, judges, prosecutors, and administrators join the list of official priorities (Council 2006: L 35/59 - L 35/60, L 35/65), illustrating the increasing problematization of the subjective qualities and capacities of the

person as objects of governance. Additionally, several actions under “social policy and employment” are listed as priorities for taking on the obligations of EU membership. These include: Continuing alignment with EU legislation in the fields of occupational health and safety, labour, and antidiscrimination and strengthening the corresponding administrative structures; reinforcing the labour inspectorate in terms of staff and equipment and enabling it to apply effective and dissuasive sanctions; and developing and implementing a comprehensive employment strategy involving all relevant stakeholders with a view to subsequent participation in the European Employment Strategy (Council 2006: L 35/70).

The 2008 Accession Partnership delineates priorities for action more systematically, grouping the priorities listed under “ability to assume the obligations of membership” by the chapter of the *acquis communautaire* under which they are subsumed – clearly delineating the direct relation between the priorities listed in the Partnership and the obligation of the candidate state to adopt the *acquis* in its entirety prior to accession. Each field of intervention is made to correspond with a chapter in the *acquis*, but most of the priorities listed remain concerned with political cooperation, legislative-legal harmonization, and institutional reform. Fields of intervention opened up under Chapter 19 (Employment and Social Policy) and Chapter 26 (Education and Culture) of the *acquis* list only a relative minimum of objects to be worked upon. Moreover, these objects are vaguely defined: Only a single priority is listed under Chapter 26 – hardly a reflection of conditionality robustly extended into the socio-cultural and subjective domains of political-economic life.

In sum, the 2001 SAA and the 2004, 2006, and 2008 European/Accession Partnerships issued by the Council open up fields of intervention across various domains of political economy, but remain predominantly concerned with delineating objects of governance across political, legislative-legal, and institutional domains of activity. In prioritizing fields of intervention and identifying an increasing number of objects of governance, the SAA and Partnerships function not as passive documents but as integral components of prioritization as an instrument of conditionality. It is in the third component of this instrument – the annual Progress Reports of the Commission – that prioritization is explicitly extended into fields of intervention in employment, education and training, and social inclusion, targeting various objects of governance concerned with culture, sociality, and the subjective dimensions of the person.

The Commission issued its first report on progress made by the Republic of Macedonia in preparing for EU membership on November 8, 2006. The Commission's annual reports on candidate states describe relations between the EU and candidates and analyze "the situation" in candidate states in terms of political criteria for membership, economic criteria for membership, and the capacity of candidates to "assume the obligations of membership, that is, the *acquis* expressed in the Treaties, the secondary legislation, and the policies of the Union." The Commission produces the reports based on "information gathered and analyzed by the Commission" but also "contributions from the government of the former Yugoslav Republic of Macedonia, the Member States, European Parliament reports and information from various international and non-governmental organisations" (Commission 2006: 4). The Progress Reports therefore incorporate to some extent the national priorities and plans issued by officials of the Republic of Macedonia, linking prioritization to the activities of agents of the European Commission as well as ministry officials in Skopje. Conversations with Commission officials in Brussels confirm the coordination of national with EU priorities in practice, though without suggesting that input from Skopje is decisive in the setting of these priorities. According to one official, candidate states have a responsibility to address the priorities that appear in EU documents, but the obligations of the EU to candidate states remain contested and the subject of current discussions within the Commission (personal interview, October 24, 2011).

While Progress Reports are essential to the functioning of the *monitoring* instrument (see section III), the reports also function to elaborate fields of intervention and further specify objects of governance which are not articulated in the SAA and European/Accession Partnerships. While the 2006 Accession Partnership makes only brief mention of education with respect to ethnic groups and lists only a few bulleted priorities under the heading of social policy and employment, the 2006 Progress Report offers considerable more detail in both fields. Under the section titled "Chapter 19: Employment and Social Policy," the labor relations law is identified as an object to be brought into compliance with EU legislation. Enforcement and implementation of legislation in the area of health and safety at work is acknowledged as an area of concern, and social inclusion and social dialogue are noted as areas of limited progress (Commission 2006: 39-40). Employment policy is also noted as an object of concern, and the 2006 report notes some progress in developing strategies and plans for reducing unemployment. Social protection is also mentioned – especially pension system reform – while anti-

discrimination efforts are said to have been subject to “no particular developments.” Passage of the Law on Equal Opportunities is designated as “progress” in the area of equal opportunities (Commission 2006: 40). The concern with discrimination, social dialogue, and equal opportunities in the context of employment suggests increased attention to social inclusion as a field of intervention directly linked to labor market activity.

“Chapter 26: Education and Culture” also articulates new objects of governance. Implementation of the recent Law on Vocational Education is noted as a priority. Additionally, the report states that “in order to complete the reform of the vocational education and training system, curricula and syllabi should be developed in consultation with the business community.” Moreover, “it is also necessary to set skill standards, draw up a catalogue of professions and to establish a centre for vocational education and training which will co-ordinate co-operation between schools and social partners” (Commission 2006: 50). Higher education is introduced as an area for intervention, and the report also suggests that steps must be taken to “ensure the conditions for adequate participation in the relevant Community programmes” (Commission 2006: 51) – namely the Lifelong Learning and Youth in Action programs. The field of education and training is thus expanded to encompass an increasing number of problematic objects concerned with remaking the subjective capacities and skills of students and workers.

These objects continued to be elaborated in the Progress Reports issued between 2007-2011. Fields of intervention in employment, education and training, and social inclusion are continually enlarged – the number of objects requiring action within these fields expands considerably. This is especially evident in the field of education and training: While the 2006-2008 Progress Reports focus on encouraging the implementation of new laws on vocational education, adult education, elementary and higher education, and building administrative capacity to implement community programs (see Commission 2006, 2007a, 2008), the 2009 Progress Report introduces new objects of governance derived from the EU’s “Education and Training 2020 strategic framework.” These include: pre-primary education, dropout rates, equitable access to higher education, graduation numbers, the quality of teaching, and the strengthening “lifetime learning” (Commission 2009a: 68). The 2010 Progress Report notes regional disparities in access to education, limited interaction between ethnic communities, the need to better integrate Roma communities in secondary education, and emphasizes that “training for teachers continues to be poor” and “resources are inadequate to implement the

education strategy” (Commission 2010: 69). The focus on Roma links social inclusion to educational access and the concern with inter-communal interaction suggests that patterns of sociality between ethnic groups are considered problematic. Conditionality, it seems, aims at moving targets.

Prioritization, then, is not an instrument constituted by a single policy document or carried out by a single agent, but is assembled through the legal agreements and partnerships issued by the Council and the work of the Commission, whose officials in Brussels along with the EU Delegation in Skopje coordinate objectives with officials of the Republic of Macedonia, linking prioritization as an instrument of conditionality directly to national objectives and programs. Together the SAA, European/Accession Partnerships, and Progress Reports outline continually expanding fields of intervention for conditionality which target not only objects of governance within political, legislative-legal, and institutional domains, but are increasingly concerned with fields of intervention in employment, education and training, and social inclusion. Within these fields, particular objects of governance within socio-cultural and subjective domains of political economy emerge: The skills and capacities of students, teachers, and workers, patterns of social interaction between ethnic communities, and social inclusion through employment and labor market access are all identified as problematic and requiring governmental action.

However, the fragmentary process through which prioritization is assembled poses a number of technical difficulties for the operation of this instrument. The priorities outlined in official EU documents are often imprecise or incoherently articulated across time, offering judgments that are “general and often vague” (Grabbe 2006: 64). The identification of objects of governance is more haphazard than systematic; the plurality of agreements and reports and their evolutionary quality means that new priorities emerge from year to year and the relative importance of each priority given the limited reach of financing and programming is unspecified. The unfinished quality of prioritization means that its work is also never finished – and perhaps it is just this dimension which propels conditionality indefinitely forward. Even as older priorities for action are realized, new ones appear and take on the quality of an urgent need integral to the success of the European project.

II. Programming

The task of delineating precise, measurable, assessable objects of governance is often resolved through *programming* – an instrument of conditionality that invests objects of governance in specific activities for implementation. Conditionality is operationalized through programming. *Programming* brings together the priorities outlined in the SAA, European/Accession Partnerships, and Annual Reports along with a strategy for engaging these priorities, financing to support this strategy, specific descriptions of activities to be implemented, the agents responsible for this implementation, and a timetable for completion of the activities. Like prioritization, programming unfolds through the work of a number of official documents which bring together discursive practice with the activities of agents charged with the realization of conditionality in a variety of institutional contexts. Programming is primarily derived from: The National Programme for the Adoption of the Acquis Communautaire (NPAA) published by the Republic of Macedonia; the Instrument for Pre-Accession Assistance (IPA) organized by the European Commission; and the Operational Programmes linked to the IPA which are drafted by ministries of the government of the Republic of Macedonia and approved by the Commission.

The NPAA is a comprehensive program issued by the government of the Republic of Macedonia, detailing a full range of activities to be implemented in accordance with the requirements of EU membership – linking national priorities to specific programs across 33 chapters of the *acquis communautaire*. Updated each year, the NPAA has retained the same organizational framework since 2007 – presenting the “current situation” in the fields of intervention covered by each chapter of the *acquis*, outlining specific short and long term priorities in each chapter, describing the institutional and legal framework for meeting these priorities, citing sources of foreign aid, and identifying any progress in each area over the previous year (NPAA 2008, 2009).²

Some of the programs detailed in the NPAA are co-financed by the national government and the EU, but others are funded by national government revenues or supported by foundations, NGOs, USAID, UNDP, or the World Bank. Importantly, the EU is not the only external source of funding for the NPAA; rather, the IPA outlines a framework for EU assistance to particular programmatic priorities identified by the Commission. The Operational Programmes drafted by the national ministries and approved by the Commission link national priorities in the NPAA and

² The 2010 and 2011 NPAAAs have not yet been translated into English.

the priorities for financial assistance outlined in the IPA to detailed activities for implementation within specific fields of intervention. All of these various components of programming incorporate priorities established in the SAA, European/Accession Partnerships, and Annual Reports of the Commission.

The 2007 NPAA was adopted by the government of the Republic of Macedonia on March 22, 2007; it followed a draft program presented to the EU in Brussels in May 2006, which was revised based on initial comments and following the issuing of the first Commission Progress Report in November 2006. The 2007 NPAA explicitly takes into account the priorities noted in the European Partnership, the strategic plans of the national ministries, the work plan of the government, and planned projects for foreign assistance. The contents of the NPAA adopt the structure of the Copenhagen Criteria. The “current situation” concerning the political and economic criteria and the adoption of the *acquis* is reviewed in detail along with legislative and institutional priorities. A tabular annex reviews the “national legal acts subject to harmonization with EU legislation, with terms for adoption and responsible institutions” (NPAA 2007: 5). A second annex gives a detailed overview of “necessary institutional strengthening given by years and chapters”; a general budget of funds and current/planned foreign assistance is also provided (NPAA 2007: 5). Finally, the program includes the “Monitoring Matrix for the realisation of the National Programme for Adoption of the Acquis Communautaire,” “containing the detailed activities for implementation of the priorities and objectives of each chapter” (NPAA 2007: 5).

Returning to the Monitoring Matrix suggests how the 2007 NPAA functions to assemble priorities into specific programs for action across domains of political-economic activity. In each field of intervention, we find particular objects of governance linked to specific activities for implementation. These activities are assigned to responsible institutional agents and paired with timetables for completion. As the Monitoring Matrix itself is a spreadsheet of 178 pages, the activities described below are illustrative of socio-cultural and subjective dimensions of the NPAA rather than an exhaustive index of all of the activities listed in the program.

Turning directly to fields of intervention linked to Ch. 19 and Ch. 26 of the *acquis*, the Monitoring Matrix describes a number of interventions under Ch. 19 intended to “promote the social dialogue” and support the “employment policy.” These include: Study visits, trainings, workshops, and seminars on implementing the EU measures; preparing the Operational Programme for IPA Component IV (NPAA 2007: 89/178); integrating Roma into pre-school

education; providing financial assistance to Roma high school students (NPAA 2007: 92/178); and training of social partners and local employment center staff for “preparing individual action plans for employment” (NPAA 2007: 94/178). These activities are to be coordinated by the Ministry of Labour and Social Policy. Linked to the requirements of Ch. 26 of the *acquis* are activities to train teachers, prepare new syllabi, implement pilot matriculation exams, train employees for implementing Lifetime Learning and Youth in Action programs, prepare action plans for youth employment, and to train teachers and redefine syllabi for secondary and vocational education (NPAA 2007: 138/178-140/178). Most of these interventions are to be undertaken by officials in the Ministry of Education and Science.

Through the 2007 NPAA, programming of the government of the Republic of Macedonia is explicitly directed at employment, education and training, and social inclusion – fields of intervention that directly engage the socio-cultural and subjective dimensions of political-economic life in that they are directed at remaking the productive qualities and capacities of workers through education, integrating these augmented capacities into the economy through employment policy, and addressing potentially disruptive habits of culture and patterns of sociality, including the prevalence of widespread discrimination, poor integration of minority communities in schools and workplaces, and disparities in socio-economic outcomes based on gender and ethnicity.

While the NPAA is the single most comprehensive source for national programming, each priority and program listed in the Monitoring Matrix is not equally subject to instruments of conditionality. Attention to a selection of the range of priorities and programs listed in the NPAA is increased through the Instrument for Pre-Accession Assistance (IPA) and the associated Operational Programmes, which guide the financing and operation of specific programs supported by the EU. For example, the Operational Programme Human Resources Development (OP-HRD) outlines IPA-funded programming to be implemented in the fields of employment, education and training, and social inclusion (see Chapter 5). With the IPA as a mechanism for the delivery of EU financial assistance, the European Commission can target particular programs within the NPAA for financial support, *selectively* intensifying the operation of conditionality in practice.

The IPA framework for assistance went into effect on January 1, 2007. The stated “main objective” of the IPA is to help states “face the challenges of European integration, to implement

the reforms needed to fulfill EU requirements and progress in the Stabilisation and Association Process and to lay the foundations for fulfilling the Copenhagen criteria for EU membership” (Commission 2007b: 2). The IPA replaces the previous CARDS structure for European Community financial assistance in the Western Balkans, which focused on political, institutional, and economic transition. According to an official at the European Commission, the IPA is “really geared towards accession to motivate the whole system locally.” Assistance under the IPA is linked directly to accession, and this “potentially multiplies leverage,” though this last claim has not been studied empirically (personal interview, October 24, 2011).

The IPA aims to create “a coherent framework for Community assistance for candidate countries and potential candidate countries,” setting up a framework in which assistance is “provided on the basis of multi-annual indicative planning documents established by country in close consultation with national authorities” (Commission 2007b: 1). The “priorities for programming of assistance” to be funded under IPA are established by the European Partnership, the overall Enlargement Strategy Paper published by the Commission, and the annual Progress Reports (Commission 2007b: 2).

The Multi-annual Indicative Planning Document (MIPD) is the “strategic document for IPA”; MIPDs are established on a three year rolling basis with annual reviews and follow the Multi-Indicative Annual Financial Framework (MIFD), which “indicatively allocates [IPA] funds per beneficiary and per component” (Commission 2007b: 2). The IPA is divided into five components: Transition Assistance and Institution Building (IPA-I); Cross-Border Cooperation (IPA-II); Regional Development (IPA-III); Human Resources Development (IPA-IV); and Rural Development (IPA-V). While countries in “pre-accession status” (non-candidate states) can receive funding from IPA I and II, support from components III-V is available only to states granted candidate status by the Council.

The 2007-2009 MIPD for the Republic of Macedonia was adopted in May 2007. It outlines annual EU accession assistance over a three year period; the total allocation for 2007-2009 is 210.5 million euro. Allocations through the previous CARDS mechanism was 229 million euro from 2002-2006 (Commission 2007b: 8). Overall EU assistance to the Republic of Macedonia from 1992-2007 totaled over 800 million euro (Commission 2007b: 7). While CARDS assistance had been implemented through the European Agency for Reconstruction, “IPA assistance is implemented through the Delegation in Skopje” (Commission 2007a: 6). The

IPA is structured to transfer the management of IPA funds to national authorities under a Decentralized Implementation System (DIS) “once the national authorities have developed the necessary capacity to assume this responsibility” (Commission 2007a: 6). The Commission’s 2007 Progress Report notes that “further attention is needed to developing accountable administrations and institutions with appropriate capacity” (Commission 2007a: 6).

The issue of “capacity” development is a central concern of IPA programming. The 2007 MIPD (Commission 2007b: 12) notes that until the Commission confers management of IPA funds to the national ministries,

“components I and II will be implemented under centralised management [through the EU delegation in Skopje in coordination with Brussels], while for components III, IV and V implementation of operations and disbursement of funds may not start until decentralised management has been conferred by the Commission. Thus, assistance channelled through the various components shall help to establish these structures and to develop accountable administrations and institutions, with appropriate capacity, including internal controls and audits.”

What this has meant in practice is long delays in distributing allocated funding in Components III-V, a major impediment to the operation of the programming instrument, especially in the fields of employment, education and training, and social inclusion (see Chapter 5).

In the 2007 MIPD, management capacity and cohesion are linked directly to the requirements of EU membership. Taking on the obligations of membership requires states to develop the *capacity* to manage EU structural and cohesion funds, which aim to reduce regional disparities in income, wealth, and employment/opportunity *within* the European Union. Cohesion is aimed at convergence – or in other terms, harmonization of national policy through benchmarking and the coordination of best practices in keeping with the open method of coordination (OMC), which the EU utilizes to coordinate member states policies in areas of national responsibility (employment, asylum, social inclusion, pensions, education, culture) where EU law provides few *formal* powers of enforcement. In beginning the process of “convergence” prior to EU membership (and utilizing the instruments of conditionality), the IPA aims to adjust the political, legislative-legal, institutional, socio-cultural, and subjective dimensions of the political economy of the Republic of Macedonia in such a way as to minimize disorder and disruption following accession. In requiring candidate states to work towards EU

benchmarks in employment, education and training, and social inclusion, the EU leverages the accession process with the aim to produce “societal transformation” (Commission 2011a: 2) in candidate states prior to membership, after which the instruments of conditionality are no longer available; “convergence” then depends upon the coordination of policy through EU structural and cohesion funds.

In each MIPD, pre-accession assistance is targeted at several strategic areas. In the MIPD 2007-2009, these areas are identified as: 1) supporting institution building; 2) improving cross border cooperation; 3) preparing for participation in the Community’s cohesion and rural development policy; and 4) preparing for decentralized management of EU funds (Commission 2007b: 3). Institution building is to be supported through component I, cross-border cooperation through component II, and cohesion and rural development through components III, IV, and V. Support for decentralized management is to be supported “across various components” (Commission 2007b: 3).

From 2007-2009, the “major share” of IPA assistance is committed to component I and directed to support the implementation of sectoral reforms (public administration, judicial, police) and adoption and implementation of the *acquis* (Commission 2007b: 11). Assistance under component II is directed at “creating closer links between border regions, supporting joint environmental protection activities and improving potentials for tourism” (Commission 2007b: 11). The volume of funds made available under components III-V is “relatively small”: Support under component III is for transport and environmental sectors; component IV supports “system actions and pilot projects in the area of employment, education and social inclusion,” and support under component V is aimed at “upgrading agricultural production and processing sector to Community standards” and improving “employment and income opportunities in rural areas” (Commission 2007b: 12).

For each component I-V, the text of the MIPD: Details “the current situation”; establishes “major areas of intervention and goals”; outlines “main priorities and objectives”; establishes “expected results and timeframe”; outlines “programmes to be implemented” (to be determined by competitive calls for proposal, support via private investment, or, in the case of Component III and IV, to be determined through separate Operational Programmes); describes the type of assistance to be provided (financial, technical, “twinning,” services, supplies); and provides financial indications. This approach serves to further refine and specify the objects of

governance, investing them within a particular strategic and financial framework. Total IPA support for the period of 2007-2009 amounts to nominal allocations of 210.5 million euro. Of this amount, 119.6 million euro is allocated to component I; 15.1 million euro to component II; 40.5 million euro to component III; 16.3 million euro to component IV; and 19 million euro to component V (Commission 2007b: 13).

While some headings change in the MIPD 2009-2011, the organizational structure for outlining support and programming by component remains the same. Total funding, however, increases from 210.5 million euro for 2007-2009 to 272.8 million euro for 2009-2011. The same broad “strategic choices” and priorities are made, namely support for institution building, cross-border cooperation, and support for participation in the Community’s cohesion policy and rural development instruments (Commission 2009b: 12-13). Within each component, a number of “priority axes” are established and paired to general descriptions of programs eligible for support and “expected indicators” which seek to measure the results to be achieved with IPA support. These can be quantitative (percentage of employees completing a particular training program) or quite general (“strengthened and enhanced capacities in relation to social dialogue”) (Commission 2009b: 35). Institution building continues to receive the bulk of the allocations: 108.9 million euro (40% of the total). Component II is allocated 17.1 million euro (6%); component III, 85.2 million euro (31.5%); component IV, 24.9 million euro (9%); and component V, 36.7 million euro (13.5%) (Commission 2009b: 4, 14).

The IPA is an integral component in the programming of conditionality; the projects supported through component IV speak to the ambition of conditionality to effect changes in socio-cultural and subjective domains of political-economic life. Component IV interventions target a range of objects in the fields of employment, education and training, and social inclusion. These ambitions are supported by an elaborate Operational Programme Human Resources Development 2007-2013 (OP-HRD). Yet, the scope of the project outlined in the OP-HRD is not matched by prioritization in financing: Only 9% of total IPA funding for the Republic of Macedonia is allocated to Component IV in the MIPD 2009-2011.

Therefore, the potential for IPA funds to selectively intensify the operation of conditionality is confounded by the limited financial resources the IPA brings to bear. It is also limited by the plurality of agents and programming documents involved in the administration of programs funded through the IPA. According to an official at the European Commission, some

staffers look to the Operational Programmes for programming guidance first, others to the MIPD. Additionally, as the exceedingly vague measure for social dialogue indicated, the quality of indicators available in these documents is uneven (personal interview, October 24, 2011).

Another Commission official, however, suggests that managing the decentralized implementation system (DIS) poses more of a difficulty in practice than a plurality of programming documents (personal interview, November 3, 2011). The requirement that Component III-V funds be dispersed only after the implementation of decentralized management has delayed the distributions of allocated funds in going back to 2007. The DIS for Component IV was conferred by the Commission in October 2009. According to an official at the Commission, implementation has been delayed by problems of administrative capacity, a limitation addressed in more detail in Chapter 5 (personal interview, November 3, 2011). As a result, DG Enlargement is faced with the possibility of having “several millions” of IPA funds allocated in 2007 decommissioned (personal interview, October 24, 2011). An official in the Commission suggests that “bottlenecks” could affect 10% of the funds allocated for Component IV in the Republic of Macedonia (personal interview, November 3, 2011). This is in keeping with a requirement that provides Commission officials with one year to develop a financing agreement with the Republic of Macedonia for allocated funds and a maximum of an additional three years to disperse the funds.

The 2011-2013 MIPD attempts to correct some of these shortcomings, aiming for “smarter, measurable indicators” – providing for a total EU contribution of 305 million euros over three years and adopting “a sector-based approach” (Commission 2011b: 4). This effectively reduces to some degree the grand scope of the interventions imagined in the original 2007 MIPD, suggesting either a more focused approach going forward or the realization that in a world of limited resources and limitless ambitions some programmatic priorities are either technically unfeasible or beyond the scope of what can be achieved in the short to medium term. Additionally, a number of technical impediments to programming are currently subject to Commission review: An impact assessment currently underway will likely recommend a new way of allocating funding by country linked to a single operational document (personal interview, October 24, 2011). This could take the form of a single streamlined Country Strategy Paper prepared jointly by all the Directorate-Generals in the Commission (personal interview, November 3, 2011).

Finally, the functioning of the programming instrument is also impaired by the disparate sources of project financing and the contested character of prioritization. Most IPA projects in the Republic of Macedonia are funded 85% by the EU and co-funded 15% by the national government in Skopje. According to a European Commission official, “assuring timely co-funding” was a problem in 2010; failures to allocate matching funds delayed projects, and sometimes staffing commitments by the national government were not fulfilled. As an example, this same official related a case in which ministry officials in Skopje promised five personnel for a “Roma inclusion” program but delivered only two. From the perspective of this official, this is a “signal of political priorities [being] different from what they say” (person interview, October 24, 2011). All of these limitations suggest that programming remains an incomplete instrument, assembled through the activities of a range of agents and through a number of documents that are continuously being reviewed and reworked.

III. Monitoring

These limits are also evident in the assembly and operation of the *monitoring instrument*. This instrument aims to evaluate progress towards meeting the terms of the Stabilisation and Association Agreement, the priorities established in the European/Accession Partnerships and the annual Progress Reports of the Commission, and the design and implementation of the programs outlined in the NPAA and the MIPD, with its associated Operational Programmes. While the Progress Reports serve as the most visible and regular components of the monitoring instrument, the SAA also contains its own monitoring mechanism. Additionally, the IPA structure establishes a Joint Monitoring Committee for its activities and formal interim reviews of the MIPD and Operational Programmes are conducted by officials from the Commission and Republic of Macedonia. The daily activities of agents of the Commission in Brussels and Delegation officials in Skopje also contribute to monitoring as an instrument of conditionality; many of the requirements for monitoring the procurement and implementation of individual programs has been turned over to officials in the line ministries of the Republic of Macedonia in keeping with the decentralized implementation system (DIS). Therefore, like the other instruments reviewed above, monitoring is not derived from a single discursive source or through the activities of a single agent, but is an assemblage of discursive and material practices that form a more or less coherent (but not always precise or effective) whole.

Article 108 of the Stabilisation and Association Agreement (SAA) includes a process for evaluating progress towards meeting the terms of the agreement, establishing a Stabilisation and Association Council (SAC) authorized to meet at regular intervals and to take binding decisions about areas of dispute in implementation of the SAA. Article 5 of the SAA states that “the Stabilisation and Association Council established under Article 108 shall regularly examine the application of this Agreement and the accomplishment by the former Yugoslav Republic of Macedonia of legal, administrative, institutional and economic reforms in the light of the preamble and in accordance with the general principles laid down in this Agreement” (Council 2001: 9). The SAC is authorized to recommend the decision to transition to stage two of the agreement (Council 2001: 98-99). Prior to this transition, only limited provisions (regional cooperation; movement of workers, establishment, supply of services, capital; approximation of laws and law enforcement; justice and home affairs) are to be the focus of implementation (Council 2001: 9).

While the Commission’s 2011 Annual Report (2011b: 4) notes that “the country has been implementing the commitments undertaken within the Stabilisation and Association Agreement...including all the commitments provided for under the first stage of implementation of Title V (Movement of workers, establishment, supply of services, capital),” the Commission's 2009 proposal on transition to the second stage of the Association, pursuant to Article 5 of the SAA, has not yet been approved by the Council. Nevertheless, “the SAA structures have continued to serve as the basis for regular political and economic dialogue between the country and the EU” (Commission 2011b: 4). At this juncture, the SAC remains a forum for high-level official negotiation and administrative conferral between agents of the EU and the Republic of Macedonia.

The monitoring instrument is intensified through detailed Annual Reports of the Commission, which seek to systematically measure progress towards meeting the specific requirements of EU membership, including the terms of the European/Accession Partnerships, the Copenhagen Criteria, and the adoption of the *acquis*. The stated function of the Annual Reports is to: 1) briefly describe the relations between the Republic of Macedonia and the EU; 2) analyse the situation in the Republic of Macedonia in terms of the political criteria for membership; 3) analyse the situation on the basis of the economic criteria for membership; and 4) review the Republic of Macedonia's “capacity to assume the obligations of membership, that

is, the *acquis* expressed in the Treaties, the secondary legislation, and the policies of the Union.” The aim is an “objective assessment” – to measure progress over the previous year “on the basis of decisions taken, legislation adopted and measures implemented” (Commission 2006: 4). This approach to assessment – which summarizes progress and details priorities for action chapter by chapter – has remained consistent from 2006-2011.

The Progress Reports issued from 2006-2011 monitor “progress” in the implementation of all chapters of the *acquis*. However, the Progress Reports are encumbered by a number of limitations which limit their effectiveness as mechanisms of accountability: In making evaluations based on a shifting set of priorities, the reports establish uncertain benchmarks. Objectives are often general and objects of governance vaguely defined. For example: The statement that “there are no significant developments to report in the area of social inclusion” (Commission 2006: 39) offers very little in the way of what such “developments” would look like, what “social inclusion” as field of intervention consists of, or what specific interventions might be carried out within this field.

Additionally (and perhaps more seriously reflective of a disconnection between monitoring and the instruments of prioritization and programming) Progress Reports are repetitive in their *conclusions* even when being quite specific in listing the developments of the previous year. This is particularly notable in the sections of the Progress Reports concerned with Chapters 19 and 26 of the *acquis*, which evaluates progress in the fields of employment, education and training, and social inclusion. In evaluating “progress” in these areas, reports cover specific events, outline new developments, and even make note of “some progress” in a number of areas; but taken together, the language of the Progress Reports suggest that “progress” is an elusive condition that is at best uncertain, difficult to consolidate, and subject to reversal – and at worst perpetually deferred. A year-by-year comparison of the conclusions derived from assessments of progress in employment, education and training, and social inclusion makes clear the disparity between descriptions of activities that have been implemented and measurements of “progress”:

The 2007 Progress Report reiterates the 2006 conclusion noting “no significant developments” in social inclusion (Commission 2006: 39), stating that “no particular progress can be reported in the field of social inclusion which remains a key challenge.” The report indicates that inclusion strategies for Roma have not advanced and that capacities and

coordination among the institutions responsible for implementing social inclusion policies is inadequate (Commission 2007a: 45). The 2008 Progress Report further reports that “little progress has been made in the field of social inclusion,” noting the establishment of “eight Roma centres” but again stating the insufficiency of “coordination between the institutions involved in implementing social inclusion policies” as well as “insufficiently developed” administrative capacity to implement the decentralization of policies. The report concludes that “overall, the measures taken are insufficient to address the needs of the most disadvantaged people... preparations in the area of social inclusion are at an early stage” (Commission 2008: 52).

One year later, the 2009 Progress Report notes that “limited progress has been made on social inclusion,” acknowledging the opening of two communal houses accommodating nine people with disabilities and the inclusion of 243 Roma children in pre-school education as a result of [a] Ministry of Labour and Social Policy program” (Commission 2009a: 53). The report also states, however, that “many Roma children, rural girls and children with disabilities still do not complete their education,” and concludes that policy measures “to improve access to the labour market for vulnerable groups” are “still insufficient.” “Administrative capacity in the field of social inclusion has not improved” and again, “very few steps have been taken to prevent social exclusion in general. Preparations in this area are at an early stage” (Commission 2009a: 53-54). The 2010 Progress Report again emphasizes that “little progress has been made on social inclusion,” noting an increase in the poverty rate, the adoption of a “national strategy for the alleviation of poverty and social exclusion,” and the involvement of civil society groups in the provision of social services. The report acknowledges a decrease in the drop-out rate in early education, but notes that the rate remains significant for Roma children. The report notes inadequate budgetary support for relevant ministries and “very slow” progress in implementing national strategic plans concerning Roma, people with disabilities, and “other socially excluded people” (Commission 2010: 52).

Finally, the 2011 Progress Report states that “some progress was made on social inclusion,” noting that a national strategy for alleviation of poverty and social exclusion was adopted and related action plans prepared, but that the budget for operational program implementation has not been ensured. The report reiterates that the poverty rate remains high and the dropout rate in early education, while “slightly” improved, “remains significant, in particular for Roma children.” Further, capacity and financing issues remain significant: “The

progress in implementing the measures set by the adopted strategic plans concerning poverty reduction, Roma, people with disabilities and other socially excluded people, lacks the adequate human and financial resources.” The report concludes that “the potential of social policies still needs to be fostered,” yet it is unclear that the instruments of conditionality can foster such alleged potential, given that five years after the first Progress Report was issued, the 2011 report concludes with the same statement as that of 2008: “Preparations in this area are at an early stage” (Commission 2011b: 53).

The conclusions about “employment policy” mirror those made about social inclusion, despite “some progress” being regularly noted in this area. The 2006 Progress Report states that “progress has been reasonable in the area of employment policy,” noting the creation of an employment strategy, a second National Plan for Employment, and initiatives to reform the system of unemployment benefits and “encourage temporary employment and employment of older redundant workers.” The report concludes, however, that “unemployment remains extremely high. Considering the enormous challenges in this field, further significant efforts are necessary” (Commission 2006: 40). The 2007 Progress Report acknowledges “some progress” in the area of employment policy, noting the “ambitious objectives” of the National Employment Strategy 2010 and the National Plan for Employment 2006-2008. The report reiterates, however, that “unemployment remains extremely high” and that reforms to the unemployment benefit system have failed to yield “satisfactory results.” The report concludes that despite “a few specific initiatives” to create new employment opportunities, “the available capacity in this area remains poor and therefore insufficient to match the ambitious employment strategies and plans” (Commission 2007a: 45).

The 2008 Progress Report again notes that “some progress has been made in the area of employment policy,” citing the government’s adoption of an operational plan “on active labour market measures” with budget allocations of 6 million euro, a recently adopted Law on Adult Education, and “some progress” made on strengthening administrative capacity. However, the report notes the absence of a “plan for vocational education and training that properly reflects labour market conditions” and also states that “labour market participation and employment rates are still very low and the unemployment rate very high compared with EU averages.” The report concludes that “the overall capacity remains insufficient to match the ambitious employment strategies and plans... Preparations in this area have started” (Commission 2008: 51).

The 2009 Progress Report reiterates the assessment of “some progress” in the area of employment policy, citing the adoption of “the 2009/2010 national action plan for employment” setting “priorities for active labour market measures and lifetime learning” and the adoption of a “national operational plan on active programmes and measures to be implemented by the Employment Services Agency.” Again, however, the report states that “labour market participation remains very low and the unemployment rate of 32,7%... very high.” Delays in implementing the Law on Adult Education are noted along with a “missing” plan for vocational education and training. As in 2007 and 2008, the 2009 report concludes that “overall, the financial and human resources available do not match the ambitious employment strategies and plans.” And while the 2008 report notes that preparations “have started,” the 2009 report returns to an earlier, familiar formulation: “Preparations in this area are still at an early stage” (Commission 2009a: 53).

The 2010 Progress Report notes “limited progress” in the area of employment policy, citing a “public campaign regarding employment in the grey economy”; the report also acknowledges reductions in the allocated budget for “active labour market measures” and again reiterates that “the unemployment rate remains high and labour market participation is still very low.” The report suggests the inadequacy of efforts in which “only very few of the measures included in the active labour market programme directly aim to address the skills needs and improve the employability of the labour force” – a clear indication that agents of the Commission are concerned with remaking the productive capacities of laboring subjects. The report also notes that “implementation of the Human Resources Development Operational Programme, co-financed under IPA component IV, is moving very slowly. The implementation has not yet started.” Again, it seems that “preparations in the area of employment policy remain at an early stage” (Commission 2010: 52).

Not unexpectedly, the 2011 Progress Report arrives at the same essential conclusions: “Limited progress was made in the area of employment policy. Employment in the grey economy has not diminished... Efficient cooperation and coordination between enforcement bodies is still lacking. The unemployment rate remains high and labour market participation is still very low... The Employment Service Agency has undertaken to analyse the existing active labour market measures, but is still without a comprehensive approach to monitoring and evaluation. Preparations in this area are not very advanced” (Commission 2011b: 53). As with

the analysis of social inclusion, the Commission's analysis of employment policy from 2007-2011 features habitual use of repetitive phrases and general conclusions. Despite continuous reports of "some progress," preparations seem perpetually "not very advanced." The Progress Reports appear as a kind of ritual of evaluation unable to affect the course of the "progress" it aims to evaluate – suggesting a monitoring instrument that is precariously assembled and somewhat detached from the work of programming.

The Commission's evaluations of progress towards implementing Ch. 26 of the *acquis*, Education and Culture, is generally more positive but notes some of the same recurring issues in the field of education and training, such as insufficient implementation capacity and inadequate financial resources. Additionally, what counts as progress in this area is far more of a moving target – new objects within the field emerge even as preparations are deemed "advanced." Paradoxically, the reports seem to suggest that despite continual reports of "progress," the Republic of Macedonia is less prepared for the *acquis* in 2011 than in 2007 – if only because the scope of the field of intervention in education and training seems to expand on an annual basis along with the range of problematic objects of governance contained within it.

The 2006 Progress Report notes the adoption of a national strategy for the development of education and a new Law on Vocational Education and Training (VET), stating that the implementation of this law will "require strong political will, and appropriate allocation of resources" and "curricula and syllabi" in vocational education and training "should be developed in consultation with the business community" (Commission 2006: 50). The report calls for the creation of a "centre for vocational education and training," for new legislation on higher education (Commission 2006: 50), and for "considerable efforts... to ensure the conditions for adequate participation in the relevant Community programmes." The report concludes that "there has been progress in the area of education and training" (Commission 2006: 51).

In 2007, the Commission reports that "there was good progress in the field of education, training, and youth," noting that "the authorities have increased budget provisions for education." A new law establishing a national agency for the EU Lifelong Learning and Youth in Action programs is noted, along with an amended law mandating secondary education and general education for students 15-18. The report acknowledges the extension of primary education from eight to nine years, covering ages six to fifteen. The report also notes a number of difficulties: A law on adult education has not been adopted; "new legislation on higher

education has yet to be enacted”; “slow progress” has been made on implementation of the Law on VET; implementation of the national strategy for the development of education is at an “early stage”; and “insufficient human and financial resources have been allocated to provide for an effective implementation of the reforms of the education system and the VET law.”

Furthermore, “further efforts are needed in order to complete the legislative and administrative framework, build up the National Agency, train its staff and implement preparatory measures with a view to future participation of the country in the two programmes [Lifelong Learning and Youth in Action].” The objects of governance in the field of education and training therefore expand considerably from the scope of the 2006 report. The 2007 report concludes that “good progress” has been made, but “the resources to implement the policy reforms are not sufficient” (Commission 2007a: 58).

The 2008 Progress Report states again that “progress can be reported in the field of education, training, and youth,” noting the enactment of a new law on elementary education, a new law on higher education, the preparation of a programme on compulsory vocational education by the Centre for Vocational Education and Training (VET), and a new law on adult education providing for “training for long-term unemployed adults in skills for which there is strong demand.” The report also cites an increased education budget, but notes that the budget is “not sufficient to ensure proper implementation of the policy provisions” and that “human resources are inadequate.” The report states that progress has been made in preparing to manage the Community Lifelong Learning and Youth in Action programs, but suggests that capacity still needs to be built and that “the administrative framework remains to be completed.” The report concludes that “preparations in this field are advanced” (Commission 2008: 67).

The 2009 report notes “some progress,” citing the entering into force of the Law on Higher Education, the introduction of nine years of primary education and compulsory secondary education, and the establishment of a “centre for adult education.” Progress is noted in building capacity to implement the Lifelong Learning and Youth in Action programs, citing staff trainings and the launch of pilot projects. However, the report also states that the centre for adult education is “not operating adequately,” and that implementation of the Law on Higher Education and the “programme on compulsory vocational education” have been delayed. Additionally, as mentioned above in the context of *prioritization*, new objects of governance are introduced and evaluated in relation to the EU’s Education and Training 2020 strategic

framework. These include: Reducing the high drop-out rate, ensuring equitable access to higher education, increasing the number of graduates, and improving the quality of teaching. The introduction of these new objects apparently changes the calculus of evaluation, as preparations in the area of education, training, and youth are now deemed to be only “moderately advanced” (Commission 2009a: 60).

The 2010 Progress Report cites only “limited progress” in education and training, mentioning the introduction of “new subjects, such as ethics, entrepreneurship, media and the environment” into schools, the adoption of an “adult education strategy in the context of lifelong learning” and ongoing implementation of the Bologna process in higher education. Improved performance in areas covered by EU-level benchmarks is noted, although this performance “remains far below the EU average.” The 2010 report again notes that “resources are inadequate to implement the education strategy,” citing high regional disparities in access to education, “limited interaction between members of ethnic communities,” the challenge of integrating Roma into schools, and “poor” training for teachers. Furthermore, the report cites “a setback regarding the country’s participation in the Lifelong Learning and Youth in Action programmes” after the managing board of the national implementation agency was dismissed and the director resigned “following allegations on [sic] conflict of interest.” The Ministry of Education and Science and an external audit “directed irregularities in the management of funds.” The report again concludes that preparations remain “moderately advanced... in the area of education and culture the country partly meets its priorities” (Commission: 2010: 69).

Finally, the 2011 Progress Report notes that “some progress can be reported in the field of education, training and youth,” citing: Amendments to laws on higher, primary, and secondary education; the establishment of system of ranking universities; progress in implementing the Bologna process in higher education; the introduction of a system for counseling of pupils’ parents; the adoption of an integrated education strategy that would incorporate “ethnic communities’ languages as the teaching language” (Commission 2011b: 69); the development of an operational plan for implementing the adult educational strategy; the opening of the Centre for Vocational Education; and improvement in early school leaving and higher education attainment benchmarks (Commission 2011b: 70). The report notes, however, that “additional efforts are needed in relation to all the Education and Training 2020 EU benchmarks” and again reiterates that “resources allocated to education remain low.” “Large

regional disparities” in accessing education remain, “interaction between members of ethnic communities at school remains a challenge,” and “the need to provide structured training for teachers is yet to be tackled.” The report notes that “preparatory measures” for the Lifelong Learning and Youth in Action programs “continued to be suspended” and again concludes that “the country is partially meeting its priorities... preparations in the area of education, training, youth and culture are moderately advanced” (Commission 2011b: 70).

Reading the Progress Reports of the Commission as both a key component in the monitoring instrument and a reflection of that instrument’s assessments of progress made towards meeting the requirements of membership in employment, education and training, and social inclusion invites a number of observations. First, while the reports carefully describe distinct measures taken over the previous year in each field of intervention, “progress” as an assessment of performance remains an empty signifier. Despite the consistent conclusion of “some progress” made in the areas of social inclusion and employment, preparations remain locked in “at an early stage” or are perpetually deemed “not very advanced.” And despite “some progress” being consistently reported in areas of education and training, the overall assessment of this field is actually reversed over time from making “advanced” to “moderately advanced” preparations, perhaps owing to the emergence of new objects of governance.

Second, by the EU’s own reporting, the five year period from 2006-2011 is characterized by a series of laws adopted, institutions established, and programs carried out by the Republic of Macedonia in the fields of employment, education and training, and social inclusion; yet on the whole, the same technical bottlenecks – implementation capacity, inadequacy of funding, and human resources deficiencies – are cited repeatedly as reasons for the slow pace of progress; the reports consistently gesture at moving beyond to another “stage” – a destination which is somehow never reached.

The Progress Reports themselves, insofar as they reflect on the “progress” made towards accession, suggest that the instruments of conditionality understood as a strategic ensemble of discursive and material practices are often less than effective and poorly coordinated – at least insofar as they engage the fields of employment, education and training, and social inclusion. In the fields of intervention most concerned with harmonizing the socio-cultural and subjective dimensions of political-economic life, shifting prioritizations inform continuously delayed programming, dictating repetitive calls for more progress.

IV. Conclusion

This chapter has outlined some general observations about the scope and limits of conditionality in practice through an engagement with the instruments through which conditionality operates. I traced the emergence and consolidation of instruments of conditionality as they have been put to work across various domains of political-economic activity – political, institutional, legislative-legal, socio-cultural, and subjective. I argued that in the ten year period following the approval of the 2001 SAA, prioritization, programming, and monitoring have been progressively concerned with elaborating an increasing number of problematic objects of governance in the fields of employment, education and training, and social inclusion. Through the working of the NPAA, the IPA, and the associated MIPD, EU funds have been allocated to a number of programmatic interventions directed at the integration of marginalized communities into labor markets, the promotion of dialogue between ethnic groups, increasing access to education for Roma, altering educational curricula and qualifications for vocational and higher education, and providing training and employment programs to the vulnerable and the unemployed. These ambitions engage cultural, social, and subjective dimensions of political economy, taking conditionality far beyond the aims of amending legal codes, adjusting institutional rules, and providing incentives for compliance with EU directives.

But while the scope of conditionality is wider and deeper than often imagined, this in no way suggests that its operations are seamless and effective. Discursive and material practices of conditionality as elaborated in official EU documents and actualized in the activities of institutional agents face a number of “technical” limitations linked to the fragmentary constitution of the instruments of conditionality themselves. These limits are reflected in the problems of financing, specification and coordination of priorities and programming, and difficulties in elaborating a consistent and effective system of monitoring and evaluation. Commission Progress Reports 2006-2011 suggest these limitations are particularly severe where conditionality strives to engage the socio-cultural and subjective dimensions of political-economic life.

And yet, the Progress Reports can only suggest. We have not yet followed the operation of conditionality to its terminal points – where prioritization, programming, and monitoring are made to work through the activities of agents in a variety of institutional contexts “on the ground.” To better understand the potential and limits of instruments of conditionality as they

engage objects of governance in the fields of employment, education and training, and social inclusion, Chapter 5 examines the operation of the Operational Programme Human Resources Development 2007-2013. The OP-HRD consolidates fields of intervention in employment, education and training, and social inclusion and directs IPA funding to specific programs, targeting particular habits of culture, patterns of sociality, and subjective qualities and capacities of the person *understood in terms of human capital*. Implementation of the OP-HRD has faced numerous delays and setbacks, calling into question the reach of conditionality in practice and inviting further reflection on the ambitions and limits of conditionality as a *modality of governance*.

CHAPTER 5: CONDITIONALIZING HUMAN CAPITAL IN THE REPUBLIC OF MACEDONIA

The limit of conditionality is in part the problem of the alignment of discursive and material practice, of realizing the ambitions of conditionality on paper through the actions of agents who operate across national boundaries and in a variety of institutional settings. If conditionality is to be more than an exercise in “checking off boxes,” the priorities, objects, and agencies that emerge through the discourse of conditionality must be realized programmatically – the instruments of conditionality must “drive through essential changes” (OP-HRD 2007: 49). As examined in Chapter 4, the “essential changes” to be realized concern not only the transformation of political calculus, legislative outcomes, formal institutional rules, and the harmonization of legal code, but also the management of social, cultural, and subjective dimensions of political-economic life – potentially disharmonious objects of governance which the analysis of Chapter 3 suggests are both difficult to cultivate and essential to the functioning of an orderly system of commodity production and commercial exchange in the face of ever-shifting circumstance. The “essential changes” that concern conditionality are precisely those dimensions which work to secure and consolidate the conditions of possibility for a harmoniously functioning political-economy of Europe.

This chapter examines what happens when the prioritization, programming, and monitoring instruments assembled in discourse are made to work through or contend with established agencies and institutional rules “on the ground” as they encounter the habits of culture, patterns of sociality, and stubborn subjectivities they seek to transform. These encounters are structured by the Operational Programme Human Resources Development 2007-2011 (OP-HRD), a “multi-annual programming document” drafted by the Ministries of Labour and Social Policy and Education and Science of the Republic of Macedonia and approved by the European Commission. The OP-HRD links IPA funding designated in MIPD component IV to specific EU and national priorities and serves as a mechanism for directing EU funds to particular projects. The OP-HRD operationalizes activities in the fields of intervention bundled under Ch. 19 and Ch. 26 of the *acquis*, transforming the priorities elaborated across Council Partnerships, Commission Reports, and the Republic of Macedonia’s NPAA into material practices of governance. As such, it is in the OP-HRD that the prioritization, programming, and

monitoring instruments of conditionality are directed most concretely at socio-cultural and subjective domains of political-economic activity. The fields of employment, education, and social inclusion take center stage and appear for the first time as a single problematic - “human resources development.”

In order to examine conditionality in employment, education and training, and social inclusion as it unfolds – or fails to unfold – on the ground, I examine how the OP-HRD understands the problem of “human resources development” and how the instruments of conditionality are brought to bear strategically on a variety of objects of governance within this field. I review the types of activities to be funded through the OP-HRD and the agencies and institutions enabled to carry out these interventions. I then turn to the implementation of the OP-HRD in practice. I analyze the record of interventions in employment, education and training, and social inclusion in the context of the 2011 Interim Evaluation of the program and in light of personal interviews conducted in Skopje with officials of the EU Delegation, the Republic of Macedonia, and a “twinning” project manager from an EU member state. In the face of severe delays in the realization of the program, I identify the potential and limitations of the OP-HRD from the perspective of those agents who are tasked with its implementation. Finally, I argue that we should consider these limitations in terms of a broader reflection about the persistent disharmonies of political economy derived from the work of Chapter 3.

This chapter is concerned with a specific subset of EU-funded activities in employment, education and training, and social inclusion undertaken in accordance with the requirement for the Republic of Macedonia to fulfill Chapters 19 and 26 of the *acquis*. While the activities funded by the EU in no way exhaust spending by international agencies, NGOs, and the Republic of Macedonia in the areas of employment and education, funding through the Instrument for Pre-accession Assistance (IPA) represents a selective intensification of conditionality, pairing specific financial allocations with particular projects linked to more general requirements of membership. Through the OP-HRD, IPA funding is directed via the prioritization, programming, and monitoring regime detailed in Chapter 4 to specific activities for implementation, finally extending the reach of conditionality in employment, education and training, and social inclusion into institutional spaces “on the ground” – classrooms, workplaces, employment agencies, training centers, and administrative offices.

The IPA structure established in July 2006 designates MIPD component IV as the programming structure for IPA-funded interventions targeting specific objectives in the fields of employment, education and training, and social inclusion. Chapter 4 detailed how these fields of intervention gradually emerge and are elaborated within the Council's European/Accession Partnerships and the Annual Reports of the Commission.

While among members states harmonization of employment, education and social policy is formally voluntary and coordinated under the terms of the open method of coordination (OMC, see Chapter 4), current candidate states are obligated to build the institutional *capacity* to take on a long-term project of political-economic harmonization as a condition of membership. What this means in practice is that the drive for cohesion begins during the accession process and is linked to specific requirements for membership: The instruments of conditionality are directed at fields of intervention in employment, education and training, and social inclusion in keeping with Chapters 19 and 26 of the *acquis*. The problem of political-economic harmonization is the underlying rationale of the IPA as a mechanism for financial assistance, and "human resources development" is problematized as vital to the cohesion of the EU as a political-economic project.

In order to build the capacity for cohesion in "human resources development," "*Component IV* [of the IPA] will support system actions and pilot projects in the areas of employment, education and social inclusion" (Commission 2007b: 12). The 2007 MIPD establishes that: "The pillars of the *component IV* intervention will be: A. Employment - attracting and retaining more people in employment; B. Education and training - investing in human capital through better education; C. Social inclusion - promoting an inclusive labour market" (Commission 2007b: 37). The OP-HRD is tasked with realizing these interventions through the allocation and direction of IPA resources to specific projects; a total of 39.41 million euro is allocated for the five years 2007-2011. Of this total, 7% (2.74 million euro) is reserved for technical assistance; 41% (16.14 million euro) for employment measures; 29.5% (11.62 million euro) for education and training measures; and 22.6% (8.89 million euro) for measures in social inclusion (ARS Progetti SPA Consortium 2011: 11).

Funds are therefore limited, and the analysis of this chapter suggests that these allocations do not match the ambitious agenda for interventions outlined in the OP-HRD. However, the text of the OP-HRD notes that "this Operational Programme is only one of the instruments for pursuing national strategic objectives. National strategic objectives should also be supported by

means from other financial source” (OP-HRD 2007: 53). While EU-funded interventions are only one source of financial support and programming in human resources development, the EU’s financial assistance through the OP-HRD is the most direct link between the requirement of states to adopt Chapters 19 and 26 of the *acquis* and the programming of specific interventions to realize these requirements.

I. Problematizing Human Resources Development

The OP-HRD brings together an overall strategic objective – “to foster the development of human resources” – with a socio-economic rationale for defining priorities and identifying specific measures eligible for IPA funds (OP-HRD 2007: 6). The OP-HRD does not implement projects directly but solicits specific project proposals from government agencies, private firms, and non-governmental organizations in the Republic of Macedonia (as well as “twinning” proposals from member states) which meet the rigorous contracting, implementation, and monitoring and evaluation standards set by the IPA structure. In defining work to be undertaken in employment, education and training, and social inclusion in terms of “human resources development,” the OP-HRD embraces a particular understanding of the socio-cultural and subjective prerequisites of political-economic harmonization. According to this problematic, habits of culture, patterns of sociality, and the subjective qualities of the person necessary to secure order and abundance can be understood in terms of “human resources” problems and persons themselves as bearers of “human capital.” This ontological claim is paired with an endogenous theory of economic development which maintains that “improving the quantity and quality of human capital” – that is, driving through changes in education and training, employment, and social inclusion – leads to “more and better jobs, higher growth and development and the increased national competitiveness at [the] international level” (OP-HRD 2007: 6).

Thinking about socio-cultural and subjective sources of political-economic disharmony in terms of “human capital” has a number of effects on how funding priorities are set and measures of success determined in the OP-HRD. The overall effect is that fields of intervention for conditionality (which in Accession/European Partnerships and Reports of the Commission are somewhat vaguely elaborated over time) are narrowed in scope and targeted to precise metrics. “Strategic priorities” in employment are directed at “attracting and retaining more people in

employment” by “addressing the labour market malfunctioning” (OP-HRD 2007: 53).

Employment is addressed as a supply-side problem: Increasing the supply of skilled labor – that is, increasing the supply of human capital – will bring more and better jobs and reduce unemployment, which currently stands at over 30%. Alternative approaches to thinking about the problem of unemployment – which might take into account structural disharmonies within the EU, problems of surplus labor and insufficient domestic demand, examine the potential impact of non-market employment measures, and consider and the legacies of privatization and uneven geographical development – are simply not entertained.

In much the same way, education and training is prioritized as an investment in human capital, strategically directed at improving the adaptability of the education and training system to “labour market needs” as well as promoting lifetime learning, which is understood as contributing to the production of flexible, mobile workers capable of adapting to trade-induced labor market volatility and shifting demand for particular skill sets. Intersecting with the aim of promoting social inclusion, “the priority will ensure equal access to quality education for all, irrespective of ethnic origin” (OP-HRD 2007: 53). Importantly, “quality” education is understood as that which meets labor market needs; employers are to be partners in the design of educational curricula and the reform of vocational standards and qualifications. This is a constrained vision for education, wherein teaching and learning are directed at producing flexible individuals who operate as entrepreneurs of the self. This vision does not preclude educational programs oriented to the development of responsible democratic citizens, the cultivation of social conscience, or the work of critical inquiry, but the OP-HRD neither support such programs financially nor conceives of the function of education in these terms.

The constraints imposed by thinking about culture, sociality, and the subjective dimensions of the person in terms of “human capital” can be seen most clearly in the strategic priorities established for the field of social inclusion. The OP-HRD defines social inclusion in terms of “integration in the labour market of disadvantaged people.” IPA funding is directed to support “training professionals and volunteers involved in social inclusion, enhanced linkages between all [social] partners and the strengthening of the capacity of civil society to provide (quality) social assistance” (OP-HRD 2007: 53). What this means in practice is that EU-supported programs in social inclusion are not used to provide direct assistance in food, housing, unemployment, or other forms of social assistance, but are directed at absorbing individuals from

historically disadvantaged groups (such as Albanians, Roma, women, and the disabled) into the labor market and encouraging social and commercial exchange between communities divided along lines of ethnic and religious identification. Social inclusion is equated to labor market inclusion – other dimensions and indicators of inclusion, while not disavowed, are not prioritized or the basis of indicators through which the success of the OP-HRD is evaluated.

II. Programming Human Capital: Objectives, Measures, Operations

Bundling the fields of employment, education and training, and social inclusion as dimensions of “human resources development” shapes the measures prioritized by the OP-HRD and the actions eligible for IPA funding; this move effectively directs available IPA funds to certain kinds of governmental interventions and precludes others. The “eligible actions” supported by the OP-HRD are aimed at socio-cultural and subjective dimensions of the person, *where the person is understood as a bearer of human capital*. The qualities and skills of the person as flexible, mobile worker, the effects of well-engrained patterns of sociality (particularly communal identity and “traditional” practices) on the composition and functioning of labor markets, and the persistence of existing habits of culture across institutions (especially perceived deficiencies in “entrepreneurial spirit” and “inefficient” or “unproductive” administrative culture) are all understood in terms of their effects on “human resources” and particularly their impacts on human capital. The “eligible actions” to be supported in employment, education and training, and social inclusion are delimited by the problematization of the socio-cultural and subjective dimensions of political economy in terms of human capital. Human capital is made essential to meeting the requirements of EU membership, and conditionality is made to cultivate human capital.

A close examination of the “priority axes” established in the OP-HRD, the measures established to realize these priorities, and the actions eligible for IPA funding demonstrates how the instruments of conditionality are directed at those socio-cultural and subjective dimensions of the person *in need of capitalization*. However, it should first be noted that not all operations funded by the OP-HRD are directly concerned with culture, sociality, and the subjective dimensions of the person. In the field of employment, the OP-HRD supports reforming the institutional capacity of the national Employment Agency through the development and use of improved technology and the implementation of a new monitoring and evaluation system. This

measure would also provide support to train staff at employment centers to upgrade their skills and knowledge “in the area of provision of labour market services” (OP-HRD 2007: 150). A related measure in employment supports the development of local action plans in employment, building data infrastructure to enable the long-term forecasting of labor market developments, and building institutional capacity in program development, monitoring, and evaluation to implement the National Employment Strategy (OP-HRD 2007: 151). In an attempt to reduce the size of the informal economy, the OP-HRD also proposes to support counseling services for the registration of businesses and a public information campaign to decrease the number of persons involved in the informal economy (OP-HRD 2007: 154).

In the field of education and training, the OP-HRD prioritizes funding for upgrading training, equipment, and facilities, establishing coordinating bodies between educational institutions (especially for adult education activities), and making changes in various program rules and curricula (OP-HRD 2007: 55-58). In the field of social inclusion, the OP-HRD supports the funding of operations to strengthen the cooperation between social service providers and employment agencies (OP-HRD 2007: 159), to introduce specific employment services for Roma, Albanian, and Turkish women (OP-HRD 2007: 161), and to enhance the “active participation of the civil society, including NGOs and social partners in the decision-making process and in the implementation of social inclusion policies” (OP-HRD 2007: 163).

While the operations described above primarily target the reform of institutional rules, organization, and the introduction of new technology, these changes require training those who provide the new and upgraded services, orienting them to new procedures, as well as altering existing administrative cultures and therefore the daily conduct of ministry officials and the staff of employment and education agencies. In this sense, even the operations outlined above involve work on socio-culture and subjective dimensions of political economy, albeit indirectly.

More directly, the OP-HRD outlines several distinct measures in the fields of employment, education and training, and social inclusion which unambiguously focus instruments of prioritization, programming, and monitoring on the socio-cultural and subjective dimensions of the person understood as a project of “human resources development.” In the OP-HRD, *particular* habits of culture (entrepreneurial spirit, administrative efficiency), patterns of sociality (individuation through labor market exchange), and subjective qualities and capacities of the person (the production of labor-power of a normal quality through the cultivation of

human capital) emerge as essential targets for conditionality. This suggests that conditionality is concerned in part with remaking the very dimensions of political-economic life that Stuart, Smith, and Marx suggest are inclined to disharmony and in perpetual need of shoring up. These measures therefore warrant detailed analysis.

Employment

The stated aim of OP-HRD-supported interventions in the field of employment is “increasing employment, reducing unemployment and retaining more people in employment through modernization and improvement of the services provided by the Employment Services Agency as well as through [the] development and implementation of new and improved active policies.” The objectives of the program include institutional strengthening of the capacities of the national Employment Services Agency (ESA), transferring informal, off-the-books employment into formal employment, and “the implementation of active employment measures to facilitate the integration in the labour market of unemployed persons, specifically the following groups: young, elderly (55 and over), women, long-term unemployed and ethnic communities.” This last objective, directed at combating an employment rate that has stagnated at around 35%, concerns itself directly with the labor market participation rate among women and “ethnic communities” and an epidemic of widespread unemployment among young people (OP-HRD 2007: 57).

Measure 1.3 of the OP-HRD is directed at “tackling the situation in the labour market of young people, women and long-term unemployed” (OP-HRD 2007: 66). This measure is designed to fill a “gap between offer and demand in the labour market, mismatch between the labour market needs and educational system and training and employer’s preference for hiring people with work experience.” In short, the problem of employment is a problem of supply and demand – employers demand workers with certain skills, and the task of conditionality is to help to correct a labor market disharmony by infusing Macedonian labor with the skills and flexibility required of an open, integrated political economy of Europe. Several other imbalances are also noted: Labor activity rates between men (64.9% in 2005) and women (43.2%) are problematized, with “traditional living habits among part of the country’s citizens and the traditional role of women in the families” noted as an impediment to labor market participation “and thus [the] low employment rate.” Of particular concern is “low activity of the women from

ethnic communities”; the OP-HRD notes that “in contrast to the countrywide unemployment rate of woman [sic] at 38.4% in 2005, the unemployment rate of ethnic Albanian women were [sic] 72.9% and as high as 84.1% among ethnic Roma women according to the 2002 Census” (OP-HRD 2007: 67).

In order to correct these disharmonies, the OP-HRD proposes to “implement programmes and projects focusing on the unfavorable situation of young unemployed persons, long-term unemployed and the low labour market participation of women.” Young unemployed persons are to be made more competitive and employable. The long-term unemployed are to be offered “training, retraining, advanced training, practice/internships, work or other employment measure[s].” Finally, “in order to increase the female participation rate in employment, measures like training, development of entrepreneurial spirit, employment and self-employment will be applied on the one hand, in addition to put[ting] focus on [the] reconciliation of family life with work, on the other hand” (OP-HRD 2007: 67). Specifically, the OP-HRD identifies eligible “operations to be financed” which: Support the first employment of young persons up to the age of 27; incentivize “practice” or internships for the purpose of enhancing skills and preparedness for employment; support self-employment to long-term unemployed persons; provide trainings for long-term unemployed adults “in skills which are highly demanded in the labour market but [where] there is an insufficient supply”; train people in rural areas, in human resources, in environmental fields, and in the protection of workers “and the prevention of casualties during working time.” The beneficiaries of these operations will be the Employment Service Agency, employers, and training bodies, and the “final target groups” are identified as young persons aged 15-27, long-term unemployed persons, persons registered with the ESA as unemployed, and unemployed women aged 15-64 (OP-HRD 2007: 68).

The OP-HRD therefore functions to direct the instruments of conditionality to the field of employment in a way that is both ambitious and highly specific. The targets of IPA funds are the skills of young people, long-term unemployed, and women, where cultural practices in the form of “traditional living habits” (OP-HRD 2007: 67) are identified as impediments to the harmonization of labor markets through the development of human capital. Moreover, it is not merely concrete skills that must be imparted – but an “entrepreneurial spirit,” a disposition or attitudinal quality which must be generally diffused among the unemployed.

In targeting the capacities and skills of young persons and the long-term unemployed, OP-HRD measures in employment direct resources at the production of labor-power of a normal quality – working to adjust the services of the Employment Service Agency to meet the shifting demands of firms for workers with particular skill-sets. Additionally, in targeting the labor participation rate of women – especially Roma – the OP-HRD explicitly seeks to overcome “traditional living habits” by utilizing ESA programming to draw women into the marketplace, replacing other modes of living with a pattern of individuating sociality derived from wage labor and commercial exchange. Marginalization is to be reduced through labor-market participation. In doing so, the OP-HRD directly aims to replace “traditional” norms with a culture of “entrepreneurial spirit” which would diffuse habits of efficiency, innovation, and an ethic of individual responsibility and achievement deemed essential to meeting the needs of shifting circumstance – most directly the drive for increased competitiveness in the context of economic integration with Western Europe and the globalization of trade and investment.

Education and Training

The stated aim of OP-HRD interventions in education and training is “to modernize the education and training system with a view of improving its adaptability to the labour market demands and promoting life long learning. In addition, the priority will ensure equal access to quality education for all irrespective of ethnic origin.” As with employment, the specific objectives are outlined “in particular with a view of enhancing quality and a better match between education and labour market needs.” Education, by this logic, must be oriented to competitiveness, where “competitiveness in today’s age of knowledge-based economy depends significantly on the knowledge and skills of a country’s population.” Approximately half of the population and 42% of the unemployed in the Republic of Macedonia have not advanced beyond primary education. 32% of those enrolled in school are early leavers, and “access and permanence in education is lower for ethnic communities and in particular for the Roma population, which records the highest percentage of early school drop-outs” (OP-HRD 2007: 73). 50% of the labor force reached secondary education, and 65% of this group attends vocational education programs that are now widely panned as outdated due to a “mismatch with respect to labour market needs” (OP-HRD 2007: 74). Unemployment rates are high even for those who complete secondary education, and highly-educated persons often emigrate to find job

opportunities. Additionally, there are regional disparities in employment between rural and urban areas (OP-HRD 2007: 73).

In trying to address these disharmonies, the OP-HRD links labor market disfunction to reformation of the educational sector. The answer is posed as “modernization”- or increasing the “vocational competencies” of students such that skills correspond to the needs of the labor market (OP-HRD 2007: 74). Conditionality in education becomes a means of “modernizing” subjects as bearers of human capital – in harmonizing the qualities and skills of persons as workers with the aim of producing a flexible, mobile, adaptive labor supply. Remaking laboring subjects along these lines requires conditionalizing education and training. The OP-HRD directs that this is to be accomplished by linking the requirements of vocational education to the labor needs of businesses, modernizing two and three year vocational education, supporting the integration of ethnic communities in the educational system, and creating a national coordinative body for adult education activities and pilot programs in adult education, literacy, and “fulfillment of elementary education for the excluded” (OP-HRD 2007: 73).

The “modernization” project for education and training outlined in the OP-HRD is therefore aimed not only at institutional reform but also at remaking the subjective qualities of individuals as students and workers understood as bearers of human capital, the cultivation of which is vital not only to productivity but also to social cohesion. In short, interventions in education and training are directed at the production of human capital of a high quality (particular aptitudes and attitudes) in the context of meeting the demands of firms for labor of a normal quality. These ambitions are most clearly demonstrated in Measures 2.1 and 2.2 of the OP-HRD.

The stated objective of Measure 2.1 is to “support modernization of the educational system and training” in two and three year vocational education and to “assist the process of linking the vocational education and training schools with business partners.” The VET programs in the Republic of Macedonia are deemed “old-fashioned,” lacking essential links to the labour market,” and faulted with teaching theoretical subjects rather than “preparing the students in vocational terms” (OP-HRD 2007: 77). The OP-HRD argues that “VET systems should enhance the learning of entrepreneurship and its inclusion as a key competence in education curricula” and that the VET system should work with “business partners” to develop curricula and qualifications, allowing students to acquire a marketable set of skills while

acculturating to a spirit of entrepreneurialism – a quality (albeit not well-defined in the OP-HRD) deemed essential to competitiveness and employment. What is involved in the reform of vocational education is that “besides the reformation of the programme documents it is also necessary to train the teaching personnel especially to the teachers of vocational training, but also to the participants (lecturers) in the education system from the social partners... also training of the employees in a firm who are prepared to take students for internship training is necessary” (OP-HRD 2007: 78).

On the basis of these objectives, the OP-HRD makes eligible funding to support projects which will: Provide support to the social partners for cooperation with the vocational education schools; prepare standards for vocational qualification; reform the curricula in keeping with labor market needs; link vocational education to continuing education through lifelong learning; train teachers of vocational education; train social partners who participate in the education system; purchase and update teaching equipment for vocational education; and provide training and education activities for the social partners (NGOs, businesses, unions, outside agencies) (OP-HRD 2007: 78). The final beneficiaries of projects undertaken in support of measure 2.1 are designated as vocational schools, local firms, local self-government, the Centre for Vocational Education and Training, the Employment Agency, Economic Chambers of Commerce, Craft Chamber of Commerce, and trade unions (OP-HRD 2007: 79). Through programs designed to “modernize” the VET, the OP-HRD aims to alter what students learn, how they are instructed, and the criteria by which their performance is measured against a set of qualifications developed in accordance with the needs of employers. In short, learning is to be harmonized with the requirements of profit, and the skills and capacities of individuals are to be made and remade in accordance with a shifting set of labor market requirements. The Centre for Vocational Education and Training is therefore tasked with establishing the standards and qualifications which ensure that training and education programs make individual persons into labor of a normal quality – that is, equipped with the average dexterity and skills demanded by any given industry.

While Measure 2.1 is concerned with adapting the productive qualities of workers to meet the demands of ever-shifting labor markets, Measure 2.2 aims at “better integration and socialization of persons and pupils belonging to ethnic communities.” The OP-HRD notes that “ethnic communities account for around 35% of the total population of the country” and include

Albanians, Turks, and Roma; moreover, “the official unemployment rate within the ethnic communities is alarming” and stands at roughly 60% for Turks and Albanians and around 80% for Roma. While the Roma number approximately 2.2% of the population, they are also deemed to be the most “vulnerable” population (OP-HRD 2007: 80). “The biggest drop out from the schools is coming from the Roma ethnic community and they have the highest rate of unemployment” (OP-HRD 2007: 79).

These statistics reflect a concern with the spectre of political disorder, an anxiety prevalent in the Republic of Macedonia given the nearly year-long armed conflict which erupted in 2001 between the government and disaffected minority communities which formed an insurgent organization known as the Albanian National Liberation Army. The OP-HRD suggests that access to labor markets is a vital component in bringing “ethnic communities” and the Macedonian-speaking majority into harmony and that this access can be best secured through education. Measure 2.2 therefore links the socializing effects of education and market participation to the political reconciliation of Albanians, Roma, and a Macedonian-speaking majority. In the OP-HRD, the key to integration and socialization – to consolidating peace, order, and stability in a “multicultural society” – is equipping individuals with the human capital required to successfully engage in labor market exchanges. Order is achieved through the individuating sociality of the marketplace. Measure 2.2 therefore works to widen participation in markets through education: “The main objective of this measure is to ensure equal access to quality education for all persons from all ethnic communities in order to achieve higher educational results, to acquire [a] higher education level and professional qualification” (OP-HRD 2007: 81). Recall that Measure 2.1 is directed at ensuring that this qualification meets the demands of these same markets. Sociality and productivity are therefore linked.

Given these objectives, the OP-HRD prioritizes IPA funding for operations which: Train teachers and directors of schools; train the parents of Roma children; update educational curricula to promote inter-cultural education; provide financial support to the parents of the Roma and other communities’ children; supply Roma children with books and literature; implement programs for inclusion of the Roma children and other ethnic communities in the educational system; and promote public awareness through conferences. Final beneficiaries of IPA funding are designated as educational and training institutions, municipalities, NGOs, and the Centre for Roma Education (OP-HRD 2007: 82).

Measure 2.2 is therefore directed at altering exclusionary patterns of sociality and deeply engrained cultural affinities and identifications which restrict participation in labor markets, whether these restrictions are derived from prevailing cultural norms and “traditions” or structures of exclusion tied to ethnic identity. Persons identified as members of “ethnic communities” are to be targeted for socialization within educational institutions designed to cultivate participation in exchanges which are simultaneously socio-cultural and commercial. Education as investment in human capital therefore not only requires the cultivation of new skills and qualities in the subject as a bearer of labor-power of a normal quality, but also works to produce a pattern of individuating sociality– one which seeks to displace other subjective affiliations, affectations, and identities through commercial exchange and labor market participation. Integration, equality, and political stability are to be achieved through the sociality of market exchange.

Social Inclusion

Just as IPA-funded interventions in employment and education and training are oriented to the cultivation of the socio-cultural and subjective dimensions of the person *as human capital*, the aim of the OP-HRD in the field of social inclusion is singularly focused on “foster[ing] social inclusion to favor integration in the labour market of disadvantaged people, inter alia by training professionals and volunteers involved in social inclusion, enhanced linkages between all partners and the strengthening of civil society to provide (quality) social assistance.” When social inclusion succeeds, it broadens labor market participation for individuals endowed with human capital through an education system oriented to its production. The OP-HRD sets out the following objectives in the field of social inclusion: “To facilitate integration of people at disadvantage, including from different ethnic communities... in employment through strengthening their employment potentials or through subsidized employment”; “to provide appropriate (hands-on) training to the experts working with vulnerable groups, on central and local level”; and “to enhance active participation of the civil society, including NGOs... and social partners in the implementation of social inclusion policies” (OP-HRD 2007: 86).

While institutional access to the social welfare system is widely distributed geographically, the OP-HRD notes that “good and timely access” does not necessarily equate to useful outcomes, understood as integration of “persons at disadvantage” into the labor market.

“Therefore this priority will provide improvement of organizational skills of the staff and strengthening of their professional knowledge with regard to assistance to vulnerable groups to enter the labour market” (OP-HRD 2007: 86). Additionally, local units of self-government which gained competencies in social protection under the 2002 decentralization plan are called on to be more involved in promoting social inclusion. The OP-HRD aims to “ensure that professionals and volunteers” in local settings “receive on-the-job training and that they acquire new improved skills in the field of social services delivery to be able to help beneficiaries (from different vulnerable groups) to get successful access to the labour market.” Further, “initiatives by NGOs and other organizations at [the] local level which are active in the area of training and provision of social services with a view to employment will be encouraged and supported” (OP-HRD 2007: 87).

In the OP-HRD, “vulnerable” and “excluded” persons are directly targeted as objects of governance. “Integration into employment of the persons excluded from the labour market will be facilitated. The activities will focus on the most vulnerable persons, including: Members of ethnic communities with particular focus on Roma’s [sic] and Albanian women, young people lacking working skills (18-26); young people who have left school early; young offenders; self-supporting parents; women victims of family violence; older workers lacking qualification; persons with disabilities; drug and alcohol addicts; and homeless as well as people living in remote areas” (OP-HRD 2007: 87). The OP-HRD therefore offers a catalogue of vulnerable subjects whose precarity within the established order of political economy is problematized as a function of labor market exclusion. These disfunctional subjectivities are targets for instruments of conditionality which would seek to harmonize skills, qualities, and conduct through access to training and social services directed at labor market participation and employment. These priorities are most directly facilitated through Measures 3.1 and 3.2 of the OP-HRD.

Measure 3.1 aims to: “Improve the efficiency of social services in respect of promoting social inclusion of vulnerable groups by training professionals and volunteers who work in the field of security and social services”; “improve the quality of care services promoting the reconciliation of work and family life”; “strengthen the cooperation between social service providers and employment agencies”; and “to increase the involvement and activation of persons at risk of social exclusion with the aim to recover and/or improve their key skills, education, qualification and retraining and to facilitate their access to mainstream activities” (OP-HRD

2007: 89). It is the latter objective, which aims to provide training to professionals and volunteers to help vulnerable beneficiaries “to get successful access [to] the labour market” which links social protection to education and training and to participation in the labor market through which social inclusion is to be realized. Activities to be funded under Measure 3.1 include: Various trainings for service providers and professionals; facilitation of cooperation and coordination with other service providers in the area of employment and education; creation of specific employment services for people at disadvantage; and the introduction of alternative approaches, work methods, and tools and equipment for persons with disabilities (OP-HRD 2007: 92). While the beneficiaries of these measures are to be institutions and NGOs, the “final target group” is ultimately members of the disadvantaged groups to be reoriented to the labor market and “experts working with vulnerable groups” who will be retrained to provide improved services (OP-HRD 2007: 93).

Measure 3.2 is concerned with the integration of “ethnic communities,” where integration is defined as access to the labor market. The objectives of this measure are to: Facilitate “integration of the Roma representatives excluded from the labour market through enhancement and strengthening their employment potentials”; introduce “specific employment services through enabling training created in line with individual needs and conditions”; and to train “professionals and volunteers that work with Roma population.” This later objective requires that “professionals and volunteers that work with Roma population” undertake something called “sensibilisation.” Eligible actions for IPA funds to be supported by this measure include: Trainings for professionals who provide employment services; various kinds of trainings (on-the-job, skills, catch-up) for members of disadvantaged or vulnerable groups; alternative employment services (assessment and development of skills and abilities, consultation, job-matching, work trial); development and introduction of teaching materials; and “identification, involvement and motivation of the target groups” (OP-HRD 2007: 95).

That the *motivation* of marginalized, job-seeking subjects could be posited as a target of IPA-funded interventions in accordance with meeting the requirements of EU membership reflects the ambitions of conditionality in practice. In seeing to integrate vulnerable and potentially dangerous subjects into labor markets, OP-HRD interventions in the field of social inclusion seek to sustain approbation through individualized commercial exchange; the program suggests that as persons come to think of themselves as individual laborers and consumers rather

than as members of historically marginalized communities, unproductive and potentially disorderly modes of living (those that do not contribute to the accumulation of surplus) will give way to participation in a generalized pattern of individuating sociality oriented to wage labor and commodity exchange.

III. Conditionality Interrupted

Ambitions are not always realized, and in the case of the OP-HRD the numbers are telling. As of September 2011, 41.63% (16.5 million euro) of the 39.4 million euro budgeted for IPA Component IV over the five-year period 2007-2011 had been “activated” for planned expenditure; 16.5% (6.53 million euro) of the total funds were committed (under contract) but not yet expended; actual OP-HRD program expenditures amounted to only 6.32% (or 2.49 million euro) of the total (ARS Progetti SPA Consortium 2011: 23). Expenditures to date have funded activities in employment (early implementation stage of a direct grant for Measure 1.3 and a “twinning” project for Measure 1.2 to develop capacity in long-term labor market forecasting), education and training (early implementation stage of a “twinning” project for Measure 2.1), and measures in technical assistance related to the service contract for the Interim Evaluation and the update and revision of the Communication Action Plan for the OP-HRD (ARS Progetti SPA Consortium 2011: 15-22).

While “these figures are credibly expected to increase in the immediate future by considerable amounts” due to contract signings and anticipated payments for several “twinning” operations soon to be underway (ARS Progetti SPA Consortium 2011: 23), the failure to expend over 93% of allocated funds five years into program implementation demands explanation. The figures above suggest that conditionality has broken down at its finest points of application.

In order to better understand how the implementation of the OP-HRD has unfolded (or failed to unfold) through the actions of agents operating in a variety of institutional contexts, this section presents insights about the potentials and limits of the OP-HRD derived from personal interviews with officials of the Republic of Macedonia and the European Union Delegation conducted in Skopje in December 2011. The conclusions of this section are also informed by analysis contained in the “Interim Evaluation of the Operational Programme for Human Resources Development 2007-2013,” a report by the Italian consulting firm A.R.S. Progetti S.P.A. finalized in late 2011 and commissioned with IPA funds as part of the ongoing evaluation

and revision process for the OP-HRD. While there is some agreement between Delegation officials, officials in the national ministries of Education and Science and Labour and Social Policy, and the consulting firm on the nature of the impediments to program implementation, there are also wide points of divergence. What emerges is a sense that the limits to the operation of conditionality in employment, education and training, and social inclusion are not merely “technical” impediments of the sort examined more generally in Chapter 4, but also involve political, cultural, and even *ontological* constraints – the effects of understanding the person in terms of human capital – that are not easily overcome. This invites a broader reflection on the limits of conditionality as an ensemble of governmental practices directed at the dream of political-economic harmony.

Limitless Ambitions, Limited Resources

The OP-HRD document drafted by the Ministry of Education and Social Policy and the Ministry of Education and Science in Skopje and approved by the European Commission in Brussels presents a plan both ambitious and urgent. Much is at stake for the Republic of Macedonia. The OP-HRD paints a portrait of political-economic disharmony: Unemployment stands at over 30% and this “army of the unemployed is increasing” (OP-HRD 2007: 40). The unemployed face a labor market in which their skills are undesired and an education and training system ill-equipped to adapt their abilities to changing circumstance. Those with advanced degrees leave the state to find work, and those that remain slip into long-term unemployment. Many of the long-term unemployed are women, Albanians, Turks, and Roma whose exclusion from labor markets threatens to overwhelm already limited sources of public assistance and to undermine the fragile social cohesion that nearly came undone during the violence of 2001. What is at stake in the OP-HRD is the possibility of governing the socio-cultural and subjective dimensions of political-economic disorder – of shoring up and consolidating, at least for a time, unruly elements of political-economic life that forever threaten to unravel the possibility of securing order and abundance in space and time.

The measures proposed are as ambitious as the prognosis is dire. Not only are national institutions and agencies in education, employment, and social assistance to be overhauled, equipped with new rules, procedures, curricula, technologies, and systems of assessment and evaluation, but teachers themselves are to be retrained and students are to be instructed to meet

the new demands of a globalized economy; workers are to be reskilled and administrators encouraged to abandon old work habits and outmoded models of service delivery. Those who have been excluded from employment, educational institutions, and systems of social assistance or omitted from the individuating sociality of the market by community affiliation, cultural affectations, the exclusions of identity and disability, or the obligations of “traditional” gender expectations are to be brought back into the fold and embraced as bearers of human capital. The socio-cultural and subjective dimensions of the person are to be conditionalized through operations designed to reach the “critical mass of implemented Programme actions... required for triggering the desired social impacts” (ARS Progetti SPA Consortium 2011: 67).

The 2011 Interim Evaluation outlines the both the intended impacts and the reality of progress five years on. On the intended impacts of the OP-HRD:

“At a micro-level... trained workers and counseled enterprises are adaptable, new enterprises are created, unemployed people find jobs, people have longer working lives, and vulnerable people are socially included through their participation in the of labour market... At a macro level it is expected that unemployment is reduced and remains contained throughout economic cycles and that a high proportion of people participate in the labour market, including vulnerable social groups” (ARS Progetti SPA Consortium 2011: 27).

Yet despite these ambitions, the volume of financing made available to the OP-HRD suggests significant constraints on these aims in practice. Recalling that only 9% of the total IPA funding for the Republic of Macedonia 2009-2011 is directed at component IV interventions, the text of the OP-HRD itself suggests a sobering conclusion: That “the volume of funds of available under IPA for components III and IV might not be sufficient to have by itself a large, direct, macro-economic impact on national development indicators” (OP-HRD 2007: 108). Paradoxically, after invoking the spectre of the “army of the unemployed” (OP-HRD 2007: 40) and directing hundreds of pages at priorities, objectives, measures, and targets, the OP-HRD concludes that ultimately “the direct impact of the programme will be limited” (OP-HRD 2007: 106). The translation of discursive practice to material outcomes does not come on the cheap.

Even if financing for the OP-HRD met the ambitions of its ends, all agents involved in the process concede that “absorption capacity” remains a significant problem five years on, despite considerable improvements. The ability to “first attract, then secure, and finally fully

spend the allocated financial resources from the EU funds in an effective and an efficient way” (ARS Progetti SPA Consortium 2011: 45) remains in question. Decommissioning of funds remained a real threat in 2011 (see Chapter 4). An official from the European Commission in Brussels explained the dilemma as follows: Even if the “human resources development” component of the IPA was accorded the level of funding warranted by an unemployment rate hovering at 33%, the program as a funds delivery framework has not yet demonstrated it can efficiently allocate and distribute the limited funds it has already been budgeted (personal interview, November 3, 2011).

Therefore, it is perhaps little surprise that when the 2011 Interim Evaluation is mandated to “assess whether the implementation of the OP is proceeding according to the expected rates of progress,” the ambitions of conditionality suddenly recede: “The current state of the OP-HRD’s implementation is not conducive to such an approach since the Programme has experienced considerable delays, failing to meet the output targets for the 2007-2009 period as per the OP document” (ARS Progetti SPA Consortium 2011: 44). With only 6% of (already limited) budgeted funds fully expended some five years on, the urgency of the problems outlined in the OP-HRD has not been met with swift and sustained action. The instruments of conditionality appear suspended at their point of application.

To judge “progress” in employment, education and training, and social inclusion by the metrics and indicators established in the OP-HRD is therefore to invite a condemnation of the program as at best delayed and at worst perpetually deferred. Rather than measure the effectiveness of the instruments of conditionality in terms of their real effects on the socio-cultural and subjective targets of OP-HRD interventions not yet realized, the Interim Evaluation suggests that “implementation progress in this case is more accurately measured by concrete gains in administrative capacity” (ARS Progetti SPA Consortium 2011: 45). Further, “an indication of the real impact of IPA is the extent to which state administration absorbs programme implementation and funds management principles, applying it to domestic budget and policy, of course, where applicable in the first place” (ARS Progetti SPA Consortium 2011: 46). The real measure of the OP-HRD, the report argues, should be understood in terms of the spillover effects of its process.

The Limits of Process

The administration of the OP-HRD was established to provide a system of control for IPA funds – to ensure that their allocation and distribution remains in keeping with a rigorous set of accounting and contracting standards mandated by the European Commission and that expenditures remain aligned with the objectives and supported actions detailed in the OP-HRD. The OP-HRD sets out an Operational Structure which mandates use of the decentralized implementation system (or DIS, see Chapter 4). What this means in practice is that the OP-HRD is negotiated between the line ministries (Education and Science, Labour and Social Policy) of the Republic of Macedonia and the European Commission in Brussels, with an advisory role for the European Union Delegation in Skopje. At a program level, Brussels takes the lead; at a project level, and in terms of technical requirements, the Delegation works directly with the ministries. Under the terms of the DIS, the Ministries of Education and Science and Labour and Social Policy in the Republic of Macedonia have primary responsibility for project preparation, selection, and approval. Procedures established by the IPA structure dictate the way that tender dossiers are prepared, proposals are evaluated, contracts are drafted and approved, and programs are monitored and evaluated. The Ministry of Education and Science is responsible for programming interventions in education and training, and the Ministry of Labour and Social Policy is responsible for the fields of employment and social inclusion. While the Education and Labour ministries are responsible for the programming of funds, the Ministry of Finance is delegated responsibility for financial controls through the terms of the DIS.

Several implementation modalities are available to the line ministries, which may design projects that make use of direct grants (to ministries), service contracts (with various national or international agencies and NGOs), or “twinning” operations (which support the work of “expert advisers” from EU member states who embedded themselves in local institutions). The Delegation is not an inactive participant in this process; according to one ministry official, in practice the Delegation has encouraged “twinning” operations rather than other modalities often preferred by the ministries (personal interview, December 1, 2011). Indeed, the Delegation retains “ex-ante” control of the process as a whole. The Delegation endorses all contracts, and in practice the Operational Identification Sheets required for each individual project are negotiated between the Delegation and the line ministries; the Delegation is also involved in the negotiation of tendering documents. The Delegation, in this sense, is the “eyes and ears of HQ in the field;

the one exposed to local knowledge, priority, constraint” (EU Delegation, personal interview, December 1, 2011).

For members of the Delegation, the Operational Structure establishes a “system of control.” While the process is bureaucratic, the Delegation functions as a “kind of guardian.” If the process at some times appears overly rigid or the procedures for approval overly drawn-out, this is in keeping with the obligation of the Delegation to ensure that all activities funded by the OP-HRD meet the standards set by the program. “We are document-based, document-oriented... It’s kind of like a little Bible” (EU Delegation, personal interview, December 1, 2011). From this perspective, periodic revision of the program provides a legal basis for flexibility, and if ministries wish to amend the ranges of actions eligible for IPA funding, there is a process in place to make these adjustments. Members of the Delegation point to the 2010 revision of Measure 2.2, changing language which targeted Roma as a specific ethnic community. According to the Delegation, the Ministry of Education and Science suggested that singling out the Roma suggested “a way to discriminate or a way to put a stigma,” and the 2010 revision of the OP-HRD maintains a focus on the Roma but includes a broadening of this measure in keeping with the ministry’s position (EU Delegation, personal interview, December 1, 2011).

The question of simplifying the implementation process appears both in the Interim Evaluation and in the comments of Delegation and officials of the Republic of Macedonia. According to one official in the Delegation, the process “cannot be simplified. You have 27 bosses” (personal interview, December 1, 2011). But for officials in the line ministries tasked with meeting a complex series of procedural requirements for project approval and financial controls, one cause of the significant delays facing the program is the “rigidness” of the process governed by the terms of the OP-HRD.

From this perspective, the negotiations required to gain project approval are overly lengthy, the tendering and contracting processes too complex, and the Delegation’s interpretation of the operations permitted under the OP-HRD too inflexible given changing circumstances on the ground. Officials in the Ministry of Education and Science and Ministry of Labour and Social Policy suggest that preparing the required Operational Identification Sheets (OIS) has proven to be “really a slow process” (personal interview, December 2, 2011). Preparation of the OIS for the three “twinning” projects now being implemented by the Ministry of Education and

Science took 11 months, and “that’s too much” (personal interview, December 1, 2011). While there is more financial support available for some measures from the EU than through NGOs or international institutions like the World Bank, ministry officials suggest that it is “really hard to spend” IPA funds. IPA requirements are “very complicated, there are too many people involved” (personal interview, December 2, 2011). “EU money is bigger, but the process of making them [the monies] effective is longer” (personal interview, December 1, 2011).

While the process of selecting projects is generally characterized by informal communication, good working relations, and often by broad agreement, the more formal requirement that all projects adhere to indicators established in 2007 (with a limited number of amendments made in 2010) means that the Operational Identification Sheets reflect indicators which have not been substantially updated in over four years. Ministry officials suggest that what is needed is more flexibility to change indicators to “make projects much closer to the reality” on the ground. Citing a debate over the implementation modality for Measure 2.2, one ministry official suggested that the Delegation has proven to be “very rigid” in sticking to eligible actions foreseen in the OP-HRD. “We are not in a position to demand a lot” (personal interview, December 1, 2011). Another ministry official stated that “the reality here is that we want quicker projects” (personal interview, December 2, 2011).

The Interim Evaluation supports the need for “technical/procedural adjustments,” recommending that in future iterations of the OP-HRD, certain activities in procurement be waived, secondary procurement be simplified, procedural manuals be revised and simplified, and that certain overly-burdensome checklists be eliminated (ARS Progetti SPA Consortium 2011: 51). The problem of process is understood as a technical issue to be overcome through periodic revisions of the program. In short, process can be simplified and streamlined through changes in institutional rules and procedures, accelerating the pace at which projects can be realized. Whether this can be achieved in practice has yet to be demonstrated.

What all of this suggests about conditionality as *practice* is that it is itself disharmonious – the implementation process is not frictionless. While the agents of conditionality often converge in setting priorities and carrying out the procedures required by the terms of the OP-HRD and the IPA, there are important points of contention and contestation. The agencies of conditionality are multiple: Conditionality is neither fully realized in the work of the Commission nor implemented by unitary states who merely follow the lead of Brussels. The

work of conditionality depends upon the coordination of multiple activities at various institutional sites, carried out by agents with various interests, priorities, and degrees of commitment. In short, the functioning of instruments of conditionality depends upon the harmonious integration of human beings into a process of *production* of conditionality; disruptions in this process cannot be reduced to technical limitations to be remedied through the periodic revision of rules and procedures.

The Problem of Capacity

While agreeing that the process at times slows the pace of implementation, members of the Delegation in Skopje as well as Commission officials in Brussels point to the “administrative capacity” of the ministries as the primary impediment to realizing the OP-HRD in practice. Recall that the conferral of management powers for IPA component IV called for under the DIS was significantly delayed and only approved by the Commission in October 2009. According to Commission officials in Brussels, the proximate cause of this delay – which effectively set implementation of the OP-HRD back two years – was the inability of the ministries to meet the exacting procurement and project management requirements demanded by the DIS (personal interview, November 3, 2011). The OP-HRD failed to take into account the possibility that the conferral of the DIS might be significantly delayed. From this perspective, it is the successful conferral of the DIS which represents “progress” in administrative capacity and opens the way to the accelerated implementation of the OP-HRD in 2012-2013.

Nevertheless, for Commission officials in Brussels, problems with implementing the DIS suggest that a “human resource management problem” is holding back accession (personal interview, October 24, 2011). If the process remains slow even after the conferral of management powers, it is because there is an “insufficient investment in skills in public administration” (personal interview, October 24, 2011). From this assessment, implementation of a program in “human resources development” is itself limited by what one member of the Delegation characterized as a “general problem of lack of human resources” (personal interview, December 1, 2011). This perspective implies that the skills and work habits of the agents of conditionality are also at stake in its implementation. Driving through essential changes means first transforming the capacities of those who must take on the tasks mandated in the OP-HRD. Can human resources development solve the problem of human resources development?

Both members of the Delegation and representatives of the ministries maintain that staffing issues have played a role in slowing project implementation. Per the terms of the IPA, each ministry must staff an IPA unit which is tasked with carrying out all tasks related to OP-HRD implementation. According to ministry officials, finding qualified people in the ministries to work in the IPA units can be difficult. Given staff shortages, the workload can be considerably higher than other offices in the ministry, and IPA unit staff must learn a special system of procurement for EU-funded projects which differs from the national procurement system. Financial incentives for retention remain insufficient (personal interview, December 1, 2011).

From this vantage point, the limit of conditionality in “human resources development” is a disharmony between the capacities and skills required for project implementation and the abilities of agents tasked with meeting the demanding requirements of the DIS. The logic is clear: It is not the *process* that is problematic, but the institutional *agents* tasked with carrying it out. It is less clear, however, to what extent this issue represents a technical fix to be resolved through a process of learning by doing, or reflects a broader set of political and socio-cultural disharmonies that should not be attributed to insufficient resources, inadequate training, or a steep learning curve.

Political and Cultural Impediments

“Capacities, capacities, capacities. We mean many things behind the term” (EU Delegation, personal interview, December 1, 2011). As it turns out, talk about capacities conceals at least as much as it reveals about impediments to the OP-HRD in practice. Members of the Delegation and officials of the line ministries in Skopje speak as much in terms of the disruptions of politics and stubbornness of culture as they do about inefficiencies in procedures and insufficient capacities. “Capacity,” in fact, can be code for impediments to implementation privately attributed to interests and habits which agents of conditionality themselves refer to as “political” or “cultural” rather than technical or budgetary.

Members of the Delegation suggest that “politics” – understood as the shifting alignment of power and interest in the ministries – adjusts the priorities of the ministries and is the proximate cause of the frequent staffing changes which have slowed the implementation process. The OP-HRD was drafted by the Education and Labour ministries, but elections change who

heads the ministries and who is employed by the ministers. A new minister and a new staff are left to implement a document they did not design. The priorities of 2007 are sometimes not the priorities of 2011, and members of the Delegation suggest that ministry officials become frustrated with the slow pace of periodic program revisions (personal interview, December 1, 2011). According to officials in the line ministries, the election cycle orients ministers and deputy ministers to shorter-term projects and immediate action (personal interview, December 2, 2011). Ministers who are initially interested in the IPA quickly curb their enthusiasm when the implementation schedule is measured in years rather than weeks or months. According to officials in the ministries, political commitment to the OP-HRD is required on the part of the ministers; if the program is to succeed it must be made a priority. Ministers should be active in pushing the Delegation to work with the ministry staff when the latter wants to make adjustments to the program. Importantly, staff shortages are understood as in part a product of a lack of political commitment – promised staffing levels for IPA units have not been realized (personal interview, December 1, 2011).

Members of the Delegation point to the disruptions of politics as essential to the staffing turnover that is slowing the pace of program realization and contributing to the problem of employment as a whole. The problem from this perspective is not a lack of personnel but a “highly political administration controlled by political parties” (personal interview, December 1, 2011). The impediment to program implementation and to higher levels of employment in general is not a lack of human resources, but a system of hiring and promotion that is insufficiently based on skill and merit. According to one member of the Delegation, no matter how well trained, it is difficult to get a job if one is not connected with a political party. The government is frequently reshuffled. “You can train 200 people... then suddenly you have elections and everyone you trained is taken out of the job.” As a result, “good people are leaving the country.” Those who are “not so good” remain. Employment “is not linked to skills. Those related to [a] political party – they get jobs” (personal interview, December 1, 2011).

As outlined above, officials in the line ministries attribute staffing turnover to the demands of understaffed IPA units and to the problem of finding employees with the skill-sets needed to meet the EU’s programming and procurement requirements. Nevertheless, they also point to what might be called existing habits of administrative culture. One ministry official suggested that it was very difficult to find qualified personnel from within the ministry to staff

the IPA unit not so much because of the skills required but because the demands of the IPA unit differed significantly from other administrative sections. “I cannot find people who are loyal and proactive.” According to the ministry official, the IPA unit takes on a significant workload, and “a lot of people in the ministry [are] not doing anything.” As a result, an effort is now being made to recruit personnel to the IPA unit from other public institutions (personal interview, December 1, 2011).

A concern with the stubbornness of administrative habit is not limited to the activities of agents tasked with program implementation but also extends to the subjective targets of the OP-HRD. An official from an EU-member state now heading the implementation of a “twinning” project in Skopje suggested that “work attitudes” are at the root of difficulties faced in implementing training operations within state institutions. “The work attitudes here are very, very difficult.” The success of projects to re-train agency staff depends in part upon the willingness of those subjected to training to actively participate in the process. “It’s a question of ownership.” Thus far, the biggest challenge has been “to get people motivated so that they will have ownership of the project... the project is not ours, it is theirs” (personal interview, December 2, 2011).

According to the “twinning” official, the problem of motivation is also linked to compensation. While officials and staff from participating EU member states are compensated in accordance with the “twinning” agreement concluded between the Republic of Macedonia and the participating member state, agency staff and stakeholders who participate in trainings, seminars, and working groups are not provided with additional compensation. “If they don’t get paid, it’s not their project.” Some stakeholder groups, among them trade unions, are unwilling to participate in the program without compensation. Low attendance at initial stakeholder trainings has therefore been a problem (personal interview, December 2, 2011).

From the perspective of the official charged with implementing the “twinning” project on the ground, the question was not whether the trainings or the other components of the program would be completed, but the sustainability of such operations given the concerns outlined above. “We will achieve [the] mandatory results. The question is after we leave, how will they implement this in other sectors?” The anxiety, then, is that the operations carried out in specific institutional contexts might not sufficiently change deeply engrained habits of culture – in short, conditionality might fail to conditionalize beyond formal changes in rules and procedures carried

out within a single agency. How much of this anxiety is driven by actual socio-cultural impediments to the instruments of conditionality, and how much the concern reflects indemonstrable generalizations about “the character of the nation” is difficult to ascertain at this juncture (personal interview, December 2, 2011).

Nevertheless, conversations with both Delegation officials and ministry staff suggest that the instruments of conditionality do face real impediments on the ground that cannot be reduced to problems technical, procedural, or financial: In the institutional spaces where conditionality must be translated into concrete action, the disharmonies of interest politics and institutional culture persist and produce challenges for instruments of conditionality which depend for their operation on the work of carefully coordinated agencies as well as on the activities of individual subjects who must be owners not only of their own capital but also of the process which seeks to transform their attitudes as well as their aptitudes.

The Limits to Human Capital

It is precisely here – in the return to an understanding of the person as bearer of human capital – where a final but considerable limit to the operation of conditionality on the ground must be located. It is not merely problems of financing, process, capacity, or even politics and culture which defer the success of the OP-HRD; it is also the narrowing of the socio-cultural and the subjective dimensions of political-economic life to the accumulation and circulation of human capital.

The implications of this move are immediately practical: Defining employment, education and training, and social inclusion in terms of human capital limits the range of interventions available to agents in the ministries seeking to address a persistent crisis of unemployment. This point was elaborated above, but the real human stakes in this ontology of the person are made more evident from conversations with line ministry officials who see the OP-HRD’s focus on the realization of human capital in labor markets as potentially costly to the most vulnerable persons. According to an official in the Ministry of Labour and Social Policy, emphasis on the “employment component” in the IPA means that there is little room to go beyond the definition of social inclusion in terms of labor market access. “The national definition [of social inclusion] is not the labor market. We would be much more focused on other aspects, like social services and housing... We don’t have much room to make changes.”

This may impact the success of OP-HRD interventions. “Maybe we will have less successful projects because of that... NGOs have to select people who will be able to get [jobs] in the labor market... those who are most vulnerable – I don’t think they will be able to benefit too much” (personal interview, December 2, 2011).

In short, the aim of social inclusion might be better served by non-market measures, but thinking about the excluded and the vulnerable as potential capital inputs precludes such actions. It matters how the objects of governance are defined, and directing the instruments of conditionality at subjects as bearers of human capital produces a program of limited flexibility and ties the hands of those agents tasked with matching narrow ontological claims to the messiness of the material.

IV. Conclusion

In this chapter, I have elaborated a number of limits to the operation of conditionality in employment, education and training, and social inclusion derived from analysis of the Operational Programme Human Resources Development 2007-2013 and interviews with the agents charged with its implementation. In the OP-HRD, conditionality is directed at particular habits of culture (entrepreneurial spirit, administrative efficiency), patterns of sociality (individuation through labor market exchange), and subjective qualities and capacities of the person (the production of labor-power of a normal quality through the cultivation of human capital) through changes in employment agency programs, vocational education standards, and the introduction of education and training programs in a variety of institutional settings.

The ambitions of the OP-HRD have not been met with the program’s successful implementation in practice. While interviews suggest that the pace of program implementation is credibly expected to increase in the two years remaining in the program cycle as service contracts are finalized and “twinning” operations are put into place, the success or failure of the OP-HRD is not measured so much in dollars spent as in the ability of the program to overcome a persistent set of limitations to political-economic governance. These limitations point not only to technical limits of funding or process but to worries about “capacity” that conceal cultural and political impediments to the operation of conditionality; to the disharmonies of political interest and administrative culture we must add the resistance of laboring subjects who are asked to take

“ownership” of both the process of institutional reform and themselves as bearers of human capital.

Investigating conditionality in terms of its practices makes it clear that the ambitions of European Union enlargement go far beyond the approval of EU rules, the adoption of norms, and the reform of institutions. Nor can the limits of conditionality be understood merely in terms of technical impediments. Yet the theoretical significance of the empirical findings of this study for a political economy of conditionality has yet to be fully considered. In Chapter 6, I argue that the broader implications of socio-cultural and subjective impediments to “human resources development” for European Union enlargement can best be understood by re-thinking the ambitions and limits of conditionality in terms of the political economy of disharmony. While analysis of the OP-HRD and interviews with officials of the EU and the Republic of Macedonia helped to uncover some of the ways that particular habits of culture, patterns of sociality, and subjective qualities and capacities are transformed into objects of governance, the strategic imperative underlying the operation of conditionality demands further elaboration.

In the concluding chapter which follows, I offer an alternative theorization of conditionality that accounts for both the extent of its practices and the strategic imperative underlying its operation. In adopting the language of human capital, the drive to bring into productive order the various domains of political-economic life found in early work in political economy is retained, but much of the richness and subtlety of Smith, Steuart’s and Marx’s accounts of the essentiality and precarity of socio-cultural and subjective dimensions of this project is lost and reduced to a simple imperative: Increase human capital. A richer understanding of the *urgent need* at work in the operation of conditionality can be derived from thinking about the political economy of conditionality in terms of *disharmony*. Conditionality emerges as a fragile and dispersed *modality of political-economic governance* directed in part at precisely those fields of intervention that Smith, Steuart, and Marx understand as precarious and in perpetual need of shoring up. The work of conditionality is limited not only by financing, process, capacity, politics, culture, and ontology, but more fundamentally by the old dream of harmony at the root of its ambitions.

CHAPTER 6: CONDITIONALITY AS A MODALITY OF POLITICAL-ECONOMIC GOVERNANCE

While much has been made of the particular disfunctions associated with the implementation of OP-HRD programs in employment, education and training, and social inclusion, little has been said about how the ambitions of conditionality *as a modality of political-economic governance* contribute to its limitations in practice. In this chapter, I bring together the work of Chapters 3, 4, and 5 to offer an alternative account of European Union membership conditionality – one that can better make sense of the scope of conditionality, the reach of its instruments, the extent of its ambitions, and the limits to its implementation in practice. I argue for understanding the OP-HRD and the interventions it enables as the terminal point of a single circuit of conditionality among many which link the activities of DG Enlargement officials in Brussels to the work of the EU Delegation, officials in the national ministries in Skopje, and to the activities of workers, teachers, students, administrators, and the unemployed in schools, industries, and public agencies across the Republic of Macedonia. Investigating conditionality in terms of its practices requires tracing the emergence of various circuits of activity through which conditionality flows; these circuits are constituted through discursive and material practices and depend for their operation on the official documents that constitute a path for conditionality and as well as on the work of various agents through which the aims of conditionality are realized or resisted.

Circuits of conditionality are characterized by their dispersal: The limitations of the instruments which delineate a path for conditionality and the plurality of coordinated agencies required to transmit conditionality to its terminal points make circuits of conditionality particularly prone to feedback and disruption, undermining their effectiveness. I further argue that the function and disfunction of these circuits must be understood in terms of the strategic imperative which binds them together; stepping back from circuits of conditionality in their particularity reveals an ensemble of circuits constituting conditionality as a modality of governance directed at securing the conditions of possibility for a harmoniously functioning political economy of Europe.

The fragility of conditionality as a modality of governance emerges in part from the “technical” limits of its instruments – ill-defined fields of intervention, imprecise objects,

insufficient financial support, inadequate implementation infrastructure, and agents sometimes working at cross-purposes; in short, a relay which can short-circuit at various points. European Commission officials have continually worked to overcome these limits: Fields of intervention have been reimagined, financial assistance has been restructured through the IPA, and the instruments of conditionality have been adjusted, refined, and expanded over time.

The central claim of this dissertation, however, is that the limits to conditionality as a modality of governance cannot be overcome by technical precision, instrumental innovation, increased financial allocations, or building administrative capacity. The limits to conditionality are also derived more fundamentally from the strategic imperative to which conditionality is directed in practice – the *urgent need* underpinning the ambitions of the European project: A drive to harmonize the political, legislative-legal, institutional, socio-cultural, and subjective elements of a political economy of Europe. The realization of this dream requires that circuits of conditionality bring into harmony inherently disruptive and perpetually shifting dimensions of political-economic life that have long resisted co-option. Analysis of the OP-HRD and interviews with officials of the EU Delegation and Republic of Macedonia suggest that inefficient habits of culture, patterns of sociality not oriented to market exchange, and unproductive and potentially disorderly dimensions of the person continue to defer the ambitions of conditionality as a modality of governance, even as instruments of conditionality have been continually refined and reassessed. The limits to governance faced by Steuart's statesman in many respects remain the limits of our own time.

I. Circuits of Conditionality

Analyzing conditionality through its practices has provided the resources for an alternative account of conditionality that links the operation of individual instruments of conditionality to a broader strategic imperative. This ontology of conditionality allows for the individuation of particular fields of intervention, objects of governance, and agents of conditionality as they are linked into circuits of conditionality through prioritization, programming, and monitoring. This approach also permits a general account of the strategic aim of these circuits, which together can be understood as an ensemble of governmental practices – a modality of governance directed at securing the conditions of possibility for a harmoniously functioning political economy of Europe.

While each instrument of conditionality (prioritization, programming, and monitoring) has a distinct function, the assembly and operation of these instruments also reveals a number of shared components: 1) delineated *fields of intervention* operating within or across domains of political economy; through *prioritization*, fields of intervention are explicitly problematized as more or less coherent areas of political-economic activity within which *programming* can be deployed to address specific priorities for meeting the requirements of EU membership; 2) within a particular field, individual *objects of governance* made knowable through *prioritization* and subject to governmental interventions through *programming*; and 3) institutional *agents* tasked with carrying out the myriad of tasks that constitute *prioritization*, *programming*, and *monitoring* as material practices within a particular field of intervention.

A particular field of intervention, the objects to be transformed within that field, and the agents tasked with realizing this transformation can be understood to form a *circuit of conditionality* linked together by the activities of prioritization, programming, and monitoring. Together the particular relations formed between these elements constitute a path through which conditionality can flow – a route for the transmission of conditionality subject to feedback and disruption. From this perspective, the OP-HRD constitutes the terminus of a single circuit of activity, linking the consolidated field of “human resources development” to particular objects of governance (unproductive and potentially disorderly habits of culture, patterns of sociality, subjective qualities and capacities of persons) within this field and delineating the responsibilities of agents tasked with carrying out the work of prioritization, programming, and monitoring at a variety of institutional sites.

Conditionality is therefore not a centralized set of practices dictated from Brussels nor a strategic game between a unitary European Union and candidate state counterparts acting as more or less rational *persons*, but a bundle of diverse activities coordinated through the operation of several instruments and conducted by a range of agents who are differentially positioned across space and time, working within and across spaces of governance usually designated as international, national, and local. Officials of the European Union in Brussels (working in DG Enlargement, DG Employment, Social Affairs, and Equal Opportunities, and other sections) communicate on matters of enlargement policy with officials in other EU institutions (Council, Parliament), serve on high-level study and monitoring committees, and coordinate Commission directives, financial support, and program implementation. Officials of the European Union

Delegation in Skopje draft reports and assessments, coordinate priorities and activities with officials from the national ministries of the Republic of Macedonia, supervise project implementation, and represent the EU in-country on a daily basis. Government officials in the line ministries of the Republic of Macedonia design national plans for meeting the requirements of EU membership, communicate and coordinate activities with the Delegation in Skopje and other EU agencies (for example, the European Training Foundation), and under the terms of the decentralized implementation system (DIS) take direct responsibility for procuring contracts for project implementation, distributing allocated EU financial assistance through the ministries, and monitoring outcomes. Local officials, NGO representatives, private contractors, and “twinning” officials from the EU work to actualize activities for implementation in a variety of institutional spaces. Circuits of conditionality are therefore *dispersed* – intervening across numerous fields of intervention identified in 33 chapters of the *acquis* (the OP-HRD addresses only the requirements of two of these chapters), utilizing a number of shared instruments, engaging a variety of agents, and targeting a wide range of objects; yet these circuits of activity form a more or less coherent formation, bound together by the official discourse of conditionality through which they emerge and the shared instruments through which they are elaborated in practice.

An Ensemble of Circuits

If we conceive of circuits of conditionality working alongside one another, functioning or failing at various points of contact with agents, institutions, and objects of governance, the system of relations constituting the whole can be understood to comprise a single governmental apparatus – or *dispositif*. The meaning of this concept is best articulated by Michel Foucault in comments taken from an interview reproduced in *Power/Knowledge* (1980). According to Foucault, a *dispositif* is “a thoroughly heterogeneous ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral and philanthropic propositions – in short, the said as much as the unsaid....The apparatus itself is the system of relations that can be established between these elements” (1980: 194). Thinking about conditionality as a *dispositif* means thinking about the system of relations established between fields of intervention, objects of governance, and agents of conditionality through the operation of prioritization, programming, and monitoring. Through these instruments, the formal negotiations of high politics, legislative-legal proceedings,

institutional rules and organization, habits of culture, patterns of sociality, and the subjective qualities and capacities of persons are integrated into an ensemble of heterogeneous elements – a modality of governance characterized by dispersal, fragility, and a particular strategic ambition.

Re-thinking the ontology of conditionality in terms of a strategic ensemble of circuits of activity through which conditionality operates opens up the analysis of conditionality to fields of intervention outside of bargaining and negotiation, legislative harmonization, and institutional rule/norm adoption without discounting the operation of conditionality within these domains of political-economic life. Rather, this approach incorporates the work of instruments of conditionality in political, legislative-legal, and institutional domains and simultaneously insists that analysis of the aims, effects, and limits of conditionality should reach beyond them.

The task of this study has been to trace circuits of conditionality operating in domains of political-economic life neglected in existing analysis, linking the socio-cultural and subjective domains of political economy to particular fields of intervention, objects of governance, and institutional agents and asking how the instruments of conditionality have established (or failed to establish) a particular system of relations between them. Methodologically, tracing circuits of conditionality permits the analytical isolation of a range of governmental interventions carried out within a particular field, while also providing the framework for linking these activities to a strategic whole. This approach captures the ways in which the problematization of fields of intervention and objects of governance, the design and implementation of particular programs to work on these objects, and the evaluation and assessment of activities for implementation constitute an ensemble of governmental practices. These interventions depend upon numerous activities conducted by agents at various points within a relay, rather than a sovereign moment of decision taken at a single point.

Investigating conditionality in terms of circuits therefore rejects approaches which look to conditionality to explain the actions of unitary state agents – rational or otherwise. As a *theoretical device*, circuitry displaces the privileging of inside-outside dichotomies which have masked the ways that conditionality cuts across, within, and between spaces designated as international, national, and local. Conditionality as a modality of governance is therefore characterized by dispersal – of fields, priorities, agents, objects, programs, and evaluation. These features extend the reach of conditionality but make it less effective in practice. Circuits of conditionality are fragile pathways for governance. Chapters 4 and 5 suggested a number of

dimensions of this fragility: Fields of intervention are imprecisely delineated and shift as new dimensions of disharmony are problematized. Priorities are contested between agencies. Agents of conditionality are inadequately coordinated, lack critical capacity, and sometimes work at cross-purposes. Objects of governance in socio-cultural and subjective domains are conceptualized narrowly. Programming is inhibited by the limits of financing, the capacity of institutions, and the complexities of process. Evaluative language is often an empty signifier, urging forward a process the ultimate aims of which are seemingly always just beyond reach.

Strategic Imperative

The fragility of conditionality in practice is matched only by the scope of its ambitions. As a modality of political-economic governance, conditionality is not *any* given set of coordinated but dispersed circuits of governmental activity, but an ensemble of discursive and material practices directed at a particular strategic end. While governmental activities are not necessarily coherent, they are not conducted at random. Circuits of conditionality are dispersed and often disrupted, and conditionality is directed at the transformation of various objects – yet circuits of conditionality operate as part of an overall strategic ensemble. At first glance, the European Commission’s *Enlargement Strategy and Main Challenges 2011-2012* appears to state the ambition driving conditionality clearly enough: “The enlargement policy has proven to be a powerful tool for *societal transformation*. Countries that have already acceded to the EU and those on the road to join have undergone impressive changes through accession-driven democratic and economic reforms. Commitment, conditionality and credibility have been situated at the core of the accession process and its success” (Commission 2011a: 2, emphasis added).

Thinking about the strategic imperative of conditionality in terms of a project of European Union enlargement, however, does not answer the question of *why* this project demands that circuits of conditionality work to effect “societal transformation” across domains of political-economic life, nor why conditionality as a modality of governance has proliferated in various forms well beyond the boundaries of Europe.¹ Accepting the rationale for enlargement

¹ Investigating points of commonality and divergence between European Union membership conditionality and conditionality at work in other political-economic contexts (for example, the set of relations established between international financial institutions and debtor states) is beyond the scope of this project, but I maintain that these

on its own terms fails to consider the significance of conditionality for larger questions posed by a political economy of disharmony concerned with examining the conditions of possibility for securing order and abundance and reflecting on the potential and limits of governance to consolidate these conditions in a world of shifting circumstance.

Foucault describes the *dispositif* as a “formation which has as its major function at a given time that of responding to an urgent need. The apparatus thus has a dominant strategic function” (1980: 195). The strategic function of conditionality as a modality of governance is indeed a response to an urgent need – the ever-present requirement that the disharmonies of political economy (all those political, legislative-legal, institutional, socio-cultural, and subjective impediments to securing order and abundance) be worked over, reconfigured, and readjusted so that a precarious harmonization of these elements might be realized, at least for a time.

Individual circuits of conditionality are directed at harmonizing political, legislative-legal, institutional, socio-cultural, and subjective dimensions of political-economic activity within a particular field of intervention. Within each field, a range of objects of governance is identified and subject to activities for implementation. Incentives for negotiation are altered, legal codes are amended, laws are adopted, institutional rules are adjusted, and the way that persons relate to each other, conduct themselves in official capacities, understand themselves as workers and citizens, acquire skills, and learn about the world around them is subject to instruments of prioritization, programming, and monitoring.

In the consolidated field of human resources development, for example, reform of employment, education and training, and social inclusion in the Republic of Macedonia is *formally* linked to the adoption of Chapters 19 and 26 of the *acquis*, and accession negotiations will engage high-level officials in a dialogue over the extent to which the benchmarks established in these chapters have been met (personal interview, December 1, 2011). Concurrently, adoption of these chapters has necessitated the passage of new laws on higher education, vocational education, and the status of Roma and other minorities. Simultaneously, the OP-HRD has been directed at the reform of institutional rules, procedures, and systems of evaluation at the Employment Agency and Vocational Education and Training Center; the OP-

forms of conditionality should also be understood in terms of their governmental ambitions, the material and discursive practices through which they operate, and the limits they encounter in practice.

HRD is also supporting the development of new curricula and standards in the VET, secondary schools, and universities. Within these institutions, public officials are subject to retraining, the vulnerable are to have access to new services, the unemployed are to be re-skilled, students are to meet new standards for qualification, and the communal attachments and traditions of marginalized communities are to be reoriented to individuated labor market participation. The aim of all of these dispersed activities is to establish a productive system of relations among the various elements that contribute to “human resources development,” a field of intervention deemed essential to securing the socio-cultural and subjective conditions of possibility for a harmoniously functioning political economy of Europe.

Such a harmony – long the dream of political economy – is far from inevitable. Stuart, Smith, and Marx remind us that the social, cultural, and subjective dimensions of political-economic life are simultaneously essential to the pursuit of order and abundance and paradoxically also the most difficult domains of activity to bring into alignment. So while the conditionality *dispositif* can be understood as a strategic formation, I do not claim that this modality of governance is composed of a consistently effectual ensemble of practices. As detailed in Chapter 4 and 5, the operation of conditionality through its instruments is often lumbering, incoherent, and uncertain in its effects; not a harmoniously operating machine, but a fragile assemblage of circuits requiring immense coordination and facing uncertain reception at various points of intervention.

II. Conditionality, Disharmony, and the Limits to Governance

Thinking about the political economy of conditionality in terms of disharmony makes clear that as a modality of political-economic governance, the ambition of conditionality is much older than the European project to which it is ostensibly directed. As far back as 1767, James Stuart wrote that the disharmonies of political economy must be navigated by an able statesman – a supreme power capable of overcoming the vicissitudes of circumstance. The ambition of government in political economy was “first to adapt the different operations of it to the spirit, manners, habits, and customs of a people; and afterwards to model these circumstances so, as to be able to introduce a set of new and more useful institutions” (1966: 16). Political-economic governance was to be concerned not with making a space for unmolested exchange but with the statesman’s ambitious use of government to “model the minds of his subjects” (1966: 17).

“Properly conducting and managing the spirit of a people” (1966: 25) would contrive harmony in the face of ever-shifting circumstance.

The governmental activities of Steuart’s statesman are limited by the extent of his knowledge and the reach of his influence. Conditionality as a modality of political-economic governance is in many respects the heir to the statesman’s ambitions for political economy – in cutting off the head of the king, dispersed circuits of conditionality aim to reach further into the various domains of political-economic life than any “supreme power” (1966: 16) of Steuart’s age yet remain beholden to a dream of harmony of which his work is an early reflection.

Conditionality in employment, education and training, and social inclusion seeks to alter habits, displace custom, and model minds. Agents and instruments of conditionality are directed at remaking the capacities of workers through retraining to meet the demands of firms for productive labor, cultivating the qualities of the person as human capital through education, displacing the unproductive or disorderly communal attachments of marginalized populations with labor market participation and relations of exchange, adjusting the conduct and attitudes of public officials tasked with altering their own work practices, and diffusing a spirit of entrepreneurialism and efficiency throughout the laboring population. By modeling these circumstances, conditionality in “human resources development” aspires to “introduce a set of new and more useful institutions” (1966: 16) directed at securing the conditions of possibility for a harmoniously functioning political economy of Europe. Interventions in training, education, and social inclusion are only one component of this project, but these interventions are also the most ambitious – seeking to alter not only laws or institutional rules but the attitudes and aptitudes of persons in the conduct of everyday life.

Conditionality therefore retains Steuart’s nearly limitless ambitions for political-economic governance, but simultaneously bears no trace of the moments of hesitation, anxiety, and doubt visible in his work and that of Smith and Marx, who in different ways question the extent to which modalities of political-economic governance are capable of overcoming social, cultural, and subjective sources of disharmony. All modalities of governance depend upon particular forms of knowledge about problematic objects which are to be brought into productive alignment. In defining the habits of culture, patterns of sociality, and subjective qualities and capacities of the person essential to the operation of political economy in terms of human capital, conditionality as a modality of governance fails to capture the complexity of these dimensions; in

overlooking their precarity, conditionality ignores a very old set of warnings about the extent to which these domains of political-economic life can be productively conducted by the arts and practices of governance.

It is precisely here that a political economy of disharmony opens up a space for a critical interrogation of the ambitions and limits of conditionality that cannot be derived from reading official documents and interviewing agents of conditionality tasked with its realization. Conditionality in social inclusion adopts Adam Smith's faith in the socializing effects of markets, seeking to undermine sources of disorder and inequality in the Republic of Macedonia by integrating women, Roma, and the Albanian minority into labor markets – working to remake their qualities and capacities as laborers and bearers of human capital and seeking to transform the cultural affections which bind them to “traditional” roles in the home and community. Conditionality seeks approbation through individuation, promising to undermine customs and traditions which sustain alternative modes of living detached from wage-labor (“labor market participation”) and commodity exchange. A pattern of individuating sociality derived from market exchange is problematized in the discourse of conditionality as an essential object of governance – necessary for overcoming a history of ethnic conflict and for sustaining approbation in the order of market-oriented, profit-driven political economy that emerges out of the collapse of the former Yugoslavia. Social inclusion is therefore a product of exchange to be managed through interventions designed to make labor markets more accessible.

In keeping with Smith's conviction that approbation emerges from education, conditionality seeks to expand educational opportunities for disadvantaged groups in order to increase opportunities for them to participate in labor market activity and commercial society. Here the operation of conditionality reflects the limits of a moral imagination tied to market exchange: For Smith, displacing potentially disorderly affectations with order-affirming approbation is unproblematic and indeed demanded by the productive requirements of commercial society. Conditionality in social inclusion is ultimately about sustaining approbation through individuation: Instruments of conditionality directed at the transformation of existing patterns of sociality presume that labor-market participation is a necessary condition for integrating marginalized populations into productive, order-sustaining social relations; yet these instruments fail to take into account either the strength of existing communal bonds or the approbative dimensions of patterns of sociality not linked to the development of the person as

human capital. Despite a stated commitment to lifting members of disadvantaged minority communities out of poverty, conditionality offers only a single path to social inclusion – through existing labor markets – working to displace existing communal bonds, customs, and traditions with the individuating sociality of market exchange. If the utility of a cultural practice is determined in relation to its effect on an individual’s human capital, then impediments to the development of this capital must be removed; this effectively devalues modes of living, traditions, and self-identifications which are seen to stand in the way of the socializing effects of the market. This helps to explain why “traditional living habits among part of the country’s citizens” are explicitly problematized in the OP-HRD as an impediment to labor market participation and therefore to the employment of women, Albanians, and Roma (OP-HRD 2007: 67).

Just as Smith failed to account for the possibility that patterns of sociality could sustain rather than undermine predatory forms of self-interest, in embracing the cultivation of a pattern of sociality derived from individuation in the market conditionality fails to consider how socially atomizing forms of individuation promote disharmony and inequality; in encouraging a pattern of individuating sociality sustained by an ethic of entrepreneurialism of the self, conditionality disregards sources of fellow-feeling that might emerge from a *more social* understanding of social inclusion not linked to individual human capital – an account of inclusion based on rights, social obligations, and the provision of public goods. Conditionality suggests that social inclusion emerges from the work of individuals in the marketplace rather than collective action, democratic practice, or political struggle more broadly.

Finally, Smith at his most sobering suggests that the socializing effects of education do not always stick; the poor man who escapes the bonds of his community is likely to abandon his regard for the impartial spectator as soon as he escapes from view. This reminds us that education and training can fail to deeply impact the conduct of individuals; conditionality directed at cultivating individuation is in many respects seeking to transform patterns of sociality on the cheap. Just as Smith counsels only the need for the state to provide a basic education (reading, writing, figures) for the laboring masses and takes for granted the other-regarding socialization of the upper-classes, conditionality as a modality of governance has thus far provided only limited support for efforts to support education and training for women, Roma, and Albanian minorities and does nothing to address the dispositions and prejudices of the

Macedonian majority. Even if education and training programs were capable of displacing deeply held affectations and affiliations, the financial and organizational commitment to these efforts has at present been minimal.

Marx reminds us that education and training is not just essential to the socialization necessary for orderly exchange, but a condition of possibility for the productivity of labor indispensable to the accumulation of profit. In the operation of conditionality, the need for labor of a normal quality is linked to the drive to develop human capital of the highest quality – that is, capital that will serve as a reliable source of value-added for the firms which employ it. As the demands for productive labor in the Republic of Macedonia exceed the existing standards established for vocational and higher education (some dating to 1989), curricula and qualifications must be altered to meet the needs of firms for laborers with particular skills, qualities, and capacities. In directing conditionality at the reform of employment services and altering education and training requirements in vocational, secondary, and higher education, conditionality is directed at the subjective dimensions of the person – at the cultivation of particular aptitudes to be measured on the basis of industry requirements. Through an OP-HRD-directed “twinning” project currently underway in Skopje, qualifications and standards for vocational education are being developed in partnership with industries operating in the Republic of Macedonia; firms are surveyed, and their particular needs are to be reflected in the measures adopted by the Vocational Education and Training Center under the terms of its participation in the “twinning” operation.

Training and education, however, is not directed only at employment – but in producing efficient and transparent officials capable of serving as agents of conditionality at the institutional points at which circuits of conditionality encounter the objects they seek to transform. In particular, conditionality in “human resources development” demands that those staff in various agencies of the Republic of Macedonia – the national Employment Agency, Vocational Education and Training Center, IPA officials in the line ministries – be equipped to deliver conditionality in practice. Here conditionality is concerned not only with aptitudes but with attitudes, seeking to transform work habits, institutional culture, and subjective impediments to the efficient and transparent conduction of EU funding towards particular programmatic ends. The production of conditionality can be impeded by officials who fail to

meet the standards established by the European Commission for administrators of a normal quality.

For Marx, the subjection required to produce labor of a normal quality is not voluntary but requires a kind of concealed violence carried out in the hidden abode of production. Jason Read has suggested how this subjection is internalized – even adopted “voluntarily” as culture and sociality diffuse norms of productivity and efficiency and encourage ever-increasing levels of consumption. The real measure of the effectiveness of conditionality, therefore, is the extent to which its instruments can produce the internalization of the drive to produce students, workers and public officials of a normal quality; “twinning” officials refer to this as “ownership” of the process. Institutional stakeholders must work to drive reforms long after particular programs have concluded. Officials, workers, students, the unemployed, and the vulnerable must come to think of themselves as *individual bearers of human capital*. Many of the officials whose qualities and capacities are targeted for transformation seem to have adopted the subjective requirements of conditionality, maintaining that “joining Europe” demands the alteration of existing practices. Nevertheless, other officials suggest that conditionality often encounters resistance to efforts to alter existing traditions, modes of living, and ways of conducting official business; many persons have no desire to overturn long-established ways of doing things simply because the disharmonies of political economy demand it (personal interviews, December 2011).

Circuits of conditionality, therefore, are often subject to disruption, but these disruptions are not merely technical impediments to be overcome with intensified modalities of governance. It is not that “human capital” fails to capture the essentiality of these dimensions that if known would enable their co-option – it is that these features are forever escaping the boundaries of political-economic governance which are *necessarily limited*. A political economy of disharmony locates some of these necessary limits in perpetually shifting and essentially disruptive socio-cultural and subjective elements of political-economic life that escape the arts and practices of governance.

Appropriating Steuart, I locate the necessary limit to governance in the capacity of the statesman to manage a virtually limitless set of shifting circumstances; government must continually work to manage the spirit of the people, infusing the culture with a generally diffused spirit of industriousness and ingenuity. Yet culture does not emerge from a single point nor can it be directed via a set of limited interventions. Conditionality in “human resources

development” is directed in part at inculcating a “spirit of entrepreneurialism” deemed essential to innovation and competition in an open economy, yet neither the statesman nor conditionality as modalities of governance possess the capacity to manage culture at its finest points or to control all of the means by which it is dispersed, circulated, and altered; habits of culture often change only by slow degree, and such changes are not generally driven by governmental programming. While some cultural forms reflect and reinforce a “supreme power” (or a dominant set of power relations in society derived from relations of class, gender, race, etc.), cultural factors which inform characteristics like industriousness, frugality, profligacy, ingenuity, risk-aversion, and patterns of taste cannot be reduced to or contained by the activities of government. Culture, in a sense, is always in excess of governance and often resists attempts at management. A limited number of interventions intended to promote “entrepreneurial spirit” will necessarily transform very little.

Appropriating Smith, I locate the necessary limit of political-economic governance in the presence of patterns of sociality that undermine market exchange and are not amenable to the corrections of education; in short, education is not the only source of socialization (consider family relations, friends, community, labor, popular culture, electronic and print media, among others), nor are educational programs sufficient to consistently alter deeply held ways of being and doing that offer alternative accounts of identity and obligation not derived from labor-market participation and exchange. While individual persons from targeted populations are likely to access vocational training or higher education as a result of the implementation of the OP-HRD, non-majority communities in the Republic of Macedonia are not likely to simply abandon communal identification and the “traditional” obligations problematized in the OP-HRD in favor of embracing the individuation of the market, wage-labor and social relations based on consumption and exchange.

Even if approbation was to be derived from employment, an official unemployment rate of over 30% suggests that many persons in the Republic of Macedonia will remain outside of labor markets for some time to come. Social inclusion through labor markets only works if demand for labor-power incorporates everyone – but the history of capitalist political economy suggests that some persons always remain surplus to the requirements of accumulation. Therefore, sociality is not a product of education and labor-market participation to be cultivated at will by instruments of governance. The problem returns to the limits of conduction – sociality

exceeds the knowledge of governance and cannot be reduced to the product of its practices. Patterns of sociality that are not defined by market participation will therefore continue to exist alongside wage-labor, and equating social inclusion to labor market participation ensures that vulnerable and potentially disorderly subjects will remain problematized in discourses of security and development in the years ahead.

Appropriating Marx, I locate the necessary limit to governance in the unceasing requirement that the qualities and capacities of the person as worker and consumer be continually disciplined and brought into productive alignment. In demonstrating how changes in social organization, technology, and conditions of competition drive a continual need to transform the normal qualities of labor, Marx helps us to see why conditionality as a modality of governance is necessarily never complete: The human capital of today will fail to meet the demands of tomorrow, necessitating a continual drive to transform the skills and capacities of laborers to meet the requirements of socially necessary labor-time. This suggests that stubborn subjectivities – persons who resist retraining, incorporation into new technological forms, and integration into new forms of organization – will always remain in excess of the requirements of profit. Moreover, as a *dispersed* modality of governance, conditionality demands that agents of conditionality adopt the aptitudes and attitudes required for its implementation across institutional settings. Conditionality as a modality of governance is in a sense always too little, too late, working to effect the harmonization of subjective dimensions of the person that are always already out of sync with circumstances which are continually in flux.

These conclusions are particularly sobering given what is at stake *politically* in the project of political-economic harmonization at work in EU enlargement. For two decades, the government of the Republic of Macedonia has looked to EU association and membership to secure the conditions of possibility for order and abundance following independence from the former Yugoslavia. Within this space, conditionality has emerged as the modality of governance through which the Republic of Macedonia is to be productively integrated into a political economy of Europe. Yet ten years after the signing of the SAA, the official unemployment rate continues to stagnate above 30%, intercommunal relations remain fragile, and EU-funded programs in employment, education and training, and social inclusion have yet to deliver on ambitious promises of better jobs and opportunities. The unemployed, vulnerable, and disadvantaged subjects problematized in official EU documents are asked to sustain affirmation

in a European project which somehow remains always incomplete. No alternative to integration and convergence within the European Union has yet been imagined; order and abundance remain linked to the dream of harmonization through *conditionalization*.

Here we might return to the preoccupations of James Steuart, whose faith in the ambitions of political-economic governance was sustained only by the imagination of a modality of power that was omniscient and omnipresent, capable of securing for a time the conditions through which order and abundance could be realized. In embracing the same aspiration – the drive to secure the conditions of possibility for a harmoniously functioning political economy of Europe – conditionality is beholden not so much to technical limitations as to an ambition as old as the field of political economy itself. It is perhaps no coincidence that reflections on the possibility of harmony in political economy proliferated during the Scottish Enlightenment; as traditional faith receded and the uncertainties of the commercial age began to take shape, Steuart, Smith, and others remained preoccupied with delineating a source of knowledge and practice which could secure order and abundance from the vicissitudes of circumstance in the absence of the divine. Conditionality is but the contemporary form taken by this *urgent need*. The dream of conditionality as a modality of political-economic governance therefore reflects the oldest preoccupation of modernity – to find a suitable replacement for the will of God in a world that is no longer brought into harmony through His divine operations. At present, this dream remains very much deferred.

III. The Potential of Political Economy, the Limits of this Study

In this dissertation, I have tried to make visible the *generative potential* of political economy as a field of knowledge and practice, arguing that work in the political economy of conditionality need not be confined to the study of bargaining and negotiation, institutional rules, and the adoption of norms by state actors. I depart from approaches to enlargement which view conditionality as a limited component in a larger accession process, arguing that thinking about conditionality in terms of its discursive and material practices makes clear that the scope of conditionality has gradually extended from concern with political calculus and institutional reform to the problematization of social, cultural, and subjective dimensions of political-economic life. Tracing the emergence and elaboration of circuits of conditionality through official EU documents suggests that there is much more conditionality at work in accession than

often realized, but examining the operation of instruments of conditionality in practice suggests that the work of conditionality is necessarily limited.

In critiquing approaches to political economy indebted to rationalism, I indicated that alternative understandings of the field derived from constructivist, cultural, and critical traditions help to open a space for reflection on the socio-cultural and subjective dimensions of European Union membership conditionality. I argued, however, that examination of these dimensions needed to extend beyond thinking about how subjectivity reinforces orders of inequality or how the everyday practices of culture sustain approbation through consumption. In order to establish that culture, sociality, and the subjective dimensions of the person have long been central to the concerns of political economy, I appropriated from the canonical works of James Steuart, Adam Smith, and Karl Marx a number of anxieties about the disharmonies to which orders of political economy are prone as well as a set of reflections on the extent to which these disharmonies can be overcome. In appropriating these works and not others, I have worked to challenge the assumption that older works in classical and critical political economy fail to speak to the concerns of contemporary IPE and that such work can no longer contribute to a critical understanding of our present.

Marx (1973: 884) maintains that the classical economists themselves revealed the “antagonism” of the relations of production, and his own project was concerned with showing how inherent disharmonies emerge out of the assumptions of classical political economy – in his work, competition, private property, wage labor, and freedom in the sphere of exchange do not tend towards the harmony of an invisible hand but to continuous disruption and upheaval. Following Marx’s lead suggests that latter-day harmonizers have no monopoly on the appropriation of older works in political economy. While Adam Smith is often put to work in sustaining approbation in the harmonious operation of free markets, this is not cause for more critically-minded social theorists to abandon productive engagement with the tradition of political economy as a field of knowledge and practice. I have tried to show how this tradition can speak to the concerns of contemporary thinkers concerned with culture, sociality, and subjectivity. Affirmation and criticism are not *necessarily* antithetical, and elements of both may be required to grapple with our present in a way that both reveals limits and suggests unthought possibilities. Rather than finding in Smith only the rhetoric of the invisible hand or reading Steuart as a discredited mercantilist, we can engage the work of political economy – classical,

critical, and contemporary – in search of an understanding of the sources of economic discord, disharmony, and discontent. While canonical work in classical and critical political economy is not the only source of such insights, reclaiming this tradition for a political economy concerned with the disharmonies of culture, sociality, and the subject has been a central motivation of this project.

In rehabilitating Steuart, Smith, and Marx for a dissertation concerned with European Union membership conditionality, I have engaged in a project of harmonization of my own. In working to connect literature on enlargement and conditionality, analysis of official EU documents, and insights derived from personal interviews to canonical work in political economy, I am particularly indebted to a critique of state-centered approaches to power derived from the work of Michel Foucault and a reconceptualization of what it is to govern put forward by his former students and others working in the field of governmentality studies. To the extent that I was able to bring these dispersed elements together to articulate a new and useful understanding of the political economy of European Union membership conditionality, the effort has been productive.

This is not to deny a number of limitations to the project, and several of these limits warrant some reflection. First, I engaged a limited number of works in political economy, and this necessarily narrowed the insights about the socio-cultural and subjective sources of political-economic disfunction derived from the canon. My analysis focused on the significance of particular habits of culture, patterns of sociality, and subjective qualities and capacities of the person for maintaining order and abundance in political economy, but engaging other works and other authors would likely reveal other socio-cultural and subjective dimensions of disharmony. Steuart, Smith, and Marx are certainly not the only thinkers to have been concerned with the disharmonies of political-economic life; figures as varied as Thorstein Veblen, Max Weber, Jean Baudrillard, and Georges Bataille have contributed to our understanding of the cultural, social, and subjective dimensions of political economy. A more complete account of the political economy of disharmony should incorporate – among other elements – Weber's account of the formal rationality of the bureaucrat, Veblen's conceptualization of institutions as stubborn habits of thought, Baudrillard's account of sign value, and Bataille's understanding of cultural forms as a necessary product of a political economy characterized by excess rather than scarcity.

Second, in re-thinking political economy in terms of disharmony, I focused almost exclusively on the disharmonious currents that emerge in socio-cultural and subjective domains of political-economic life – adopting from the work of Steuart, Smith, and Marx a concern for the ways that habits of culture, patterns of sociality, and the subjective qualities and capacities of the person are made integral to the dis/function of political economy. While I claimed that political, legislative-legal, and institutional domains of political-economic life were also subject to instability, I left these dimensions relatively unexplored; instead, I focused the analysis on those elements of a political economy of disharmony that might contribute to a richer understanding of socio-cultural and subjective elements of conditionality – dimensions I found to be neglected in the existing literature on enlargement.

Third, in reading EU documents and interviewing officials of the European Commission and Republic of Macedonia, I worked from a necessarily limited set of programmatic documents and managed to capture only a small percentage of the circuits of activity at work in the overall *dispositif*. In this sense, my concern with the socio-cultural and subjective dimensions of political-economic governance focused my efforts on understanding the ambitions and limits of EU-funded interventions carried out in “human resources development,” in keeping with the requirement of the Republic of Macedonia to adopt Chapters 19 and 26 of the *acquis*. While in my assessment, the operation of conditionality in this field most clearly reveals the extent of the ambitions and limits of conditionality as a modality of governance, many dimensions of the operation of conditionality across 33 chapters of the *acquis communautaire* were left unexplored. Further, to the extent that my own interventions into the operation of conditionality “on the ground” took place during a moment of reassessment and recommitment – a number of long-delayed OP-HRD projects in employment, education and training, and social inclusion are finally approaching or entering the implementation phase – it will remain to future work to assess what in my assessment of the limits to conditionality as a modality of governance was colored by the conditions of the times and which observations proved more enduring.

While this is a limitation, it is not necessarily a shortcoming. To acknowledge the contingency of appropriation is to face the realization that any attempt to derive a single, authentic truth from the work of an author will succeed only to the extent that it is built on a degree of artifice. Nevertheless, in engaging the political economy of conditionality in terms of disharmony, I have tried to emphasize that we can still labor with the work of Steuart, Smith,

Marx, and others – not to fix monuments in print and stone, but to search for always partial and incomplete insights into the relation of the person to the turbulent political-economic order in which he or she is embedded so *precariously*.

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