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Book Review

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The Road to Freedom—Economics and the Good Society (2024) by Nobel Laureate Joseph E. Stiglitz critically examines neoliberalism. Stiglitz argues that advocates of capitalism, such as Milton Friedman (1962) and Friedrich Hayek (1988), claim it brings prosperity; however, their vision often ultimately limits liberty for ordinary people.

Stiglitz questions whether our economy truly provides an ecosystem where everyone enjoys real freedom. He contends that capitalism turns freedom into a contest where gains come at someone else's expense. Quoting Isaiah Berlin, Stiglitz highlights how freedom for a few can mean a loss of freedom for others, emphasizing his main argument: true freedom is not universally accessible under current systems.

In a human society, we need to ensure freedom for every individual regardless of class, creed, and income level. Political freedom should be complemented by economic freedom. The author makes us view freedom from different perspectives. In the context of the Global Financial Crisis of 2008 in the USA, the author explained how deregulation and liberalization of banks and the financial sector deprived millions of American workers and retirees of their freedom, leading to job and home losses. Thus, the freedom of the financial sector and their short-term huge profits tied society to wider tax burdens to bail out the banks.

Economics as a subject is based on the concept of trade off. To manage and run a good economy and a good society, it is essential to maintain a balance between political and economic freedom. The sharp edge of the trade-offs can be softened as we consider moving closer towards the Pareto optimality, which implies that one person's gain at the cost of other should not be justified.

The invisible hand of the free market does not ensure freedom or good for all. The pursuit of profit has inherent costs that impact the less privileged. Unrestrained capitalism grants freedom to one section of society at the expense of others. The gap in access to freedom between the haves and have-nots widens in the modern neoliberal state.

Nature is also a victim of unfettered capitalism. Beyond GDP, aspects like Green GDP, overall wellbeing, and happiness need to be considered for a good society. The book values freedom, analyzes societal structures to promote it, and encourages individuals to enjoy their freedom cautiously so that others can also

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experience theirs. It explores challenges to freedom from various angles — from enjoying public goods and their free rider problem to designing social contracts, achieving social justice by avoiding social coercion, and fostering social cohesion.

The Road to Freedom explicitly showcased the failures of Neoliberal Capitalism in terms of macroeconomic fluctuation, macro inflation, imperfect capital market, information risk, lack of competition, excessive inequality, high concentration of wealth and power, skewed income distribution, huge unemployment and an overall undermining of democracy and social cohesion.

Stiglitz's core belief is that equity-driven efficiency is fundamental to a good society. He concludes that recognizing the failings of neoliberalism is the first step toward a democracy that promotes the common good. According to Stiglitz, this path requires equitable distribution of rights, access, risk sharing, and accountability to truly achieve the 'Road to Freedom' and the 'Road to Freedom' ultimately leads to the better societies.