

## Incomplete crisis response : socio-economics costs and policy implications

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### Abstrak

This article examines the perverse effects of incomplete crisis responses. Initial emphasis on the role of government – through coordinated fiscal measures to stimulate the economy, cushion job losses and support vulnerable groups – was effective in averting another Great Depression, despite widening public deficits. However, a policy mistake was made by bailing out banks without reforming the dysfunctional financial system that triggered the crisis: concern over the financial markets' reaction to growing public indebtedness has shifted policy towards a more traditional, market-oriented approach focusing on fiscal consolidation, smaller government and weak social protection. The risks are greater inequities and economic instability.