Book Review: What's Wrong with Social Policy and How to Fix it

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***Paul Caruana-Galizia** finds a passionately written account of the problems within social policy, but feels something lacked in Bill Jordan's latest offering.*

What's Wrong with Social Policy and How to Fix it. By Bill Jordan. Wiley. October 2010.

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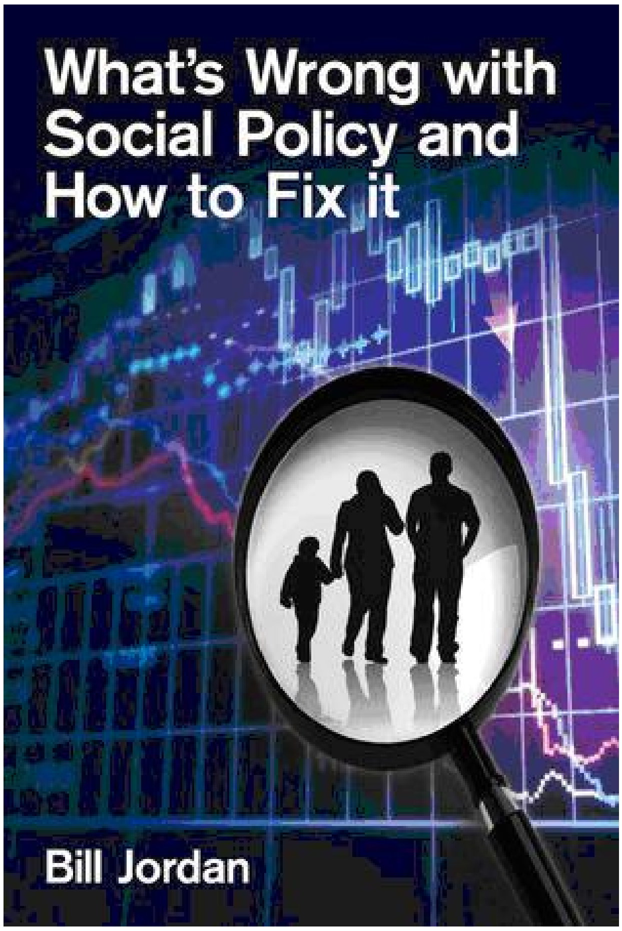

Bill Jordan's book offers a refreshing look at the already saturated topic of the global financial crisis, focusing specifically on the relationship between the individualistic attitudes which helped to create the financial crisis, and the social policies which can reject or encourage these attitudes.

According to Jordan, the 2008-9 financial crisis has made clear the problems of applying economic theory to social life. An economic model of social relations based on theories of incentives, contracts and information, sacrifices social, collective, and natural life to individual gains in utility. To support his argument, the author links the model to societal problems of, for example, increasing obesity, environmental degradation, stress and anxiety. Jordan theorises that we need 'some version of cultural theory': that we should replace the orthodox culture of competitive individualism with a culture of collective action and interdependence.

The book opens by contextualising the financial crisis by tracing its public policy roots back to the 1980s. Jordan argues that citizens adopted the individualism and consumerism culture only after it was adopted and implemented by policymakers. The economic analysis that underpins these policies came to embrace all of social life, and is faulty because it puts forward perverse incentives and unrealistic assumptions: for example, banks being expected to be rational and to steer agents onto the path of financial prudence. Jordan argues that social policies must be repaired by including social value, inclusion, and justice for new initiatives. To consolidate this, the author takes a global perspective, arguing that in a globalised world, a system of collective authority – or global social policy – is needed for the existing global economy. Jordan also firmly argues that sustainable communities lead to sustainable economies and, in turn, a better-preserved natural environment.

Overall, the book has the potential to be influential and its publication is timely. In the wake of the financial crisis, international organisations and governments have been doing a lot of policy soul-searching, and strong theoretical foundations for future social policy are needed if we are to avoid the human cost of another crisis.

While the context of the current financial crisis is new, the general thrust and themes of the book are not. The ideas are variations and extensions of the Easterlin Paradox – higher incomes correlate with higher well-being only up to a certain point – which have appeared and reappeared, most notably, in Avner Offer's *The*

Challenge of Affluence and in Richard Layard's *Happiness*, both of which Jordan quotes fondly. The examples, now clichéd in these works, of manipulative advertisers luring people into never-ending novelty seeking, display the 'all structure and no agency' approach, which is also typical of this work. The book characterises 'ordinary citizens' as victims of a structural problem: a culture of competitive individualism. This provides Jordan with the argument for more collective and government action.

But is it only individuals who choose the instantly gratifying over the more responsible and difficult? If we had a collective culture in place of the current competitive individualist one, would we really solve the problems Jordan outlines? Unlikely. It is governments and collective action that lead to the real, large-scale problems: it was the UK government, after all, which deregulated the centre of the global financial sector, making the crisis likely. Social problems such as stress, smoking or drinking are more common in countries without competitive individualism: for example, smoking in contemporary Cuba, alcohol consumption in the USSR, or murder rates in Colombia. China, which Jordan cites as an exemplar of prudence and collective action (through nationalising banks and industries), does not have a good environmental record. If Jordan's argument that life is better in collective cultures held, then mass emigration would be going the direction of China or Cuba, not the USA.

Pre-empting this criticism, Jordan writes that it is possible to make policy for collective living 'without limiting diversity in damaging ways', but does not offer a detailed, practical explanation of how this can be done. This is also a broader problem: contrary to the indications in the title, the book does not conclude with any practical or easy-to-implement solutions for social policymakers. Taken as a whole, the book is passionately written, engaging and topical. It is only unfortunate that Jordan cannot offer any innovative answers to the many drastic social issues that the financial crisis is set to cause.

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