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Joseph Stiglitz. *People, Power and Profits: Progressive Capitalism for an Age of Discontent*, New York / London, W.W. Norton and Co., 2020, 371p. (LCCN-2019014726; ISBN-9781324004219)

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Joseph Stiglitz's *People, Power and Profits* is a powerful plea for reforming present problems, a plea aimed directly at the situation in his own country, the USA. However, it also has implications for many other countries during this present age of political and social polarization and constant challenging of facts and truth through reference to a collection of conspiracy theories. The book is developed step-by-step by the author, on a variety of interrelated subjects around the theme of reform, and is subdivided into two parts: identification of problems (the first half); and elaboration of appropriate solutions (the last half).

The approach is also very pedagogical. Various concepts are first presented and then carefully defined and explained, as if the author were talking to a group of undergraduates in an introductory course in political science or economics. Regarding economics itself, there is also a concerted effort to define or, more accurately, redefine the discipline. This effort comes with a sprinkling of criticism about certain established concepts in economics and their supposed importance, particularly those that have a tendency to interpret human decision-making as automatic in given contexts. This view is seen by the author as dehumanizing human beings and, as a result, as suspect and misleading.

Stiglitz pays a great deal of attention to the growing problem of inequality,<sup>1</sup> which has become particularly noticeable, according to him, since the 1970s. This trend began with the abandonment of the gold standard and the ensuing extremely high rate of inflation in the USA and elsewhere during the 1970s. (Anyone who had a mortgage or other type of loan at that time will know exactly what that surge of inflation meant, as general interest rates rose steadily and substantially, peaking out at an astonishing 21%.)

On the wrong side of the ledger, according to Stiglitz, sit the "1%,"—the bankers and the financiers, the last two working in the interests of the 1% both at home and abroad and, in turn, profiting from their own position as well. All three are accused of taking advantage of everything imaginable without remorse. On the other side is the vast majority of the population struggling to achieve or maintain a decent standard of living. That struggle, moreover, is overwhelming according to the author. Very specifically, government policy has created a great deal of unnecessary suffering for working people through wrong-headed thinking, improper organization, and erroneous application of programs.

Here, he puts the emphasis above all on discrepancies observed in employment, health care and education. These areas, Stiglitz argues, can be crucial sources of social improvement and development, and he regrets their distortion and even inaccessibility in many cases under the current and recent regimes in the USA.

As has already been pointed out, Stiglitz describes what has gone wrong in the first half of the book: a sort of paradise lost, and a slow and constant descent into hell. The subtitles of the introductory chapter provide a good idea of the direction of his thought at the very outset:

*Attacks on universities and science ..... Attacks on the judiciary ..... Selling the majority on policies that are against its own interest ..... The failure of our elites ..... A misshapen economy creates misshapen individuals and a misshapen society .....<sup>2</sup>*

Chapter 2 sets out in the same direction under the general title "Toward a More Dismal Economy," and its subsections highlight:

*Slowing growth ..... Growing inequality..... Inequalities in race, ethnicity, and gender ..... Inequality in health ..... Inequality of wealth ..... Inequality in opportunity .....<sup>3</sup>*

Special criticism is reserved for the financial and banking sectors in Chapter 5. In this regard, the conclusion of the financial crisis of 2007-2009, with the government's financial bailouts of the very institutions and people who had caused it in the first place, comes in for heavy criticism. Moreover, this largesse is given as an excellent example of what is wrong with the USA today. Stiglitz argues:

*The bank bailout of 2008 ..... showed the power of the banks. They had caused the crisis, yet government provided massive largesse to the banks and the bankers—without any sense of accountability for the crisis they had created, and with miserly help for the workers and homeowners who seemed but collateral damage in the financiers' war of greed.*<sup>4</sup>

This puts Alan Greenspan's comments, in his often-quoted *Foreign Affairs* article of 2013 "Never Saw It Coming," in a very different light.<sup>5</sup> The above comment appears at the outset of a chapter entitled "Finance and the American Crisis," and the chapter is full of pertinent observations on finance and banking as, once again, an overview of subtitles reveals clearly:

*Stopping the financial sector from harming society ..... A dysfunctional financial sector, a dysfunctional economy ..... Less mediation and more gambling, more efforts in creating market power ..... From traditional banking to a dysfunctional financial system ..... The misalignment of private and social interests ..... Contagion to the rest of the economy .....<sup>6</sup>*

Stiglitz also insists here and elsewhere on the effects of the passing of the 2017 tax bill as a major contributing factor to the present state of affairs:

*..... the 2017 tax bill, with its increases in taxes on a majority of those in the middle to finance tax cuts for corporation and billionaires, standing out as perhaps the worst piece of tax legislation ever .....<sup>7</sup>*

Stiglitz's political affiliation (and future agenda?) is clearly Democrat and centre-left, and it is argued in such terms. Much is made of the unreality of many positions taken by Republicans individually and collectively, although some Democrats also come in for criticism. Furthermore, it is pointed out that the confusion has even taken an institutional form in the Senate. That body's constitutional role is to provide the states of the union with equal representation, in contrast to the more fully democratic House of Representatives, which is elected on the basis of universal suffrage. Stiglitz argues that this role of the Senate, which was initially designed to protect minorities, has in fact permitted a minority to control the majority.

Stiglitz does not openly attack Trump or Trumpism in the first half of his book. He gets around to that task in the last half, but even then in measured terms, if one compares what he has to say with David Frum's tirade in *Trumpocalypse*.<sup>8</sup> At the same time, the social-democratic thrust of Stiglitz's position comes through loud and clear.

In the second half of the book, he sets about like Orpheus to identify the way out of hell, although he hopes to have more success than Orpheus in saving Eurydice (that is, the USA). The recipe for reform is built around the revival of Stiglitz's definition of the fundamental values of the American republic. Under the title "Our Values," we find what amounts to a credo of hope to provide a bridge between the factious present and the desired future. This credo is a substantial rethinking of the present-day USA and its practices:

*For all the divisions that have marked the country in recent years, there remain many shared values. We (or at least most of us) believe in equality, not complete equality, but far more than that characterized by today's economy. We especially believe in equality of opportunity and justice, and in democracy—not the one dollar one vote system that we have become but the one person one vote system that we learned about in school. We believe in tolerance, letting others do as they please as long as they don't harm others. We believe in science and technology, and the scientific method—keys to understanding the universe and the increase in our standards of living. We believe that we can use reason and deliberation, too, to figure out how to better arrange the affairs of society .... in which diverse individuals are better able to work together; to achieve far more than they could working alone. .... Such reasoning made the Founders realize that humans were fallible, as were all human institutions. Institutions could be improved upon. .... We agree, too, about those basic principles that have to be embedded in any functioning market economy, such as the rule of law. .... Fundamental to the Founders' conception of the role of government was an understanding of the limits of majority rule. .... By and large, over more than two centuries, our government, based on these shared values and beliefs has worked well. ....<sup>9</sup>*

Chapter 9 contains the heart of Stiglitz's concrete proposals for a renewed America. It appears under the title *Restoring a Dynamic Economy with Jobs and Opportunity for All* and, once again, the subtitles give a very good idea of the breadth and depth of its content:

*Labor force growth and participation ..... Productivity ..... Creating a learning society ..... Facilitating the transition to a post-industrial world ..... Place-based policies ..... Social protection ..... Unemployment insurance ..... Universal basic income ..... Decent jobs with good working conditions ..... Ensuring full employment ..... Better jobs, restoring work-life balance, and reducing exploitation ..... Restoring opportunity and social justice ..... The role of intergenerational transmission of advantage and disadvantage ..... The many forms of discrimination ..... Restoring justice across generations ..... Taxation .....<sup>10</sup>*

In short, this is a heartfelt, revealing and ambitious program for solving the crisis (indeed crises) facing the USA today. Its application will face strong resistance from the privileged and other entrenched parts of the population as well as certain ideological and structural issues.

As far as the book is concerned, this is fascinating reading by an author who has a penchant for action and whose thinking is based on a re-reading of U.S. history, or rather a reapplication of his reading of its principles. If recent and present situations are any indication, its operationalization will not be easy. Therefore, beware of what happened to Orpheus.

## Notes

[1] The subject of inequality is analyzed just as ably by other authors. An interesting case is Thomas Piketty, in his *Capital et idéologie*, Paris, Seuil, 2019. Piketty, however, treats this issue as endemic to all civilizations, indeed as part of their fundamental myth, and a problem to be solved by each of them. In similar fashion but on a broader scale, Piketty identifies the dynamic forces that can help to overcome inequality.

[2] See pp.16-29.

[3] See pp. 35-44.

[4] See p.102.

[5] The only thing that is really surprising here is that Greenspan himself was surprised, but his reaction was part of the self-delusion in certain circles that Stiglitz is denouncing; that is, the belief in an all-powerful and always ultimately-wise market. For more on this, see: Alan Greenspan, “Never Saw It Coming: Why the Financial Crisis Took Economists by Surprise,” *Foreign Affairs*, vol. 92, no 6, November-December 2013, pp.88-96.

[6] See pp.100-116.

[7] See p.206.

[8] David Frum. *Trumpocalypse: Restoring American Democracy*, New York, Harper Collins Publishers, 2020, 261p. This commentary on the Trump era, still in full swing at the time of writing, is a vigorous plea for reason and an attack *en règle* against Trump and Trumpism from a moderate American conservative with Canadian roots (the son of Barbara Frum, former CBC anchor).

[9] See pp.228-229.

[10] See pp.181-205.