

Book Review

The Great Divide

Author of the Book: Joseph E. Stiglitz

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The Great Divide book began with the onset of the Great Recession. The book is collection of the articles, essays and reflections on the inequality-its dimensions, causes and consequences that is afflicting not only America but the other western countries of the world as well. Written by Joseph E. Stiglitz, a Nobel Prize winning Economist at the World Bank and the best-selling author of the Great Divide, The Price of Inequality, Free-fall, Globalization and its Discontents, The Roaring Nineties, Making Globalization Work. He is columnist for the New York Times and Project Syndicate and has written for Vanity Fair, Politico, The Atlantic and Harper's. He is currently University Professor of the Columbia Business School and Chair of the Management Board and Director of Graduate Summer Programs, Brooks World Poverty Institute, University of Manchester. He believes that financial inequality undermines the U.S. economy.

In Great Divide, the author expands on the diagnosis he offered in his best-selling book, 'The Price of Inequality' and suggests ways to counter this gnawing problem. He argues that inequality is a matter of choice-the aggregate result of unjust policies and misguided priorities.

The essays compiled in this book are grouped together thematically into different sections, preceded by a short introductory essay that explain the context in which the articles were written. Beginning with the Prelude: Showing Cracks, the book further proceed with Part I, with an overview of some key issues in inequality including [Of the 1 Percent, by the 1 Per cent, for the 1 Percent' Vanity Fair article and inaugural article for The Great Divide series in the New York Times] Part II focuses on the articles that share personal reminiscences of the author on growing interest in the subject. Part III, IV & V deals with the dimensions, causes and consequences of inequality. Part VI brings out some ideas related to Policy and Part VII looks at inequality and policies designed for other countries and lastly Part VIII turn to one of the core causes of inequality in America.

In this book, Joseph argues that inequality is not the natural result of market efficiency but instead is due to 'rent seeking' on part of economic elites that have gained control of income producing resources that have enabled them to become richer not by creating any new wealth but by increasing their share of the wealth that already exists.

The author of this book was also a former advisor to President Bill Clinton and a critic of President George W. Bush policies. He was of the opinion that George Bush administration's remedy for any problem was a tax cut whereas Clinton administration had put off investments in infrastructure, education and programs to help the poor in the name of deficit reduction. Large deficits began

to characterize the American economy with President Reagan and it was not until President Clinton that the deficit turned into surplus.

From Reagan-era to the Great Recession and its aftermath, the author delves into the irresponsible policies-deregulation, tax cuts for the rich, the corruption of the political process-that are leaving many people behind, turning the America dream of socially built society into an unachievable myth. There was a time when we were filled with optimism and could look forward to a better life for our children and grandchildren. But America is no longer home to the American dream but instead to a 'Great Divide', separating haves and have not.

The huge inequality that is emerging in U.S and many others advanced countries-economic mismanagement, globalization and the role of the State and the market. The making of 'Great Recession's connected with the making of America's great divide. Poverty, inequality, racial discrimination and unemployment battered the country.

With formidable yet accessible economic insight, Stiglitz urges us to embrace real solutions-increasing taxes on wealthy, offering more help to the children of the poor, investing in education, science and infrastructure, helping homeowners instead of banks and most importantly doing more to restore the economy to full employment. He draws lessons from Mauritius, Singapore, Japan, and Spain and argues against tide of unnecessary destructive austerity that is sweeping across Europe.

Joseph's complain is not so much about capitalism but how capitalism has been perverted. He has diagnosed America's greatest economic challenges, from the Great Recession and its feeble recovery to the wide gap between the rich and the poor. A fairer democracy and a healthy economy are within our grasp if we can put aside misguided interests and ideologies and abandon failed policies. This book reveal equality of opportunity as a national myth, show that today's inequality is a matter of choice not an act of God but result of our policies and politics and explain reforms that would spur higher growth, more opportunities and greater equality. If we follow the reforms he suggested, America can live up to the dream of a more prosperous and equal society.

The book is valuable in the style of writing. Written in easy, readable, plain and simple English using no jargons, Stiglitz makes his concepts clear and comprehensible to even those with minimal knowledge of economics or its background. His persuasive approach that repeatedly makes the point clear that inequality is inevitable and is result of consciously made choices. If at times repetitive, the book looks at the steady increase in income inequality throughout the world over past several years. The author is successful in carrying forward his perspective by breaking down the complex economic concepts into the language that even a layman can follow and the solutions and remedies discussed by him would prove to be quite effective and beneficial in the long run to those concerned about yawning economic gaps in modern society.

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