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COMUNICATO n. 1604 del 27/05/2023

Reforming capitalism: an essential step if we want to face the challenges lying ahead - from social inequalities to climate change

Capitalism needs urgent reforms, states Nobel Laureate

From the Trento Festival of Economics, Joseph Stiglitz, Nobel Laureate in Economics, shared his views on capitalism, climate changes, and social crisis in a sold-out debate with Gigi Donelli, editor in chief of centrale news, Radio 24, and Lisa Fitoussi, Lawyer and Professor of Law, Sciences Po. “Capitalism has delivered some results” - Stiglitz stated - “so as we say, you do not want to throw out the baby with the bath water; but it has also had some failure, and that’s why reforming capitalism is urgent. We need better regulations to ensure competition and social welfare, to protect the environment and the people against exploitation”.

From the stage of Teatro Sociale, **Joseph Stiglitz**, Nobel Laureate in Economics and professor at Columbia University, addressed a sold-out audience during the third day of the Trento Festival of Economics. His intervention, titled “Capitalism in need of reforms”, touched on several sensitive points, ranging from growing inequalities to the environmental crisis. As he stated, “Reforming capitalism is urgent; we are facing multiple crises. Take the climate crisis: Italy is facing this flooding, and in the US, we have had hurricanes and wildfires,.. these are extreme weather events which bear an excessive cost on society. We are also facing a crisis as to inequality, a slowing down of our growth with the benefits going to the people at the top, not to people at the bottom. **Capitalism is not working the way it is supposed to be working**”.

He then moved on, dealing with how a reformed capitalism could look like, in what he defines “progressive capitalism”: “The basic idea is that in a complex 20th-century economy you need to have decentralization. You need to have for-profit and not-for-profit bodies working together. **Progressive capitalism** includes a rich variety of actors and involves a stronger role for the state. We now realize, particularly after the pandemic, how important the government is”. The government - he stated - was a key player in financing the research on the vaccine and its dissemination, but also in supporting the economy not to collapse into a depression which could have been worst than the Great Depression. “We also realized that the market has created all the problems I described, but it’s not going to solve it. Progressive capitalism can”.

In his view, the US is an interesting case study since it represents the extreme example of capitalism and the problems it brings about. Europe should not follow in the same footsteps but learn from the US and make different moves to avoid facing the same issues the US is facing. Stability and growth pacts also need reforms since “you cannot achieve the green transition if your hands are tied, and you can’t invest. There are no economic bases. Italy has talked about having a green golden rule, and this seems to me absolutely right”.

Prompted by Donelli, while drawing to a close, Stiglitz underlined once more that politics and economy cannot be separated. “We have to write rules, which normally are written in the political space. The problem is that the political space has been constrained by the neoliberal ideology, which was never a good ideology. We had wrong regulations on governments, limiting their actions, and no regulations on the economy. It didn’t work well. We need to regulate the private sector, give more space to the public sector, and move towards progressive capitalism”.

The program of the four-day Festival is available at the festivaleconomia.it website, where all events and speakers are published.

At this link , information on facilities for travelling and staying in Trento during the days of the Festival is available.

Accreditation for journalists, photographers and videographers needs to be asked through the form: https://www.festivaleconomia.it/en/stampa/accredito-stampa

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