

The Third Pillar:

How Markets and the State Leave the Community Behind



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Pakistan Institute of Development Economics-PIDE

Outline

01 INTRODUCTION TO PILLAR

02 NEED TO THIRD PILLAR

03 WHAT NEED TO HAPPEN?!

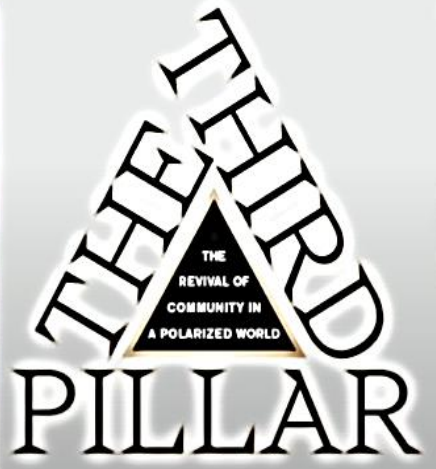
04 APPLICATION



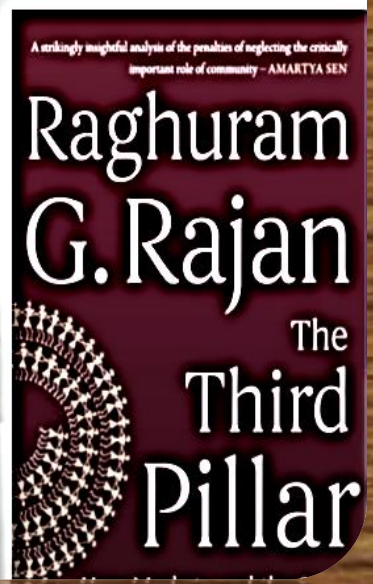
THE THIRD
PILLAR

HOW MARKETS AND
THE STATE LEAVE THE
COMMUNITY BEHIND

THE THIRD PILLAR RAGHURAM RAJAN



RAGHURAM
RAJAN



2ND EDITION

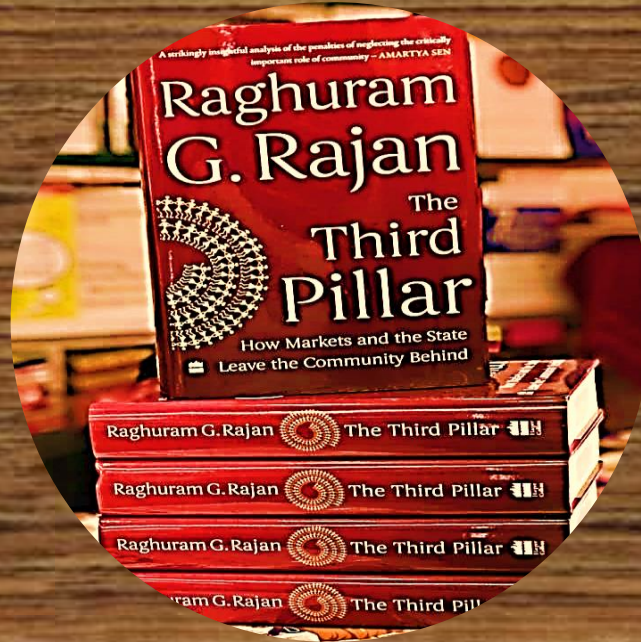
BIOGRAPHY OF RAGHURAM RAJAN





**Why capitalism worked
&
why it is not working so well today?!**

What this book is about?!



▶ **Standard View of
Capitalism**

▶ **Support of
Community**

▶ **Why not working
today**



BUSINESS

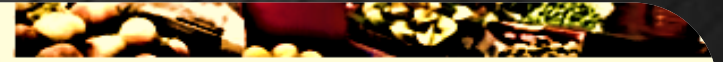
STATE

MARKET

COMMUNITY

Introduction to Pillars

- Markets
 - Goods markets, labor market, capital markets, firms
 - Productivity and choice
- The state
 - Executive, judiciary, legislature
 - Security, justice
 - Pre-market support (capabilities)
 - Post-market support (safety net)
- The community
 - Proximate – neighborhood, village, municipality
 - Includes local government and institutions like schools



■ Includes local government and institutions like schools

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NEED TO THIRD PILLAR

Need to Build Third Pillar

- **Source of identity and values**
- **Complements of the state**
- **Social Security- Relationships**
- **Means of political organization**
- **Social engagement:**
 - *Local community vs Visual community*

Legislation and regulation, anti-trust, property rights

State

Independent countervailing power

Democratic oversight
Security, justice, capabilities, safety net

Markets

Productivity and choice

Community

Values and norms

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Current Capitalism

Values and norms

Authoritarian capitalism

Democratic capitalism

Perturb from democratic capitalism

- Social Changes
- Political Changes
- Digital changes

Changes in Community

- Un-planned unemployment
- Few hand capital owners
- ICT: Markets vs government relation
- ICT vs community: Effect of Trade and Technology differently
- Nutritional Diseases
- Pollution
- [Unlimited competition, Ads, Market structure, Prices, Labeling, Drug..]
- Norms of Tax collection
- Direction to Immigration

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WHAT NEED TO HAPPEN?!

- Push power back to the extent possible.



National Level

Responsible sovereignty

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graph TD; A[Responsible sovereignty] --> B[Civic nationalism and open national markets]; B --> C[Inclusive localism];
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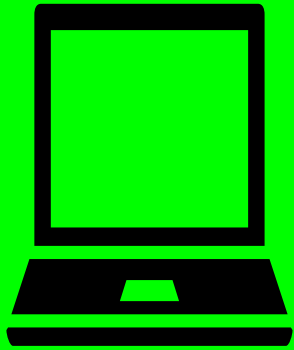
Civic nationalism and
open national markets

Inclusive localism

What sort of Community

- Inclusive localism: all three pillars**
- community leadership**
- Local powers**
- Community engagement**
- Infrastructure**
- Funding**

ICT



ICT is the issue , ICT is the solution

Direction matter

Do we have Capacity?!

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APPLICATION

**A case study:
Globalization**

**Global North
Role of Markets**

**International
Organizations
Role of State**

**Global South
Role of
Community**

The Third World

- **False propaganda**
- **Control of Policies**
- **Trick**
- **Welcome Corrupt politician and criminals**
- **Interventions**

THANK YOU !

