

PROJECT SYNDICATE

After Neoliberalism

BUSINESS & FINANCE



JOSEPH E. STIGLITZ

WHAT kind of economic system is most conducive to human wellbeing? That question has come to define the current era, because, after

40 years of neoliberalism in the United States and other advanced economies, we know what *doesn't* work.

The neoliberal experiment—lower taxes on the rich, deregulation of labour and product markets, financialisation, and globalisation—has been a spectacular failure. Growth is lower than it was in the quarter-century after World War II, and most of it has accrued to the very top of the income scale. After decades of stagnant or even falling incomes for those below them, neoliberalism must be pronounced dead and buried.

Vying to succeed it are at least three major political alternatives: far-right nationalism, centre-left reformism, and the progressive left (with the centre-right representing the neoliberal failure). And yet, with the exception of the progressive left, these alternatives remain beholden to some form of the ideology that has (or should have) expired.

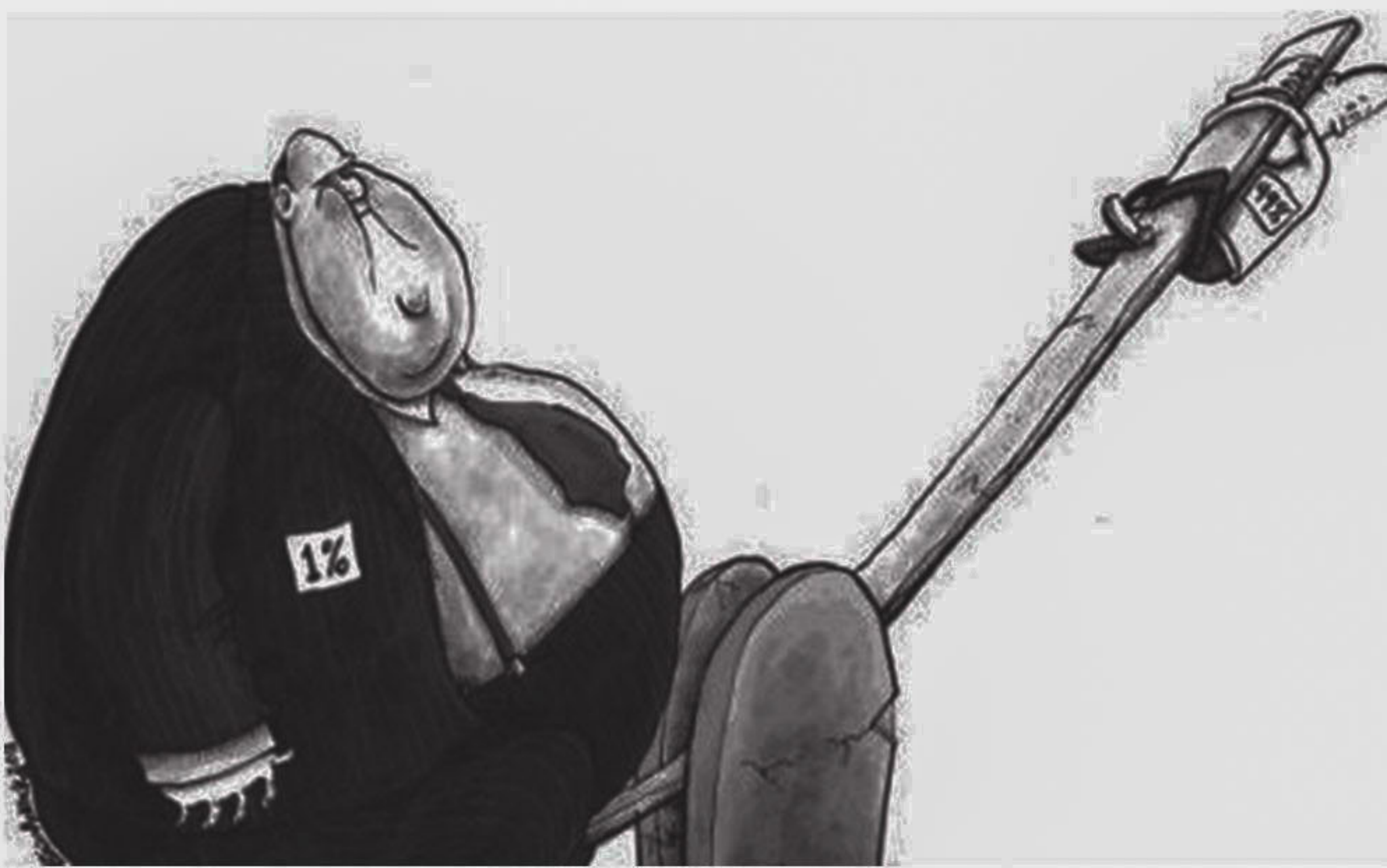
The centre-left, for example, represents neoliberalism with a human face. Its goal is to bring the policies of former US President Bill Clinton and former British Prime Minister Tony Blair into the twenty-first century, making only slight revisions to the prevailing modes of financialisation and globalisation. Meanwhile, the nationalist right disowns globalisation, blaming migrants and foreigners for all of today's problems. Yet as Donald Trump's presidency has shown, it is no less committed—at least in its American variant—to tax cuts for the rich, deregulation, and shrinking or eliminating social programme.

By contrast, the third camp advocates what I call progressive

capitalism, which prescribes a radically different economic agenda, based on four priorities. The first is to restore the balance between markets, the state, and civil society. Slow economic growth, rising inequality, financial instability, and environmental degradation are problems born of the market, and thus cannot and will not be overcome by the market on its own. Governments have a duty to limit and shape markets through environmental, health, occupational-safety, and other types of regulation. It is also the government's job to do what the market cannot or will not do, like actively investing in basic research, technology, education, and the health of its constituents.

The second priority is to recognise that the "wealth of nations" is the result of scientific inquiry—learning about the world around us—and social organisation that allows large groups of people to work together for the common good. Markets still have a crucial role to play in facilitating social cooperation, but they serve this purpose only if they are governed by the rule of law and subject to democratic checks. Otherwise, individuals can get rich by exploiting others, extracting wealth through rent-seeking rather than creating wealth through genuine ingenuity. Many of today's wealthy took the exploitation route to get where they are. They have been well served by Trump's policies, which have encouraged rent-seeking while destroying the underlying sources of wealth creation. Progressive capitalism seeks to do precisely the opposite.

This brings us to the third priority: addressing the growing problem of concentrated market power. By exploiting information advantages, buying up potential competitors, and creating entry barriers, dominant firms are able to engage in large-scale rent-seeking to the detriment of everyone else. The rise in corporate market power, combined with the decline in workers' bargaining power, goes a long way toward explaining why inequality is so high and growth so tepid. Unless government takes a more active



role than neoliberalism prescribes, these problems will likely become much worse, owing to advances in robotisation and artificial intelligence.

The fourth key item on the progressive agenda is to sever the link between economic power and political influence. Economic power and political influence are mutually reinforcing and self-perpetuating, especially where, as in the US, wealthy individuals and corporations may spend without limit in elections. As the US moves ever closer to a fundamentally undemocratic system of "one dollar, one vote," the system of checks and balances so necessary for democracy likely cannot hold: nothing will be able to constrain the power of the wealthy. This is not just a moral and political problem: economies with less inequality actually perform better. Progressive-capitalist reforms thus have to begin by curtailing the influence of money in politics and

reducing wealth inequality. There is no magic bullet that can reverse the damage done by decades of neoliberalism. But a comprehensive agenda along the lines sketched above absolutely can. Much will depend on whether reformers are as resolute in combating problems like excessive market power and inequality as the private sector is in creating them.

A comprehensive agenda must focus on education, research, and the other true sources of wealth. It must protect the environment and fight climate change with the same vigilance as the Green New Dealers in the US and Extinction Rebellion in the United Kingdom. And it must provide public programmes to ensure that no citizen is denied the basic requisites of a decent life. These include economic security, access to work and a living wage, health care and adequate housing, a secure retirement, and a quality education for one's children.

This agenda is eminently affordable; in fact, we cannot afford *not* to enact it. The alternatives offered by nationalists and neoliberals would guarantee more stagnation, inequality, environmental degradation, and political acrimony, potentially leading to outcomes we do not even want to imagine.

Progressive capitalism is not an oxymoron. Rather, it is the most viable and vibrant alternative to an ideology that has clearly failed. As such, it represents the best chance we have of escaping our current economic and political malaise.

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Operation Desert...

HUMOROUSLY YOURS



NAVEED MAHBUB

WHEN it comes to "blue eyed soul" music, Michael Bolton comes to mind. To the point that the joke among young bachelors is that listening to him is a manifestation of getting jilted or being enamoured head over heels. Wonder what lightning bolt struck to unscrew the cerebral bolt of the other Bolton, the John type, to being diametrically opposite of the Michael type. For the US National Security Advisor is "almost certain" that Iran is behind the attacks on oil tankers off the UAE coast. Being a lawyer, he is prudent in using the word "almost", whereas an excessive C.A.R.B. (Cheney, Ashcroft, Rumsfeld, Bush) diet consisting of Rice (not Basmati, but the Condoleezza type) resulted in not an "almost", but a confirmed *Ulcerative Colitis*, affecting the lining of the large intestine, a.k.a., the colon, or rather, the Colin (Powell type) to present the case of WMDs with the good old Microsoft Power Point.

But Power Point slides are too much work for President Donald Trump. Hence, direct action—the strategic Strait of Hormuz is now under the watchful eyes of President Trump's straight (after his middle finger to *Don't Ask, Don't Tell*) military. Maybe he's inking for a conflict—after all, he is one US president, unlike most of his predecessors, who needs to put military experience on his resume,



after his bone spur got in the way of him going to Vietnam that became a bone of contention. Trump was in an Ivy League while his nine-year senior John McCain (whom Trump is still not allowing to rest in peace by saying he is no war hero for being captured) languished in the grimy league of an obscure and bleak prison in Vietnam.

So, POTUS is playing catchup in war games, being high on Diet Coke

while reading the *Iranian Nights*. Unlike McCain, he is not a professional soldier and a professional in uniform is not only taught how to fight, but is also taught how not to get into a fight.

But doesn't Trump, also high on trade wars, know that war costs money? Hey, Uncle Sam just came out of a 35-day government shutdown! Then again, there are some things that money can't buy. For everything else, especially to

foot the bill for Trump putting his foot in his mouth, there is Saudi Arabia.

Speaking of which, perhaps the Iranian President and MBS (Mohammed Bin Salman) can get together for iftar or maybe an Eid get together. I know neither would want to be together in either Tehran or in Riyadh, so why not a third, neutral place like the Saudi Consulate in Istanbul for each other's "undivided"

attention?

Nah, the Arab neighbours don't trust, nor understand each other. After all, it is up to the Muslim nations to view Muslims as divided as opposed to the West seeing the Muslims as one—terrorists.

But we still hope, especially in the spirit of the remaining days of Ramadan, that restraint will prevail. It is heartening to see President Donald Trump, after his indoctrination on Islam courtesy of Fox and Friends followed by a Muslim ban, throwing an iftar party at the White house. Granted it had the Trump touch with no invitations going out to any Muslim organisations (which they would have declined anyway), thus making it look like a *Carné Asada* party with only vegetarians invited. Yet, he still reiterated while breaking fast with Muslim diplomats (lawmakers Ilhan Omar and Rashida Taib were absent, surprise, surprise...): "[Ramadan] is a time of charity, of giving and of service to our fellow citizens and one in which to become closer as families and communities."

So, President Trump and President Rouhani, it is the time of service to our fellow citizens of the world in which to become closer as families and communities of all ideologies. Unless, in the month of restraint, there is the lustful desire for *Operation Desert Stormy Daniels*...

Naveed Mahbub is a former engineer at Ford & Qualcomm USA, the former CEO of IBM & Nokia Networks Bangladesh turned comedian (by choice), the host of ATN Bangla's *The Naveed Mahbub Show* and the founder of *Naveed's Comedy Club*. E-mail: Naveed@NaveedMahbub.com

QUOTABLE Quote

JIM MORRISON
(1943–1971)
American singer, songwriter poet and lead vocalist of the Doors.

Expose yourself to your deepest fear; after that, fear has no power, and the fear of freedom shrinks and vanishes. You are free

BEETLE BAILEY by Mort Walker

DOGS DON'T GET MARRIED. THEN HOW ABOUT BEING MY BEST FRIEND?

OKAY. THEN DO EVERYTHING I ASK YOU, STAY AWAY FROM OTHER FEMALE DOGS, AND BE HOME BY 8:00.

BABY BLUES by Kirkman & Scott

NOW KAITLIN HAS A BRAND-NEW BACKPACK!

IT SOUNDS TO ME LIKE KAITLIN'S PARENTS ARE TRYING TO BUY HER AFFECTION.

ON A RELATED NOTE, MY AFFECTION IS OFFICIALLY ON THE MARKET.

HOMWORK.

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