REUNIÃO DE CONJUNTURA

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Artigos de Conjuntura Global

Unnatural Economics - Wonkish (Paul Krugman – 06/05/2018)

Paul Krugman joined The New York Times in 1999 as an Op-Ed columnist. He is distinguished professor in the Graduate Center Economics Ph.D. program and distinguished scholar at the Luxembourg Income Study Center at the City University of New York. In addition, he is professor emeritus of Princeton University's Woodrow Wilson School.

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Is the natural rate hypothesis dead? Maybe. Probably.

From the mid-1970s until just the other day, the overwhelming view in macroeconomics was that there is no long-run tradeoff between unemployment and inflation, that any attempt to hold unemployment below some level determined by structural factors would lead to ever-accelerating inflation. But the data haven't supported that view for a while; and the latest US employment report, with its combination of a low reported unemployment rate and continuing weak wage growth, seems to have brought skepticism about the natural rate to critical mass.

But what does it mean to question or reject the concept of a natural rate? Reading Mike Konczal's explanation for the layperson, or Olivier Blanchard's exposition for the pros, I wonder whether the point is coming across clearly enough. That's not to say that there's anything wrong with either Konczal or Blanchard – I completely agree with what both are saying, except that I would take a stronger stand than Olivier against the old orthodoxy (which probably says more about our personalities than about our take on the evidence, which appears to be identical.) But I thought it might be useful to restate the case and the implications.

The bottom line here is that the case for aggressive monetary and, when necessary, fiscal policies to sustain demand is much stronger than we used to think. Errors like the turn to austerity and the ECB's 2011 rate hike were much bigger mistakes than the previous doctrine allowed for; premature Fed rate hikes would be a bigger sin than even the Fed seems to realize now. For given what we now seem to know, output lost to weak demand is lost forever; there is no chance to make up for it later.

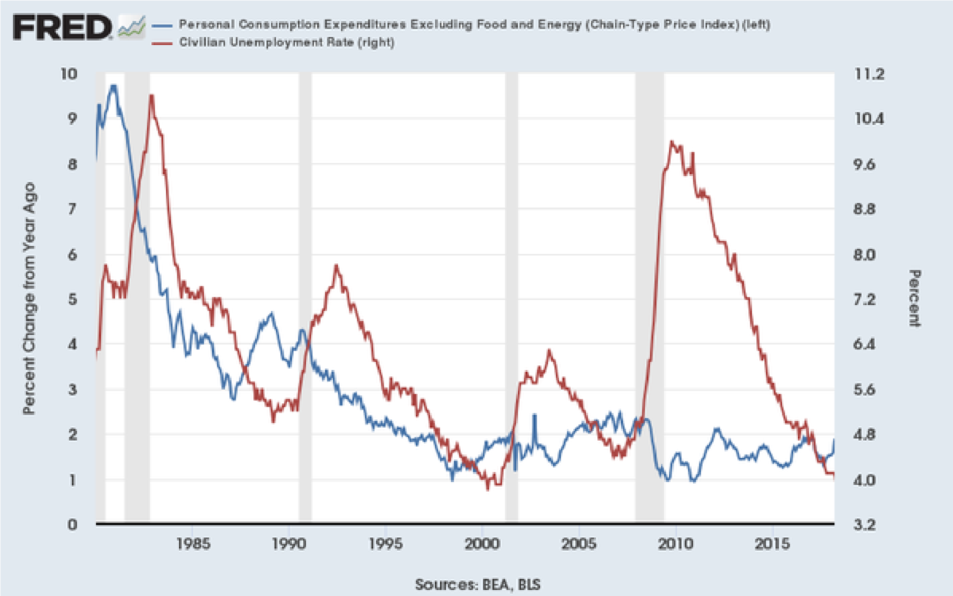
During the 1970s almost the whole macroeconomics profession was persuaded by the experience of stagflation that Milton Friedman (and Edmund Phelps) were right: there is no long run tradeoff between inflation and unemployment. Current inflation does depend on unemployment, but it also depends one-for-one on expected inflation:

Inflation = f(U) + expected inflation

Where f(U) means some function of the unemployment rate. Meanwhile, expected inflation presumably reflects past inflation. So trying to keep U very low means raising inflation ever higher to keep ahead of expectations, which is not a sustainable strategy.

Actually, the speed with which the profession adopted the natural rate hypothesis was remarkable – and is especially extraordinary compared with the utter unwillingness of many macroeconomists to admit that experience since 2008 requires some change in their models, maybe even a concession that Keynesians were onto something. But that's a story for another time.

So what happened? Consider the behavior of unemployment and core inflation since 1980:



The first half of the 80s was marked by a huge rise in unemployment, which eventually came back down to roughly its original level; but inflation at the end of this cycle was a lot lower than at the beginning, seeming to confirm the accelerationist hypothesis.

But after 2008 we once again had a huge rise in unemployment, which eventually came back down to roughly its starting point (actually lower at this point). If this cycle had produced an 80s-level disinflation, we'd be well into deflation by now. Instead, inflation is also pretty much back where we started.

Does this mean that there's no relationship between unemployment and inflation? Despite some puzzles in recent US data, I'm not willing to go there. Extreme events are your friend in such cases, because the underlying logic is less likely to be obscured by special circumstances. So I look at things like Spain's disinflation in the face of massive unemployment:

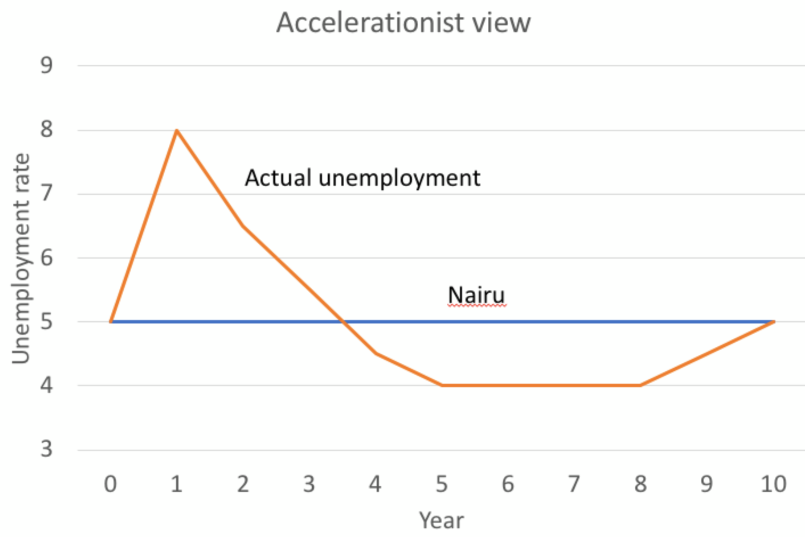
I'd say that the preponderance of evidence still supports the notion that high unemployment depresses inflation, low unemployment fosters inflation.

But this isn't what the natural rate hypothesis demands. This is what I've called the neo-paleo-Keynesian Phillips curve, in which there is a tradeoff between inflation and unemployment, even in the long run.

Why does accelerationism, which worked in the 80s, no longer seem to work? One way or another, I think we're into the realm of bounded rationality/behavioral economics. Downward nominal wage rigidity is a real thing, which becomes highly relevant at low inflation. And as Blanchard suggests, in a low-inflation world people may simply stop paying attention to overall inflation, or building changing expectations into their price-setting.

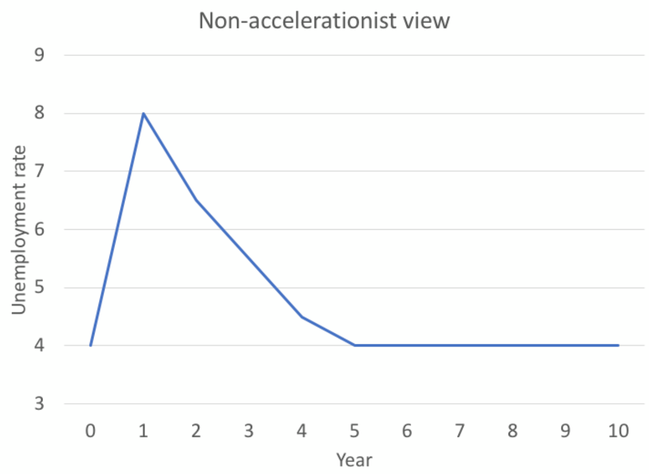
So why does this matter? Consider the following story; any resemblance to real events is entirely intentional. Imagine that we go through a severe economic slump that temporarily drives unemployment way up and reduces inflation, but that eventually inflation gets back to where it started.

On the accelerationist view, the period of high unemployment should lead to lower expected inflation, so to get inflation back up to its original level policymakers have to let the economy run hot for a while, with unemployment below its long-run sustainable level. Assuming they manage to do this, the period of running hot helps offset the cost of the initial slump; indeed, to a first approximation the average unemployment rate over, say, a decade is the same as it would have been without the slump:



On this view, the task of central banks and fiscal authorities isn't full employment; it's "stabilization", avoiding big swings in unemployment. You can think of reasons that might be important, but it would be wrong to simply add up the output lost during a slump and call that the loss to the economy.

But the paleo view – which is the one supported by the evidence – says that getting inflation back to the original level doesn't mean running the economy temporarily hot; it just means getting unemployment back down. So there is never any compensation for the initial slump:



On that view, the failure to supply enough demand after 2008 imposed an enormous cost, which we can never regain. And looking forward, the risks of being too loose versus too tight are hugely asymmetric: letting the economy slump again will again impose big costs that are never made up, while running it hot won't store up any meaningful trouble for the future.

Is this reality being reflected in policy? My sense is that a lot of economists in central banks have come around to a neo-paleo view of inflation. But actual policy still looks as if it's being run with an accelerationist Phillips curve in the background, at best; indeed, there's an obvious unwillingness even to temporarily let the economy run hot.

This matters. We should not let policy be driven by ideas that haven't worked for decades.

Fonte: KRUGMAN, Paul. "Unnatural Economics – Wonkish"
Disponível em: <https://www.nytimes.com/2018/05/06/opinion/unnatural-economics-wonkish.html?rref=collection%2Fcolumn%2Fpaulkrugman&action=click&contentCollection=opinion&region=stream&module=stream_unit&version=latest&contentPlacement=2&pgtype=collection> Acesso em 10 de Maio de 2017.

The Destruction of the Republican Party (J. Bradford Delong – 07/05/2018)

J. Bradford DeLong is Professor of Economics at the University of California at Berkeley and a research associate at the National Bureau of Economic Research. He was Deputy Assistant US Treasury Secretary during the Clinton Administration, where he was heavily involved in budget and trade negotiations. His role in designing the bailout of Mexico during the 1994 peso crisis placed him at the forefront of Latin America's transformation into a region of open economies, and cemented his stature as a leading voice in economic-policy debates.

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It has been one and a half years since Donald Trump was elected to the US presidency, so now is as good a time as any for Americans to take a deep breath and contemplate their broken political system.

To be sure, the United States has not experienced any major catastrophes, even though massive policy mistakes always seem to be looming on the horizon. But the country has been suffering a death by a thousand cuts, leaving it weaker and poorer the longer Trump is in office.

Much of the blame for this belongs to the Republicans, who have fallen into line behind Trump for reasons that are still difficult to understand. Trump was elected with over 60 million votes – some three million fewer than his opponent, Hillary Clinton. But he gained public backing from a wide array of Republican mandarins, policy advisers, and activists, all of whom knew that a President Clinton would pose less of a risk to the country.

Why did they do it? The most persuasive hypothesis is that – like former FBI Director James Comey and Dean Baquet, the executive editor of The New York Times – they ignored polling that did not underestimate the risk of a Trump victory. Mainstream Republicans assumed that they had little to lose, and perhaps something to gain, by opposing Clinton, because that is the lesson they took from the experiences of both Richard Nixon and Ronald Reagan.

It is worth remembering that in 1964, Nixon backed the Republican presidential candidate Barry Goldwater, while other Republicans, such as then-Governor of Michigan George Romney, did not. Nixon then went on to become the party's presidential nominee in 1968, winning out over Republicans who had alienated the party's activist base by opposing Goldwater.

Likewise, Ronald Reagan backed Nixon until the very end, even as Nixon's impeachment was imminent, while Republicans such as Senator Howard Baker of Tennessee concluded that Nixon would have to go. Reagan went on to become the party's presidential nominee in 1980, winning out over Republicans who had stepped out of line with the party's activist base.

In 2016, the Republicans who backed Trump most likely saw it as a cheap way to advance their future in the party. What they did not count on was that he would actually become president, and that they would still have to look at themselves in the mirror every morning. Now that Republican rank-and-file voters have come to regard themselves more as Trump supporters than as Republicans, the party's leading lights must decide what to do next.

Some have already made their choice. Speaker of the House Paul Ryan is retiring at the end of this term. Barring the unlikely possibility that he will mount a presidential run sometime in the future, he is effectively abdicating one of the most powerful positions in the US government, and abandoning his country to the leadership of an unhinged and unqualified kleptocrat. And Ryan is hardly alone: at last count, 43 Republican House members have decided not to seek reelection in November.

Whatever becomes of the Republican Party, it is within the American people's power to mitigate some of the damage from Trump's domestic policies at the local level.

That is precisely what California and other Democratic ("blue") states have been doing – and with a great deal of success so far.

But in Kentucky, Alabama, Mississippi, Nebraska, and other red states, the Republican voter base continues to be easily grifted. Farmers in Iowa and other heartland states turned out heavily for Trump in 2016, only to find that he regards them as acceptable casualties in the trade war he wants to launch against China, and perhaps Mexico, too. One should feel sorry for these voters, but not for the Republican politicians who have continued to swindle them by supporting Trump.

What can be done? For starters, we have to educate voters, and keep the spotlight on policies that are against their interests. Normalization is not an option. Pointing out the stupidity and destructiveness of Trump's policies, and making the case for their immediate reversal, should be an everyday occurrence.

Beyond that, Americans should try to persuade Vice President Mike Pence that it's time to invoke Section 4 of the 25th Amendment, which provides for the removal of a president who has been deemed unfit to serve by a majority of his or her cabinet.

Public pressure should also be brought to bear on Rupert and Lachlan Murdoch, the co-chairmen of 21st Century Fox, which owns Fox News. Many of Trump's policy decisions and tweets track whatever his favorite Fox News commentators say on any given day. In the long run, though, kleptocrats tend to make prey of plutocrats. If the Murdochs care about their long-term fortunes, their best move may be to have their network tell the president: "You gave it a good try, but you're tired and clearly unhappy in the job, so why not just quit and go play golf, for the sake of your health?"

Finally, Republicans should be made to understand that this is their party's "Pete Wilson" moment. Pete Wilson is a former Republican governor of California who in the 1990s consigned his party to permanent minority status in the state by smearing Latinos as a menace. Today, California's large Latino population – which includes many dedicated, socially conservative churchgoers – have no truck with the Republicans. (Nor do many elderly white men in California, because even they are capable of embarrassment.)

Trump could do to the Republican Party nationally what Wilson did to it in California. Party leaders – already facing the likely loss of the House, and possibly the Senate, in November – need to act before it´s too late.

Fonte: DELONG, J. Bradford. "The Destruction of the Republican Party"
Disponível em: <https://www.project-syndicate.org/commentary/trump-end-of-republican-party-by-j--bradford-delong-2018-05> Acesso em 10 de Maio de 2018.

Donald Trump declares trade war on China (Martin Wolf – 08/05/2018)

Martin Wolf is chief economics commentator at the Financial Times, London. He was awarded the CBE (Commander of the British Empire) in 2000 "for services to financial journalism".

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The Trump administration has presented China with an ultimatum on trade. That is what the US's "draft framework" for the trade talks with Chinese officials in Beijing last week actually is. China could not accede to its demands. The US administration is either so foolish that it does not understand this or so arrogant that it does not care. This may be a decisive moment for relations between the world's two greatest powers.

The US side demands the following "concrete and verifiable actions".

China is to reduce the US-China trade imbalance by $100bn in the 12 months beginning June 1 2018, and by another $100bn in the 12 months beginning June 1 2019.

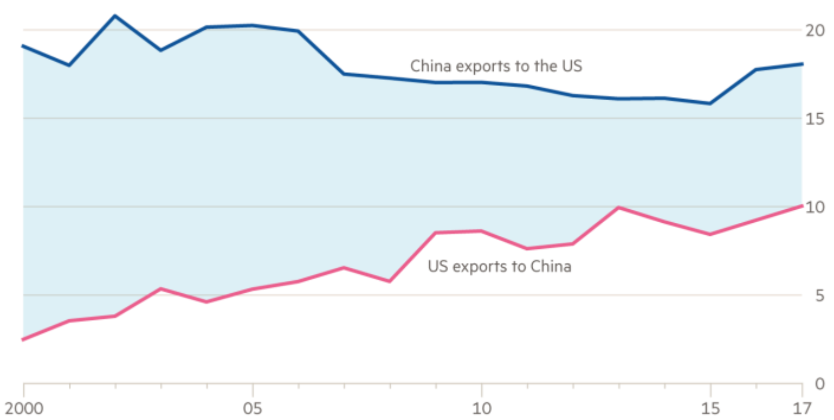
China should also immediately eliminate all "market-distorting subsidies" conducive to excess capacity. It will strengthen intellectual property and eliminate technology-related requirements for joint ventures.

"Furthermore, China agrees to . . . cease the targeting of [US] technology and intellectual property through cyber operations, economic espionage, counterfeiting and piracy. China also agrees to abide by US export control laws."

Moreover, China will withdraw requests for World Trade Organization consultations relating to tariff actions on intellectual property. "In addition, China will not take any retaliatory action . . . in response to actions taken or to be taken by the US, including any new US restrictions . . . China immediately will cease all retaliatory actions currently being pursued."

China is more vulnerable to protectionism

As a % of each county's total exports



Source: Bloomberg, Customs General Administration PRC, US Census Bureau
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China "will not oppose, challenge, or . . . retaliate against US imposition of restrictions on investments from China in sensitive US technology sectors or sectors critical to US national security". But "US investors in China must be afforded fair, effective and non-discriminatory market access and treatment, including removal of . . . foreign investment restrictions and foreign ownership/shareholding requirements".

By July 1 2020, China will reduce tariffs in "non-critical sectors to levels that are no higher than" equivalent US tariffs. It will also open access to services and farm products as the US specifies.

The agreement is to be monitored quarterly. Should the US conclude that China is not in compliance, it may impose tariffs or import restrictions. China "will not oppose, challenge or take any form of action against" any such US impositions. China will also withdraw its WTO complaint that it is not being treated as a market economy.

What is to be made of these demands? The call for a reduction of the bilateral deficits by $200bn (up from $100bn) is ridiculous. It would require the Chinese state to take control over the economy — precisely what, in other respects, the US demands it not do.

It is a violation of the principles of non-discrimination, multilateralism and market-conformity that underpin the trading system the US created. It should be ashamed of itself. It ignores the overwhelming probability that this will not reduce overall US deficits, particularly given US fiscal irresponsibility. It ignores the inevitable adverse effects on third countries.

The demand that China have exactly the same tariffs as the US is almost as ridiculous. There is no economic case for such a policy. It would be far more reasonable to demand that it move towards the same average tariff as the US or EU.

A serious discussion should indeed be had on the terms of foreign investment in China and Chinese investment in the US. So, too, must there be a discussion of intellectual property protection and cyber-espionage. But China could never accept the idea that the US may prevent it from upgrading its technology.

The notion that the US may insist on unrestricted access for investment in China while reserving the right to restrict Chinese investment, as it wishes, must also be unacceptable.

Finally, the idea that the US will be judge, jury and executioner, while China will be deprived of the rights to retaliate or seek recourse to the WTO is crazy. No great sovereign power could accept such a humiliation. For China, it would be a modern version of the "unequal treaties" of the 19th century.

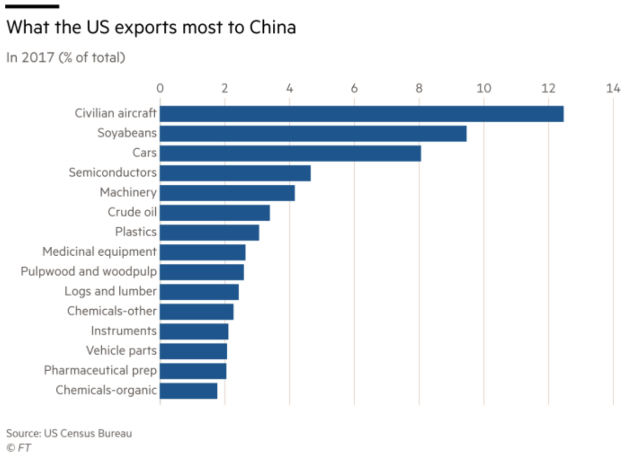
The Americans seem sure they can force the Chinese to sue for terms, how ever foolish and humiliating these are. China would indeed be hurt more by a tit-for-tat tariff war than the US. This is because its exports to the US dwarf those from the US to China.

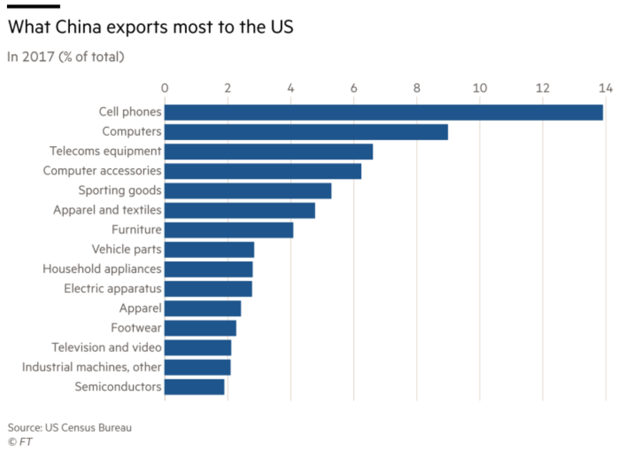
A recent analysis from the Hoover Institution suggests that China's economic growth might be reduced by 0.3 percentage points in a tariff war. That is far more costly than to the US, but it would be survivable for an economy as dynamic as China's. To China's leaders, such costs would be dwarfed by those of abject surrender. (See charts.)

Both economically and politically, the US is going about this in the wrong way, not only because it is seeking to humiliate China, but because it is simultaneously waging commercial war on its potential allies. The right path for everybody would be to make the discussion multilateral, not narrowly bilateral.

China should recognise that, though still a developing country in some respects, it is also a superpower. It should embrace the principles of rules-governed openness and liberal trade. A renewal of the lapsed multilateral trade negotiation, built around opening up the Chinese economy, could, as the Chinese say, be a “win-win” for everybody. China should take the lead. The Europeans and Japanese should support the idea.

Americans who are better aware of the national interest than the administration need to understand that the US will find itself on its own if it seeks conflict. That is what must happen when a leader turns into a self-regarding bully.





Fonte: WOLF, Martin. “Donald Trump declares trade war on China”
Disponível em: <https://www.ft.com/content/dd2af6b0-4fc1-11e8-9471-a083af05aea7>
Acesso em 10 de Maio de 2018.

How Europe Should Respond to Trump’s Steel Tariffs (Daniel Gros – 08/05/2018)

Daniel Gros is Director of the Brussels-based Center for European Policy Studies. He has worked for the International Monetary Fund, and served as an economic adviser to the European Commission, the European Parliament, and the French prime minister and finance minister. He is the editor of Economie Internationale and International Finance.

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The last-minute decision by US President Donald Trump’s administration to delay imposing steel (and aluminum) tariffs on Canada, the European Union, and Mexico for 30 more days will ostensibly give the US a chance to negotiate a longer-term arrangement with its trading partners. What should such an arrangement look like?

Trump is not the first US president to introduce protectionist measures on behalf of America’s steel industry. In 2002, President George W. Bush imposed a number of import restrictions, including headline tariffs of 30% on some steel products. But, even then, more than 70% of steel imports were exempt from any protectionist measures. Trump, by contrast, proposes measures that will affect the entire steel sector.

This difference reflects a more fundamental shift in the US approach to trade. The Bush administration generally favored open trade; its hand was forced by the domestic steel lobby, at a time when the industry was generating large losses. Still, there was an implicit understanding that everybody would abide by the rules of the game – specifically, the rules of the World Trade Organization – and the US ultimately did.

By contrast, the Trump administration's desire to protect the (now profitable) domestic steel sector reflects a belief that free trade, in general, has benefited others at the expense of the US. And the US under Trump has little regard for WTO rules.

To be sure, the Trump administration has attempted to ensure that its tariffs do not directly defy those rules, by asserting that they are aimed at protecting national security – an objective that the WTO recognizes as a valid reason to protect domestic industries. The relevant provision has been used very rarely, but the few precedents suggest that Trump's tariffs might be legally justifiable, even if only a small fraction of steel output is actually used for tanks and warships.

But there is a hitch. If the tariffs really are about national security, they must be placed on imports mainly from close allies like Canada, Mexico, Japan, and the EU. Complicating matters further are so-called transshipments. Steel comprises a relatively homogeneous class of goods. For example, flat rolled steel (of a certain quality) is traded on organized exchanges with little regard for its origin. So if the US were to impose steel tariffs only on some countries, those countries' steel exporters could send their products to US allies, which could then increase their exports to the US.

This means that, if the US exempts its allies from tariffs, it would also need some reassurance that those allies' exports to the US will not skyrocket. And, indeed, the US is now asking its allies, including the EU, to limit their steel exports to the US. The problem is that WTO rules do not allow these so-called voluntary export restraints.

This puts the EU in a quandary. It has threatened to impose countervailing measures if the US follows through with its tariffs. But these measures might not be legitimate, if a WTO panel finds that the US has the right to determine that its national security justifies steel tariffs. Yet, if the EU bows to US demands for "voluntary" limitations on its steel exports, it might also violate its WTO obligations.

From the EU's perspective, however, it is those voluntary limitations that should be most tempting. Voluntary export restraints were widely used in the 1980s – often by the EU itself, to counter competition from East Asia. For the exporting country, they represent an attractive alternative to tariffs.

Tariffs offer the prospect of some additional revenue to the importing country, though precisely how much would depend on the extent to which imports fall. For example, if the US imposed an across-the-board import tariff of 25% on steel products, and imports collapsed to $15 billion – one-half of their 2017 value – the US would still acquire an extra $3.75 billion in annual revenues.

Under a series of voluntary export agreements with major producers, the same result would be achieved, in terms of US steel imports, but it is foreign producers that would gain the extra revenue. In other words, US consumers of steel would effectively subsidize foreign steel producers.

The Trump administration is amenable to this outcome, because it finds it inconvenient to put a tariff on imports from its allies. From the US perspective, the allies should simply tax their exports and keep the revenues.

Unlike the US – which has apparently abandoned economic logic in its search for quick “wins” on trade – the EU is a slow-moving entity that generally prioritizes economic logic above geopolitical considerations and favors long-term agreements. Given these differences, it may be difficult to come to an agreement in the next 30 days.

Still, for the EU, the economic logic of agreeing to Trump’s demands appears strong enough to convince it to hand Trump this apparent victory. The gain to European steel producers should more than cover the cost of lawyers’ fees to defend voluntary export restraints at the WTO.

Fonte: GROS, Daniel. “How Europe Should Respond to Trump’s Steel Tariffs” Disponível em: <https://www.project-syndicate.org/commentary/trump-steel-tariffs-voluntary-export-restrictions-by-daniel-gros-2018-05> Acesso em 10 de Maio de 2018.

How Costa Rica Gets It Right (Joseph Stiglitz – 08/03/2018)

Joseph E. Stiglitz, a Nobel laureate in economics, is University Professor at Columbia University and Chief Economist at the Roosevelt Institute. His most recent book is Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump.

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With authoritarianism and proto-fascism on the rise in so many corners of the world, it is heartening to see a country where citizens are still deeply committed to democratic principles. And now its people are in the midst of trying to redefine their politics for the twenty-first century.

Over the years, Costa Rica, a country of fewer than five million people, has gained attention worldwide for its progressive leadership. In 1948, after a short civil war, President José Figueres Ferrer abolished the military. Since then, Costa Rica has made itself a center for the study of conflict resolution and prevention, hosting the United Nations-mandated University for Peace. With its rich biodiversity, Costa Rica has also demonstrated far-sighted environmental leadership by pursuing reforestation, designating a third of the country protected natural reserves, and deriving almost all of its electricity from clean hydro power.

Costa Ricans show no signs of abandoning their progressive legacy. In the recent presidential election, a large turnout carried Carlos Alvarado Quesada to victory with more than 60% of the vote, against an opponent who would have rolled back longstanding commitments to human rights by restricting gay marriage.

Costa Rica has joined a small group of countries in the so-called Wellbeing Alliance, which is implementing ideas, highlighted by the International Commission on the Measurement of Economic Performance and Social Progress, for constructing better welfare metrics. Recognizing the shortcomings of GDP that the Commission emphasized, the Alliance seeks to ensure that public policy advances citizens’ wellbeing in the broadest sense, by promoting democracy, sustainability, and inclusive growth.

An important part of this effort has been to broaden the scope for the country’s cooperatives and social enterprises, which are already strong, embracing in one way or another a fifth of the population. These institutions represent a viable alternative to the extremes of capitalism that have given rise to morally reprehensible practices, from predatory lending and market manipulation in the financial sector to tech companies' abuse of personal data and emissions cheating in the automobile industry. They are based on building trust and cooperation, and on the belief that focusing on the welfare of their members not only enhances wellbeing, but also increases productivity.

Like citizens of a few other countries, Costa Ricans have made clear that inequality is a choice, and that public policies can ensure a greater degree of economic equality and equality of opportunity than the market alone would provide. Even with limited resources, they boast about the quality of their free public health-care and education systems. Life expectancy is now higher than in the United States, and is increasing, while Americans, having chosen not to take the steps needed to improve the wellbeing of ordinary citizens, are dying sooner.

But for all of its successes, Costa Rica faces two critical problems: a persistent, structural fiscal deficit and a gridlocked political system. The economics of fiscal deficits are easy: boost economic growth, raise taxes, or lower expenditures. But the politics are not easy at all: While every political leader wants economic growth to solve the problem, there is no magic formula to achieve it. No one loves the two remaining options.

Most governments in such circumstances cut items like infrastructure, because the costs go unseen for decades. That would be an even graver mistake for Costa Rica, where infrastructure has not fully kept up with economic growth and, if improved, could itself be important in promoting growth. Of course, government could always be more efficient, but after years of retrenchment, further rationalization is unlikely to deliver much. Almost surely, the best way forward would be to raise taxes.

To reconcile taxation with an overall economic strategy that seeks to maximize all citizens' wellbeing, the tax system should adhere to three central principles: tax bad things (like pollution), rather than good things (like work); design taxes to cause the least possible distortion in the economy; and maintain a progressive rate structure, with richer individuals paying a larger share of their income.1

Because Costa Rica is already so green, a carbon tax would not raise as much money as elsewhere. But, because virtually all of the country's electricity is clean, a shift to electric cars would be more effective in reducing carbon dioxide emissions. Such a tax could help Costa Rica become the first country where electric cars dominate, moving it still closer to the goal of achieving a carbon-neutral economy.1

With inequality still a problem (though nowhere near as acute as elsewhere in Latin America), more progressive and comprehensive income, capital gains, and property taxes are essential. The rich receive a disproportionately large share of their income through capital gains, and to tax capital gains at rates lower than other forms of income exacerbates inequality and leads to distortions. While economists differ on many matters, one thing they can agree on is that taxing the revenues or capital gains derived from Costa Rica's land won't cause the land to move away. That's one reason why the great nineteenth-century economist Henry George argued that the best taxes are land taxes.

The biggest challenges are political: a presidential system like Costa Rica's works well in a polity divided into two main parties, with rules designed to ensure that minority views are adequately respected. But such a system can quickly lead to political gridlock when the electorate becomes more fractured. And in a fast-changing world, political gridlock can be costly. Deficits and debts can explode, with no path towards resolution.

Alvarado, who is just 38, is attempting to create a new presidential model for Costa Rica, without changing the constitution, by drawing ministers from a range of parties. One hopes that the spirit of cooperation fostered by the cooperative movement, and ingrained in so much of Costa Rican culture, will make it work. If it does, Costa Rica, despite its small size, will be a beacon of hope for the future, showing that another world is possible, one where Enlightenment values – reason, rational discourse, science, and freedom – flouwish, to the benefit of all.

Fonte: STIGLITZ, Joseph. "How Costa Rica Gets It Right"
Disponível em: <https://www.project-syndicate.org/commentary/costa-rica-enlightenment-model-by-joseph-e--stiglitz-2018-05> Acesso em 10 de Maio de 2018.

Liberal Totalitarianism (Yanis Varoufakis - 19/03/2018)

Yanis Varoufakis, a former finance minister of Greece, is Professor of Economics at the University of Athens.

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It used to be an axiom of liberalism that freedom meant inalienable self-ownership. You were your own property. You could lease yourself to an employer for a limited period, and for a mutually agreed price, but your property rights over yourself could not be bought or sold. Over the past two centuries, this liberal individualist perspective legitimized capitalism as a "natural" system populated by free agents.

A capacity to fence off a part of one's life, and to remain sovereign and self-driven within those boundaries, was paramount to the liberal conception of the free agent and his or her relationship with the public sphere. To exercise freedom, individuals needed a safe haven within which to develop as genuine persons before relating – and transacting – with others. Once constituted, our personhood was to be enhanced by commerce and industry – networks of collaboration across our personal havens, constructed and revised to satisfy our material and spiritual needs.2

But the dividing line between personhood and the external world upon which liberal individualism based its concepts of autonomy, self-ownership, and, ultimately, freedom could not be maintained. The first breach appeared as industrial products became passé and were replaced by brands that captured the public's attention, admiration, and desire. Before long, branding took a radical new turn, imparting "personality" to objects.

Once brands acquired personalities (boosting consumer loyalty immensely and profits accordingly), individuals felt compelled to re-imagine themselves as brands. And today, with colleagues, employers, clients, detractors, and "friends" constantly surveying our online life, we are under incessant pressure to evolve into a bundle of activities, images, and dispositions that amounts to an attractive, sellable brand. The personal space essential to the autonomous development of an authentic self – the condition that makes inalienable self-ownership possible – is now almost gone. The habitat of liberalism is disappearing.

That habitat's clear demarcation of private and public spheres also divided leisure from work. One need not be a radical critic of capitalism to see that the right to a time when one is not for sale is all but gone, too.

Consider young people striking out in the world today. For the most part, those without a trust fund or generous unearned income end up in one of two categories. The many are condemned to labor under zero-hour contracts and wages so low that they must work all available hours to make ends meet, rendering offensive any talk of personal time, space, or freedom.

The rest are told that, to avoid falling into this soul-destroying "precariat," they must invest in their own brand every waking hour of every day. As if in a Panopticon, they cannot hide from the attention of those who might give them a break (or know others who might). Before posting any tweet, watching any movie, sharing any photograph or chat message, they must remain mindful of the networks they please or alienate.

When lucky enough to be granted a job interview, and land the job, the interviewer alludes immediately to their expendability. "We want you to be true to yourself, to follow your passions, even if this means we must let you go!" they are told. So they redouble their efforts to discover "passions" that future employers may appreciate, and to locate that mythical "true" self that people in positions of power tell them is somewhere inside them.

Their quest knows no bounds and respects no limits. John Maynard Keynes once famously used the example of a beauty contest to explain the impossibility of ever knowing the "true" value of shares. Stock-market participants are uninterested in judging who the prettiest contestant is. Instead, their choice is based on a prediction of who average opinion believes is the prettiest, and what average opinion thinks average opinion is – thus ending up like cats chasing after their own tails.

Keynes's beauty contest sheds light on the tragedy of many young people today. They try to work out what average opinion among opinion-makers believes is the most attractive of their own potential "true" selves, and simultaneously struggle to manufacture this "true" self online and offline, at work and at home – indeed, everywhere and always. Entire industries of counselors and coaches, and varied ecosystems of substances and self-help, have emerged to guide them on this quest.

The irony is that liberal individualism seems to have been defeated by a totalitarianism that is neither fascist nor communist, but which grew out of its own success at legitimizing the encroachment of branding and commodification into our personal space. To defeat it, and thus rescue the liberal idea of freedom as self-ownership, may require a comprehensive reconfiguration of property rights over the increasingly digitized instruments of production, distribution, collaboration, and communication.

Would it not be a splendid paradox if, 200 years after the birth of Karl Marx, we decided that, in order to save liberalism, we must return to the idea that freedom demands the end of unfettered commodification and the socialization of property rights over capital goods?

Fonte: VAROUFAKIS, Yanis. "Liberal Totalitarianism"
Disponível em: <https://www.project-syndicate.org/commentary/liberal-totalitarianism-no-autonomybyyanisvaroufakis201804?utm_source=Project+Syndicate+Newsletter&utm_campaign=f976680ea0sunday_newsletter_6_5_2018&utm_medium=email&utm_term=0_73bad5b7d8-f976680ea0-> Acesso em 10 de Maio de 2018.

Initial Coin Scams (Nouriel Roubini – 10/05/2018)

Nouriel Roubini, a professor at NYU's Stern School of Business and CEO of Roubini Macro Associates, was Senior Economist for International Affairs in the White House's Council of Economic Advisers during the Clinton Administration. He has worked for the International Monetary Fund, the US Federal Reserve, and the World Bank.

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Initial coin offerings have become the most common way to finance cryptocurrency ventures, of which there are now nearly 1,600 and rising. In exchange for your dollars, pounds, euros, or other currency, an ICO issues digital "tokens," or "coins," that may or may not be used to purchase some specified good or service in the future.

Thus it is little wonder that, according to the ICO advisory firm Satis Group, 81% of ICOs are scams created by con artists, charlatans, and swindlers looking to take your money and run. It is also little wonder that only 8% of cryptocurrencies end up being traded on an exchange, meaning that 92% of them fail. It would appear that ICOs serve little purpose other than to skirt securities laws that exist to protect investors from being cheated.

If you invest in a conventional (non-crypto) business, you are afforded a variety of legal rights – to dividends if you are a shareholder, to interest if you are a lender, and to a share of the enterprise's assets should it default or become insolvent. Such rights are enforceable because securities and their issuers must be registered with the state.

Moreover, in legitimate investment transactions, issuers are required to disclose accurate financial information, business plans, and potential risks. There are restrictions limiting the sale of certain kinds of high-risk securities to qualified investors only. And there are anti-money-laundering (AML) and know-your-customer (KYC) regulations to prevent tax evasion, concealment of ill-gotten gains, and other criminal activities such as the financing of terrorism.

In the Wild West of ICOs, most cryptocurrencies are issued in breach of these laws and regulations, under the pretense that they are not securities at all. Hence, most ICOs deny investors any legal rights whatsoever. They are generally accompanied by vaporous "white papers" instead of concrete business plans. Their issuers are often anonymous and untraceable. And they skirt all AML and KYC regulations, leaving the door open to any criminal investor.

Jay Clayton, the chairman of US Securities and Exchange Commission, recently made it clear that he regards all cryptocurrencies as securities, with the exception of the first mover, Bitcoin, which he considers a commodity. The implication is that even Ethereum and Ripple – the second- and third-largest crypto-assets – are currently operating as unregistered securities. Gary Gensler, a former chairman of the Commodities and Futures Trading Commission who now teaches a course on blockchain (the technology underlying cryptocurrencies) at MIT, has also suggested as much.

So, hundreds of ICOs that have raised billions of dollars from investors in recent years have been technically illegal. Even worse, the business model behind most of them is simply to fleece customers, as Izabella Kaminska of the Financial Times and Martin Walker of the Center for Evidence-Based Management recently demonstrated in a report for the UK House of Commons Treasury Committee.

In normal business transactions, customers can buy goods and service with conventional currencies. But in an ICO, customers must convert that currency by buying into a limited pool of tokens in order to make a purchase. No legitimate business that is trying to maximize profits would require its customers to jump through such hoops.

In fact, the only reason to restrict a purchase to token-holders is to create an illegal cartel of service providers who are safe from price competition and in a position to gouge their customers. Consider Dentacoin, a ridiculous cryptocurrency that can be spent only on dental services (and which almost no dentist actually accepts). It would be hard to come up with a better illustration of why business cartels are illegal in all civilized countries.

Of course, the crypto-cartels would counter that customers who incur the cost of buying a token will benefit if that token appreciates in value. But this makes no sense. If the price of the token rises above the market value of the good or service being provided, then no one would buy the token. The only plausible reason for forcing the use of a token, then, is to hike prices or bilk investors.

Beyond facilitating illegal activity, crypto-tokens obfuscate the price-discovery benefits that come when a single currency operates as a unit of account. In a crypto-utopia, every single good and service would have its own distinct token, and average consumers would have no way to judge the relative prices of different – or even similar – goods and services. Nor would they have any real certainty about a token’s purchasing power, given the volatility of crypto-token prices.

Imagine living in a country where instead of simply using the national currency, you had to rely on 200 other world currencies to purchase different goods and services. There would be widespread price confusion, and you would have to eat the cost of converting one volatile currency into another every time you wanted to buy anything.

The fact that everyone within a given country or jurisdiction uses the same currency is precisely what gives money its value. Money is a public good that allows individuals to enter into free exchange without having to resort to the kind of imprecise, inefficient bartering on which traditional societies depended.

That is precisely where the ICO charlatans would effectively take us – not to the futuristic world of “The Jetsons,” but to the modern Stone Age world of “The Flintstones” where all transactions occur through the barter of different tokens or goods. It is time to recognize their utopian rhetoric for what it is: self-serving nonsense meant to separate credulous investors from their hard- earned savings.

Fonte: ROUBINI, Nouriel. “Initial Coin Scams”
Disponível em: <https://www.project-syndicate.org/commentary/ico-cryptocurrency-scams-by-nouriel-roubini-2018-05>

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