

Introduction

A Hostile Decade for Social Policy: Economic Crisis, Political Crisis and Austerity 2010-20

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The decade 2010-20 has been one in which the ‘wisdoms’ of the 1990s – that globalisation was here to stay, that inequality was in retreat and that markets and politics had reached a sustainable truce – were fundamentally challenged. In the wake of the 2008 economic crisis there was initially some public and political contemplation on a rebalancing of market fundamentalism with the social purpose of politics (for example, the purported ‘death’ of the Washington consensus). This was soon superseded, initially by a return to ‘business as usual’ followed by a turbo-charged attack on social provision and its underlying principles in the guise of austerity.

There is nothing new about austerity, an idea and set of policies that have come to define government approaches to public and social policies over the past decade. Austerity describes self-imposed and/or externally imposed (temporary) cuts in expenditure to balance budgets. But austerity is also, and more importantly in terms of social policies, a political project aimed at transforming the welfare state and realizing ambitions with much longer roots. In wartime, austerity captures national adjustments to scarcity. Twenty-first century austerity is an objectively bad idea that has been politically operationalised to capitalise on prevailing conditions of uncertainty (Schui, 2014). The fact that a bad idea (or dangerous idea in Blyth’s (2013) parlance) can be engineered, promoted and implemented in the face of mounting compelling evidence of unremitting failure, is testament to the underlying, creeping strength of anti-collectivist ideology embedded in economic thought in the 1980s and normalised in the 1990s and 2000s (Wren-Lewis, 2018). Austerity is a slippery idea, reflecting and shaping approaches to the economy, public finance and public services so that welfare states no longer appear tenable (Farnsworth and Irving, 2015). It is about power and how it is wielded by powerful individuals, national and international institutions and governments (Streeck, 2017). Thus, while it is often portrayed as simply describing essential spending cuts, in reality it is far more complex and, when filtered through a powerful right-wing media and ideologues, pervasive. The key debates about austerity reflect disagreement about what it is, how it can be identified, measured, compared, evaluated and resisted, and the extent to which it is an Anglo-(neo) liberal problem or global in scale. The articles selected for this themed section are intended to reflect the breadth of perspectives through which the idea and reality of austerity can be examined.

The first two articles draw on themes developed in our previous work. In the first, Kevin Farnsworth distinguishes between political and economic austerity and examines the extent to which austerity is present over time and across states in the OECD. The

emerging picture is one of convergence on a projected downward trajectory of public spending from the mid 1990s – even in countries such as Finland and Sweden that have, in the past, mostly maintained welfare effort. Thus economic austerity is the policy reality in advanced welfare states. Focusing on the UK, the last section of the article argues that, rather than responding to economic debt, the pursuit of political austerity is ultimately geared towards solving what the government views as a problem – the welfare state itself. The effect is to reshape and reconfigure the welfare state itself.

In the second article, Zoë Irving considers the more indirect impact of austerity in terms of its ‘legacy’. Here, the long-term effects of both austerity measures and the ideological drivers that underpin them are argued to be as significant for social policy in the future as they are for the present. This is not only because austerity measures have deprived many of the life chances previously expanded through social policies, but also because austerity has had a negative impact on the social relations of welfare and political scaffolding essential to the (re)building of welfare states.

Heikki Hiilamo and Fiona Dukelow’s articles each cover domains of social policy that have been central to both the origin of the 2008 economic crisis, and the subsequent strategy of austerity. Heikki Hiilamo analyses the role played by indebtedness in precipitating and sustaining economic crisis. His cross-national review of six OECD countries takes a new approach in combining analysis of both household and societal consequences of indebtedness. In examining both the economic effects and the social impact, Hiilamo’s review highlights that the negative experience of indebtedness at the individual and household level is also translated into negative outcomes at the macro level in economic health and trust in institutions. Ultimately, he argues that indebtedness is entwined with wealth inequality but that without re-regulation of financial systems the resilience of the currently indebted to any future shocks is more fragile than ever.

Fiona Dukelow’s article seeks to consider the post-crisis recommodification of labour beyond subsidised labour market participation to the ways in which people’s employment is structured by acceptance of market failings. She argues that the 2008 crisis exposed the shift from ‘social’ protection to ‘financial’ protection as one of the key elements of transformation in state-citizen relations and this accompanied the longer-term trend in declining labour share of income and organised power. As labour markets have become characterised by more insecure working patterns so policy direction has turned to more punitive measures to ensure participation and less cushioning for non-participation. Again, although these trends began in pre-crisis times, their evolution post-crisis and through the decade of austerity indicates a combination of drawing a wider range of workers into state provided security with decreasing protection within these measures. In sum, the operation of austerity within financialised capitalism has further embedded market forces in place of social rights, and enabled what Dukelow terms ‘anti-social policy’.

Austerity also has global dimensions that can be measured in nations where the ‘welfare state’ is not configured in the same way as in the global North. In the penultimate article Isabel Ortiz and Matthew Cummins present research conducted to support the work of the International Labour Organization in both tracking the effects of declining spending and investment in the public good, and developing recommendations for policy responses to preserve it. Their work covers 187 countries, drawing on both spending data and country reports between 2005-2020. It shows that not only does the period 2010-20 represent a period of sustained and widespread reduction in social policies, but also that these reductions are more heavily concentrated in the Global south. The role played by

global actors such as the International Monetary Fund (IMF) has been influential in driving fiscal adjustment reforms, but United Nations agencies have also been vocal in highlighting the human cost of austerity measures and their negative impact on efforts to achieve the Sustainable Development Goals. As the authors conclude, there are many alternative ways to achieve the 'fiscal space' necessitated by the 2008 crisis. However, these will not make it on to the policy agenda without the political will to propel them.

The politics of austerity, and more specifically the politics of resistance to it, is the focus of the final article, by David Bailey, Nikolai Huke, Paul Lewis and Saori Shibata. Given that the preceding contributions largely present austerity as being hegemonic in nature, the authors of this article consider the counter-narratives and resistance that have emerged in response to cuts in welfare. The article compares anti-austerity mobilisation in the UK, US, Spain, Japan and Germany and considers the broader context of longer-term decline in collectivist organisation and political representation. The authors find a mixed picture of resistance, both in strength and form, and, while resistance to austerity has had some effect, there is no indication of an emerging common narrative. What the authors call a 'crisis of representation' has in fact enabled a redirection of social critique from austerity to more easily identifiable 'others'.

Taken together, this collection of articles indicates that the last decade has been the most hostile environment for social policy since the emergence of more comprehensive social policies, public services and established welfare states from the 1940s. The fact that the 2010-20 decade has ended with a global pandemic has only added to the ongoing political and social crisis. The emergence of Covid-19 has shown that the inequalities and deprivations reinforced in the decade of austerity are only heightened by this further crisis; the transmission of Coronavirus and impact of the disease is not a risk shared equally by all. In the UK, the pandemic has exposed the risks and consequences of the pursuit of welfare cuts. Globally, the will and capacity of states to fulfil obligations to protect people has also been brought into sharp relief. Even the poorest countries have had to divert spending to health while the richer countries have also been forced to introduce wide-ranging support mechanisms for business, those pushed into suspended employment or losing jobs. These are, however, time-restricted 'emergency' measures intended to preserve as much of the status quo as possible. These measures also require large injections of public spending (and government borrowing). Does this mean that the pandemic killed-off austerity? What is clear is that huge funds have been directed at the private sector, not least in public health systems. This alone may well shape future provision. And given that austerity was brought about by necessity, there is a high probability that it will return with a vengeance in future. With this in mind, the potential for the Covid crisis to ultimately produce an alternative response to that pursued in 2008 does not seem likely.

References

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