



## Calls Out Neoliberal Economics But Not Conventional Economics

a review by Dick Burkhardt of

### People, Power, and Profits:

Progressive Capitalism for an Age of Discontent

By Joseph Stiglitz (2019)

Here's Stiglitz at his best (pp.113-4): "Obama's failure to hold the banks accountable for their misdeeds – while giving them a near-trillion dollar bailout – contributed to the disillusionment with government and the rise, first of the Tea Party movement, and eventually Trump". He understands that the despair engendered by escalating inequality is a breeding ground for the triumph of ideologies and animosities over reason. But he doesn't tell us that political gridlock has been fueled by damaging ideologies from the Left as well as the Right (just read "Political Tribes" by Amy Chua).

And Stiglitz is definitely old school when it comes to "wealth creation" – that it's all due to "innovation and learning" (p. 50), ignoring the critical role of natural resources and ecosystems. That is, predatory wealth comes from exploiting, not just people, but also nature. Thus true wealth creation comes from innovation and learning directed toward nurturance of people, sustainable usage of resources (especially energy), and minimizing harmful impacts on ecosystems - plus restoration to compensate for past economic failures.

A consequence is that we can't just suppose that rectifying injustices would enable 8 billion people on planet earth to live basic middle class lifestyles unless we can demonstrate how this can be done sustainably. Otherwise we face ecological overshoot and civilization collapse. And this is exactly what many scientists, especially climate scientists, are predicting. Speaking as a Ph.D. applied mathematician who's been studying economics, the simplistic assumptions and math of economists like Nicholas Stern and William Nordhaus are laughable in comparison.

That is, many experts are now saying that even a massive global Green New Deal won't save us from a partial global collapse without major reductions in material consumption (= "de-growth") by the world's more affluent classes. As for the US, the energy usage per capita in Europe is about half what it is here, so if we matched Europe and added at least another half cut, that would be a ¾ cut in the US: In other words, a very thorough and extremely expensive rebuild and transformation of US infrastructure. And much of this rebuild will likely need to be powered by fossil fuels, increasing green-house gas emissions prior to long term decreases.

Just read the excellent survey "Our Renewable Future" by Heinberg and Fridley: The biggest obstacle is that conventional renewables (wind & solar) produce only intermittent and hard-to-store electricity, while only 1/5<sup>th</sup> of US energy usage is electrical. For starters we'll need to electrify and expand the entire US rail system, including a trillion dollar network of high speed passenger rail to replace most domestic air travel and vastly more local rail service to dramatically reduce car commuting and truck freight. And dwindling supplies of high-priced fossil fuels will still be needed for some industrial uses, international air travel, etc., for the foreseeable future.

Stiglitz is clear about the need for a dramatic regulatory overhaul and challenging neoliberal economics. He declares that if Trump is re-elected, that "the long term damage Trump will have done to our economy and our society may be deep" (p 238). Yet he does not lay out a convincing path forward. How do we actually regain some control over a system that is so highly corrupted and getting worse? Instead of disrupting the club, Obama joined it, and Hillary sought to follow in his footsteps. Bernie Sanders and Elizabeth Warren are the only viable challengers to the corporatocracy currently, but, as Bernie says, it'll take a "political revolution", not just a better President.

Stiglitz asserts that "we got our values wrong" - that globalization failed much of our working class, and finance "became an end in itself" (p 239). He calls for a "new social contract that includes the preservation of the environment for future generations, and restoring political and economic power to the ordinary people" (p 243). However, "easier said than done". By contrast Rabbi Michael Lerner in "Revolutionary Love" calls us to think outside the box of all conventional theories of economics, not just neoliberal economics. He calls for a "new bottom line" – to maximize caring for people, not for profit., to ask elite institutions to shift their focus from the meritocracy to championing meaningful lives and economic security for all working people.