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Stream 7.1: Economic crisis and social policy reaction

THE CREDIT CRUNCH CRISIS AND SOCIAL POLICY

The credit crunch and its after-effects challenge a subject such as social policy to take a broader approach to problems which have been at the centre of the subject for many years. This paper considers how, at both a specific social service level and a structural societal level, social policy analysts can make a substantial contribution to responding to the current financial and economic crises and the need for greater control and monitoring of industries that have been de-regulated in recent decades.

Some areas of work that have been long recognised and well established as integral parts of social policy are examined to take account of what might be called the ‘City division of welfare’ and responses to it. These include a fuller accounting for expenditures and subsidies to support corporate as well as individual welfare and their differential scrutiny and regulation; social costs, their distribution and the extent to which they are recognised and met; and differential reward, benefit and compensation across an unequal society.

International and supranational agencies and institutions, such as the World Bank, IMF, OECD and the European Commission, have helped to shape the broader policy agenda. With the particular growth in the influence of investment banking on politics and policy, the ‘dependency’ of banks considered ‘too big to fail’, the conditions that might be imposed on them, and the regulations, restraints and incentives that might work are discussed on a totally different plane from ‘welfare state’ discourse on, for example, ‘welfare to work’ reforms. The differences in the discourses have shaped the policymaking agenda, opening up and closing off particular policy responses to the different needs.

Adrian Sinfield,
School of Social and Political Science, University of Edinburgh
12 Eden Lane,
Edinburgh EH10 4SD,
Scotland, UK
0044 131 447 2182
adrian.sinfield@ed.ac.uk