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No Place at the Table

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No one was more prescient about the causes of the global financial crisis than Joseph Stiglitz. The Nobel Prize-winning Columbia economist also came out in support of Barack Obama long before Lawrence Summers, the president-elect's pick to head his National Economic Council, and he was part of Obama's brain trust when the markets plunged in October. So Stiglitz was disappointed when he was not offered a post in the new administration, according to a close associate, who would describe Stiglitz's reaction only on condition of anonymity. One reason, the source said, is probably Stiglitz's longtime enmity with Summers--whose ideas, Obama said two weeks ago, "will be the foundation of all my economic policies." "Summers can't stand Joe, and he's never made a secret of it," the associate said. (Summers did not respond to a request for comment; Stiglitz was traveling and could not be reached.)

During the 1990s, as chairman of Bill Clinton's Council of Economic Advisers and later as the World Bank's chief economist, Stiglitz was one of the most prominent voices against the rush to deregulate capital flows around the world. He also opposed the repeal of the Glass-Steagall Act, which separated commercial from investment banking. "When enterprises become too big, and interconnections too tight, there is a risk that the quality of economic decisions deteriorates, and the 'too big to fail' problem rears its ugly head," Stiglitz wrote in his 2003 book "The Roaring Nineties." Unfortunately, he continued, his worries "were quickly shunted aside" by the Clinton Treasury team, which included Summers and his boss, Treasury Secretary Robert Rubin.

Stiglitz also made himself unpopular with the International Monetary Fund. "He was a royal pain in the neck during the Asian crisis, delaying lots of actions that were needed quickly," says a former IMF economist, who also requested anonymity. Still, Obama has said he wants independent voices around him, and many economic experts say Stiglitz's ideas will be needed for a long-term fix to the crisis. Obama spokesman Tommy Vietor said he had no comment on why Stiglitz was not asked to join the team.