



## **People, Power and Profits, by Joseph Stiglitz - a critical review**

**Marlena Halhuber-Ahlmann**

Zeppelin Universität, Friedrichshafen, Germany

Email: [m.halhuber-ahlmann@zeppelin-university.net](mailto:m.halhuber-ahlmann@zeppelin-university.net)

**Oskar Wöltje**

Zeppelin Universität, Friedrichshafen, Germany

Email: [o.woeltje@zeppelin-university.net](mailto:o.woeltje@zeppelin-university.net)

### **Abstract**

*This review analyzes the latest book of economist Joseph E. Stiglitz titled *People, Power and Profits*. The review discusses his analysis of the development of the US economy, his criticisms, and propositions for improving economic development and distribution. One of the central theses in the book is that economics and politics are interrelated and that economic improvements can only be achieved through political improvements. On this basis professor Stiglitz puts forward a progressive economic agenda which aims to inspire political action. We ask who the constituency for such a political action might be and find that such an agenda would only be attractive to a progressive middle class. This review argues that insofar as this group constitutes part of the current status quo, it cannot be the base for a movement challenging the current economic and political paradigm. This leaves Stiglitz's book with a populist appeal without a constituency or populus to appeal to.*

**Keywords:** Joseph E. Stiglitz, Inequality, Political economy, Corona virus, Populism

**JEL classification:** P16, D63, D72

Received: 12 April 2021; Received in revised form: 15 May 2021; Accepted: 16 May 2021

### **1. Introduction**

Professor Joseph E. Stiglitz is a world-renowned Nobel Prize winning economist whose newest book *People, Power, Profits*, in the Keynesian tradition, aims to put forward a progressive economic agenda in order to save capitalism from itself. His book can be broken down into two distinct parts. In the first half Stiglitz offers a vivid analysis of how the US economy lost its way, describing how an increasing shift of market power away from the middle and into the upper class, the exploitation of that unequal power, and the removal of the government from the economy (mainly through deregulation), have created an inefficient and unsustainable economic situation which is only worsened by the ongoing transition into a globalized post-industrial economy. The second half of his book focuses on the lessons that can be drawn from this development, the reason why only the government is equipped to solve these issues, and what a progressive economic agenda would have to look like to address these challenges (Stiglitz, 2019).

## 2. Populism without constituency

As the title of the book already makes apparent, Stiglitz writes at times in a populist tone and language which might remind the reader of a rhetoric such as Saul Alinsky's writing about the haves and have-nots. But although the tone may make it seem otherwise, *People, Power, Profits* isn't very bold or radical at all. The book offers a very solid fundamental economic analysis, and even if you might find points of disagreement, as some reviewers do (Jackson, 2019), you will hardly consider this book to be very contested or controversial. The two most radical topics this book brings up are Stiglitz's unapologetic attack on market-fundamentalism and his proposal of a state jobs guarantee. And while some may fight with him over the former, concepts like the latter have defined presidential campaigns like that of Andrew Yang last year, and as Stiglitz points out, have been adopted by countries like India. Thus, you can hardly expect the rallying of a progressive populist movement around these topics. Which brings us to a really crucial question the reader might find him or herself asking while reading: who is this book written for? Its style is somewhere between a manifesto, textbook, and a policy paper. All three elements are present, but also there is decisively not enough of each to be useful as such. A student of the political sciences will be underwhelmed by the political aspects of the book yet won't gain enough economic insight, and vice versa for a student of economics. It doesn't offer enough substance on any one topic to be useful as consideration for policy makers. And as already established, it isn't radical enough to be an effective manifesto.

What Stiglitz produces here is populism without constituency. He offers a range of insights on how the haves of this world have taken power from the have-nots and only used that power to exploit the latter even more. But the insights are just self-evident and trivial enough as to not challenge the status quo in any way that one might perceive as meaningful. While populists used to critique power on a systemic level and push for systemic changes, Stiglitz advocates for reforms on a situational, or at most, on a structural level (Alford and Friedland, 1992). It is populism for the middle class. This is precisely why his populism is one without constituency, because the middle class can't act as a base for a populist movement, since while they might not be part of the 1%, they are even less part of the have-nots of this world. While the movements we see today with their confusions and their vigor lack a cohesive ideology (Endnotes, 2020), Stiglitz tries to bring a piece of progressive populist ideology to a base that can't achieve the movement he asks for in his book. In the end, the reader this book is written for is exactly that paradox of a centrist populist trying to change society from the middle outward, for whom Bernie Sanders *Medicare for all* is too radical, but Pete Buttigieg's *Medicare for all who want it* seems like a positive step forward. Those people will find in this book a useful narrative and set of talking points to support a sort of centrist new deal agenda.

Stiglitz has previously been accused of being a great economist and academic whose shift to policymaking after his Nobel-prize was "just a bit less impressive" (Rogoff, 2002). Maybe some truth to this critique can be found in *People, Power, Profits* as well. Economics is an often highly contested field, but if you share even generally similar views as Stiglitz, you will find little to disagree with within his economic analysis of the fall of the US economy and his proposals on how to rebuild it. But he stresses "economics and politics cannot be separated" (Stiglitz, 2019, p. 7) and it's his politics that this book struggles with.

### 3. Conclusion

While reading the book it becomes clear to the reader that Stiglitz is without question well-intentioned and struggling with the realization that the economics, he wishes to bring about can only be effectively achieved through political action. But Occupy is gone, the Sanders campaign had a good run in 2020 but in the end was defeated twice. The economic discontent that Stiglitz tries to connect with is huge and growing, but it's also atomized, disorganized, and highly complex. To organize it into a movement, as Stiglitz wishes, will take more than promises of a better healthcare system. And it is this complexity that he in the end fails to capture in a way that matches the sophistication of his economic analysis. You can't help but feel that he is stuck in 2011 (Lopez, 2011), standing in Zuccotti park preaching, but the activists that were in that camp amplifying his message so even the people in the back could hear, are gone, their tents bulldozed, their movement dissolved, and now it's just Stiglitz preaching to himself, a populist without constituency.

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