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Inequality is one of our most urgent social problems. Curbed in the decades after World War II, it has recently returned with a vengeance. We all know the scale of the problem--talk about the 99% and the 1% is entrenched in public debate--but there has been little discussion of what we can do but despair. According to the distinguished economist Anthony Atkinson, however, we can do much more than skeptics imagine.

Atkinson has long been at the forefront of research on inequality, and brings his theoretical and practical experience to bear on its diverse problems. He presents a comprehensive set of policies that could bring about a genuine shift in the distribution of income in developed countries. The problem, Atkinson shows, is not simply that the rich are getting richer. We are also failing to tackle poverty, and the economy is rapidly changing to leave the majority of people behind. To reduce inequality, we have to go beyond placing new taxes on the wealthy to fund existing programs. We need fresh ideas. Atkinson thus recommends ambitious new policies in five areas: technology, employment, social security, the sharing of capital, and taxation. He defends these against the common arguments and excuses for inaction: that intervention will shrink the economy, that globalization makes action impossible, and that new policies cannot be afforded.

More than just a program for change, Atkinson's book is a voice of hope and informed optimism about the possibilities for political action.

Inequality: What Can Be Done? Details

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James says

While at heart a good book, its written in that academic purple prose style that made *Capital in the Twenty-First Century* such a slog. I suppose this must be expected of any economics text, I have read very few that aren't heavily padded. It loses a star for writing style.

At the heart of this book is Atkinson's 15 proposals designed to reverse this rising inequality that started in the early 80's.

Let's look at Proposal 6: There should be a capital endowment (minimum inheritance) paid to all at adulthood. This could be used to fund college or vocational training, buy a house or start a business. This would fix some of the issues with higher education including the roughly 70x increase in tuition for California State Colleges and help those not college bound in other ways. Of course in the book this is covered with more details and verbiage.

And when the neo-cons cry not possible, I would counter that other countries have done some of this already, including the US pre-80's and that high levels of inequality lead to political instability. I wouldn't want to be a member of the ultra-rich if they brought back the guillotine. For the average Joe I would point to Denmark's happy residents that enjoy a decent social support network, good economy and low crime as something the US should strive for.

This would be a good book club read for those groups that tackle politics.

Billie Pritchett says

Anthony Atkinson's *Inequality* is a dense book probably aimed at people who are much smarter than I am. But it's nonetheless easy to grasp the basic ideas. Atkinson talks about the extreme degree in which the developed world faces income inequality and practical ways to rectify that inequality. Essentially, what he thinks is that the problem requires a patchwork of solutions or a package of policies that all have to be implemented in concert with one another. For example, one decent thing that could be done would be to increase the minimum wage to a decent living wage, and maybe to allow wage hikes in general. Sad fact is that average wages have not seen a real increase in at least 40-some-odd years so it would be nice if the salaries increased along with the necessary standard of living. Another solution would be increasing the amount of money that people receive with the Earned Income Tax Credit (EITC). The EITC is a system already in place in the United States whereby households get back money after they pay into taxes if their in a low enough income bracket. Already this has been estimated by the federal government to keep many families and children up out of poverty. It could only help more to increase this amount. Another policy change: At least in the United States, there is not much in the way of protection for workers' rights vis-a-vis employers, so minimal or zilch restriction on the formation of unions would be a nice thing. (Wal-Mart, for example, has threatened to fire employees if the company so much as gets wind that you're *interested* in forming a union.) I can't remember all his other proposals (there are about 40) but here's one last one I can remember: Governments should make a concerted effort to direct the technology they fund for research so as to direct it to better people's livelihoods. In general, this has not been the case. The Internet, for example, was

an invention of the Pentagon system and then only later privatized for public use. Examples abound like this in the United States, where the top research and development goes into the Pentagon system, eventually becomes privatized, and then people put it out there as products or services for the people. But none of this is being done in a systematic way. The first priority here seems to be to fund military research and then if it happens to have any kind of practical application later, then that's just a nice byproduct.

Anyway, good book to read and would be helpful for reference, I think.

Warren says

Wow! This book is an intellectual tour de force. The author covers a vast amount of ground in amazing detail. I like the author's proposal for eradicate inequality. They are more realistic, I think, than Picketty's prescription of a global wealth tax and could be achieved if governments are willing and able.

Hadrian says

The topic of social inequality has been widely discussed in certain policy circles even before the publication of Capital in the Twenty-First Century in 2013. Piketty takes a longer historical view of the phenomenon, and takes a pessimistic view of its historical inevitability.

Atkinson, one of the main figures in the field of inequality economics, takes a different approach to the questions of inequality. He does not view it as a continuous historical process, but a series of episodes. He compares the period between 1945-1970 as a general decline in inequality, and the decades since 1980 as an 'inequality turn'. Inequality is not a single or simple thing - he makes a crucial distinction between individual 'earnings dispersion' and household income inequality. Furthermore, it is the specific result of policy decisions, which can be reversed.

After descrbing his conditions, Atkinson makes his case in fifteen policy proposals. These include, but are not limited to, government 'direction' of aiding technological change, encouraging trade unions as a counterbalance against corporate overreach, explicit unemployment targets, a living wage, a guaranteed positive interest rate on savings (with a maximum holding per person), a capital endowment on age of adulthood, a sovereign wealth fund, a progressive income and property tax rate, strengthened social insurance schemes, and so on. There are also questions for further analysis, which include an annual wealth tax, or a global tax regime for personal taxpayers to avoid tax evasion, and a minimum tax for corporations. Although this policy analysis is UK-centric, it's astonishing how much of these could be directly applied to other policy situations.

It's astonishing how few of these are beyond the pale of discussion - or at least were before the 'inequality turn' of 1980, where balanced budgets and competition were among the very few allowed topics for debate.

Atkinson also discusses the most common counterarguments against these types of proposals - that they would limit economic growth, that they would make a nation less competitive in a more globalized economy, and the government could not afford them.

This is a dense and interesting book of policy analysis, filled with intriguing suggestions on what is to be

done.

Peter McLoughlin says

For once a book that doesn't merely call for education and child care to alleviate inequality but a book that concentrates on good old redistribution through taxation, minimum wage laws, expanding the social safety net, and making it much easier to form a union. A book with a real plan that would actually make life better for the 99% the policies could be put in place tomorrow except for one pesky detail. The one percent own the political system and it won't be done unless they are under serious political duress. If the author could write a book on how to force the rich to yield he'd be golden. Instead he knows the right policies that would work but could not be implemented because of the current regime.

Luis says

Este es quizá uno de los mejores libros de economía que he leído.

El libro de Atkinson es una mezcla poco común de análisis económico riguroso, capacidad pedagógica en la exposición de los argumentos y uso adecuado de datos y estadísticas. El libro busca responder la pregunta ¿qué hacer para disminuir la desigualdad? y es por ello que puede ser visto como un complemento al texto de Piketty. En la primera parte del libro Atkinson explica las razones por las cuales es posible considerar la disminución de la desigualdad como un objetivo de política loable. En esa misma parte, el autor explica de qué hablamos cuando hablamos de desigualdad, como se mide y da un breve repaso a la evolución histórica reciente de la desigualdad en los países desarrollados. La segunda parte, que es en donde está lo jugoso del libro, está dedicada a la exposición detallada de las 15 propuestas de política de Atkinson para disminuir la desigualdad. Las propuestas son poco convencionales, en buena medida porque de forma correcta abordan al problema de la desigualdad como un problema surgido de diferentes mercados. Cada propuesta es explicada a detalle y se ejemplifica su instrumentación para el caso de Reino Unido. La tercera parte del libro consta de las respuestas de Atkinson a los cuestionamientos más comunes que se le pueden hacer a sus propuestas.

En suma, es un excelente libro, que recomiendo a todos los interesados en el tema y en la discusión de la política económica. No es necesario ser un especialista para entenderle.

Breakingviews says

By Edward Hadas

Income inequality is a hot economic and political topic. But Anthony Atkinson, an academic at Oxford, was into it long before it became trendy. He published his first paper on the topic in 1970. Since then he has collected a knighthood and 19 honorary degrees, earned for a distinctive combination of ethical, statistical and practical analysis. His latest book – “Inequality: What can be done?” – is mostly practical.

Atkinson does not hide his bias in favour of greater equality. The book is an unabashed call to reverse the increase in British income inequality over the last three decades. Sensibly, there is more emphasis on helping the poor than on soaking the rich. Of the book’s 15 policy suggestions, 10 are entirely aimed at reducing

relative poverty and two others have both pro-poor and anti-rich elements.

The proposals take up most the book, and describing their background and defending them against potential objections occupy almost all the rest. Anyone with a left-of-centre political orientation will find most of the ideas congenial.

Some are familiar, for example more progressive taxes, a living minimum wage and a generous universal child benefit. Others seem to have been hauled out from the back of the old left's intellectual closet: stronger unions, government-guaranteed employment for all, a state-run investment authority and government savings bonds with guaranteed interest rates. Atkinson also offers a few more contemporary notions: a universal capital endowment, technology policy aimed explicitly at employment, and higher levels of government aid to poor countries.

Despite his personal preferences, Atkinson's presentation is fair-minded. He provides the arguments both for and against each of his ideas. He also emphasises that what works in the UK, with its particular history and institutions, might not work elsewhere. Still, the book's universal-sounding title is not really justified by the almost exclusively British discussion.

The bigger problem with "Inequality", though, is that it fails to address fully some big questions. The first is statistical. Where is the inequality problem? Atkinson's own data does not show a massive increase in poverty in most developed countries. Even the most basic measure of inequality, the Gini coefficient, has not increased by an amount that he considers salient in Italy, Canada and Japan. It has fallen in France.

The big increases in the Gini coefficient are limited to the United States and the UK. Most of that, as the exhaustive data mining by French economist Thomas Piketty has shown, comes from the extraordinary rise in pay for top executives. If that is the case, Atkinson's list of 15 suggestions could probably be boiled down to two: higher tax rates on top incomes and some sort of limit on the ratio of highest to average or lowest incomes in any organisation.

The next unanswered question is about the correct role of the welfare state. Atkinson notes that elected politicians in many countries have become warier about ambitious government programmes that redistribute incomes. He does not, though, seem concerned that voters are not demanding a change of course.

The electorate may be blind or selfish, but it is possible that as the threat of dire poverty has receded people want different things from their government. Similarly, unions may have declined simply because many employees find their earnings and treatment at work are satisfactory without recourse to a fairly expensive lobby group.

Finally, Atkinson spends at least 85 percent of this book dealing with inequality within nations that account for about 15 percent of the world's population. Such an insular approach seemed normal when he started his career and is still standard practice among many of his peers.

But as Branko Milanovic of the City University of New York has pointed out, poor residents of rich countries are much better off than all but the richest residents of poor countries. In such a world, a global perspective is ethically vital to the study of inequality. British politicians could learn much from Atkinson's book, but a broader approach could bear richer fruit.

(original here: <http://reut.rs/1JlckmD>)

Salvador Medina says

Este es un libro - ensayo de economía de nivel básico-intermedio. El libro esta dividido en dos partes. En la primera, explica conceptos básicos y la evolución de la desigualdad en el mundo. En la segunda parte elabora una serie de propuestas de política económica e ideas a explorar para reducir la desigualdad, enfatizando en el Reino Unido. Al mismo tiempo, también escribe un capítulo para dar respuesta a las posibles críticas a dichas propuestas. Por ejemplo, un mito típico es que algunas medidas para disminuir la desigualdad podrían detener el crecimiento económico, cuando no hay evidencia para sostener eso. Como tampoco hay evidencia para decir que la globalización impide reducir la desigualdad. Si bien el libro esta enfocado en el Reino Unido, varias políticas son transferibles a otros contextos o permiten analizar las existentes con un enfoque para reducir la desigualdad. Un libro recomendable para los interesados en analizar la desigualdad económica y cómo reducirla.

Venky says

If there is anyone who has the credibility to hold forth on both the plague of inequality as well as its obliteration, it is Anthony Atkinson. Having dedicated a significant part of his career to the cause and consequence of inequality, Anthony Atkinson is a treasure trove of ideas, suggestions, measures and recommendations. He puts all these valuable attributes to splendid effect in "Inequality: What Can Be Done?".

Beginning by providing an overview of the pernicious problem that is inequality, Atkinson proceeds to elucidate 15 proposals; a stirring mix of both the tried and tested as well as innovative which in his opinion would go a long way in mitigating inequality, if not obliterating it. These proposals include channeling the potential of technology with a humane objective in mind whereby the spur of advancement will act as a generator of employment rather than displacing labour; every country contributing 1% of its Gross National Income ("GNI") towards a corpus for poverty eradication; increasing the marginal rates of taxation to as high as 65% (a proposal that is sure to rattle very many sentiments); a compulsory entitlement towards Child Benefit as well as an employment allowance to every adult etc.

As may be evident from the nature of the proposals themselves, they are controversial as well as debate inducing. Recognising this fact, Atkinson devotes an entire chapter in discussing the potential criticisms that could be levied against each of the fifteen proposals as well as comprehensive rebuttals of such criticisms. He also dwells on the budgetary aspects of the proposal concluding that a state bold enough to introduce and implement such proposals, although incurring huge expenditure will still end up clocking a surplus.

Atkinson's proposals may or may not see the light of the day. But it sure represents a pioneering step towards reducing the unsavoury gap between the so called 1 percenters and the left behind 99 percenters.

Kristoffer Berg says

Atkinson har mange gode og radikale forslag til hvordan ulikhet kan motvirkes og reduseres. Likevel blir boken litt lite engasjerende. Den skrevet nesten utelukkende for en britisk kontekst, er preget av mange detaljer, og kun enkelte kapitler inneholder mer generelle betraktninger om ulikhet. En kan si at boken

utfyller Pikettys bok, ved å dreie temaet mot hva som kan gjøres med ulikhet, men den ender opp med å bli for konkret til å være interessant lesning. Likefullt kan det være et nyttig oppslagsverk til å finne gode politikkforslag for å redusere forskjeller.

Andrew says

Inequality: What can be done? by Anthony B. Atkinson, is a fascinating book that examines basic policy prescriptions to reduce inequality levels and improve close the wage distribution gap that many nations currently feature. Atkinson begins the book by examining inequality levels over the past century, using primarily data from the US and UK as a comparison, but also looking globally when needed to make his statistics more authoritative. He finds that income inequality has a U shaped curve - in the early 20th century, income was generally quite unequal, with wealth being concentrated in the hands of wealthy citizens in a society. As WWII ended, this trend began to decline, and many nations have seen their income levels reach the fairest possible ratio they have ever achieved in the years leading up to and including the 1960's. This trend has again reversed, and we are approaching global levels of income inequality not seen for a century. Atkinson has used many metrics to show this trend, some of the more frequently used ones being the Gini coefficient as well as household income distribution calculations that include income from wages and capital, and subtracts taxes. These metrics are useful in bringing a statistical backing to the introductory analysis of historical inequality.

Atkinson then goes on to prescribe fifteen basic policy initiatives that he believes would reverse the growing inequality rates seen in many nations around the world. Listed they are:

1. Government oversight of technological development so that innovation is always geared toward increasing employment rates.
2. Ensuring a proper balance of power exists among stakeholders - this includes balancing the power of business leaders, the government and workers/trade unions in terms of employment decisions, and creating or improving the power of consumer groups to encourage businesses to think about consumers over shareholders.
3. Seeking full employment through government policy making - this could include guaranteed public employment with a minimum living wage for example
4. A national pay policy should exist to produce a minimum wage that ensures a livable wage. Atkinson also believes that this should be a top priority for national governments.
5. A guaranteed positive real rate of interest on savings via national savings bonds.
6. A capital endowment (minimum inheritance) paid to all at adulthood.
7. The creation of a sovereign wealth fund to build up the net worth of the state by purchasing property and investing in businesses.
8. A more progressive income tax rate that has a varied impact based on ones income level. Basically higher taxes for higher income, lower taxes for lower income.
9. The introduction of an Earned Income Discount tied into the number of dependents in a household.
10. The taxation of inheritance and gifts under a progressive lifetime capital receipts tax.
11. Up-dating property tax registers regularly to ensure proper payment of taxes.
12. Child benefits should be paid to all children at a substantial rate, but should be taxed.
13. A "participation income" (a form of guaranteed annual income) to complement existing social protection policies with the aim of a national child basic income.
14. (alternative to the above) An update to national social insurance policies to ensure they are up to date and can support the economic development of lower income earners.
15. The increase of Official Development Assistance to 1% of gross GDP.

As can be seen, Atkinson is exploring some ideas about improving household income. He suggests improving levels of equality by giving social assistance to low income earners, progressively taxing the rich, taxing forms of capital transfer to level the playing field, and giving taxable benefits to those households with dependents. Although these policies seem radical (Atkinson mentions they might) I personally think they are quite fascinating. Without going into to much detail, these policies expand the role the state has in redistributing income, with the ultimate goal of improving the general level of prosperity in a nation state. Atkinson's 15 proposals are expanded in greater detail, getting a full chapter each. This ensures that the summations are explained with statistical backing, as well as the ethical reasons why they should be explored. Obviously these prescriptions are political in nature, and may anger some more ideological readers. However, looking at them with no preconceived notions is important - this is good political discourse here, and it is grounded firmly in reality. Atkinson goes on to ponder the plausibility of enacting these proposals, and wonders whether globalization will be a help, of a hinder.

Although this book shares some similarities with Thomas Picketty's *Capital in the Twenty First Century* Atkinson goes into more detail on recommendations. This book is more grounded than the more academic *Capital*. There is little for me to criticize here - the book is comprehensive, evenly toned, and does not disparage other policy options. Rather, this book offers recommendations, explains them, details statistical reasons why they might work, and concludes. It is concise, interesting and authoritative, and I would highly recommend it to those interested in economics, or those interested in reading about policy options to reduce income inequality levels.

David says

Atkinson has contributed an important book that adds a lot to the discussion on the issues raised in Piketty's *Capital in the 21st Century*. Taking as given the notion that one would like to redistribute wealth and income more equally, he takes up the question of how to go about it.

The point of view is an eye-opener for someone used to American political discourse: neither "redistribution" nor "welfare state" seem to carry any pejorative connotation. While the discussion is often specific to the case of the U.K. policy framework, the set of 15 proposed reforms and additional topics for consideration give a much more broad-based and practical set of options that Piketty, who essentially stops at "we need a global tax on wealth, but of course that's impossible." Most of the concepts have relevance here in the U.S. and elsewhere.

Jason Furman says

Anthony Atkinson was one of the pioneers of research into inequality beginning in the 1960s, one of the original people to put together comprehensive estimates of income shares based on administrative tax data, and a lifelong contributor to both economics and public policy. So it is no surprise that his summary of a lifetime of thought and engagement in the new book *Inequality* is comprehensive, wise, but does not contain much that is very original--if only because much of Atkinson's original contributions have turned into commonsense. Unlike many other books on inequality, Atkinson devotes the majority of his work to a very serious discussion of a set of more 15 specific policy proposals as well as about a half dozen others "ideas to pursue". The ideas include not on the conventional (e.g., a higher minimum wage) but have a tendency to inject considerations of inequality into just about every economic policy issue (e.g., what R&D to finance).

He is reasonably detailed about not just the economic considerations but also administrative issues and a particularly detailed microsimulation of the effect the proposals would have on inequality, poverty and the overall budget. While one could certainly debate the ideas, Atkinson has done us a service by putting them all together in this form.

Sagheer Afzal says

I would have given this book five stars but for a glaring omission. Professor Atkinson very clearly gives his reasons for income equality in the UK and makes cogent proposals for alleviating the inequality. But he has totally neglected to mention the role of banks in helping create income equality. Especially the way banks pump excessive credit to household and inflate unsustainable bubbles in housing and other assets.

Other than that; it is a very comprehensive book with solid proposal to reduce income equality

Leonardo says

Se trata de una versión más corta, menos técnica, más aburrida y más inglesa de Capital in the Twenty-First Century. Creo que le pifié al ponerme a leerlo todo. Me pasa un poco eso, no logro identificar que no es necesario leer todo un libro para saber de que va, y que es imposible leer todos los libros. Me interesaba algo en la línea de Desigualdad: este libro lo cita al principio, pero no va más allá de eso. También menciona la discusión que me interesa con Rawls a la cabeza, pero se vuelve a quedar ahí.

Dice que Piketty menosprecia el papel del estado. Para mí no es así. Plantea que de acuerdo a Piketty la única manera de reducir la desigualdad es una guerra. Yo en cambio entendí que esa fue la manera en que sucedió en el pasado, pero Piketty insiste en soluciones estatales al problema de la desigualdad. Una tasa Tobin, por ejemplo. En este libro Atkinson propone otras muchas soluciones posibles, impuestos y subsidios básicamente. Creo que eso es lo más interesante del libro. Es decir, no la discusión teórica sino las propuestas "prácticas". Muy orientadas a la coyuntura Inglesa de hace tres años (al menos lo leí bastante "a tempo"... da la sensación que este libro se torna ilegible después del 2020).

Dice que Piketty se centra exclusivamente en Francia. Para mí no es tan así.

Me aburrió bastante y no me aportó nada demasiado nuevo. Me pareció que le falta discusión política sobre la implementación de las propuestas. En sudamérica las cosas cambiaron mucho en los últimos tres años respecto de las políticas tan alabadas en este libro. ¿Por qué se "corruptizan" las instituciones públicas? ¿Cómo hacer para evitar ese proceso? En el prólogo menciona la cuestión de la diferencia entre la desigualdad "merecida" y la "inmerecida". Es lógico pensar que la sociedad compense económicamente a quienes más se esfuerzan estudiando y trabajando. También tiene sentido que uno pueda hacer una transmisión de riqueza a su descendencia. También queda claro que los niveles de desigualdad en los que vivimos son intolerables. Para convencerse de esto, haga lo siguiente: entre en una página de venta de inmuebles de su ciudad y busque casas ordenadas de mayor a menor precio. Incluso sacando los precios irreales se dará cuenta que nadie puede comprar una casa de tres millones de dólares a fuerza a ahorrar de su salario. Solo mantener una casa así sale al menos lo mismo que lo que gana una persona bien paga. Si vive en una ciudad también habrá advertido que hay gente que duerme en la calle. ¿Cómo es posible que las sociedades toleren esto?

Ahora bien, creo que la cuestión está en como lograr sociedades más justas, no solo más equitativas. La desigualdad es mala "per se", estoy de acuerdo con Atkinson. ¿Pero como hacer para que el esfuerzo valga la pena? Sería preferible vivir en una sociedad donde todos tengan donde vivir y que comer. Al menos eso. También la posibilidad de acceso a la educación. ¿Qué premiamos como sociedad? A un buen futbolista lo premiamos con un sueldo que alcanzaría para satisfacer necesidades básicas (dependiendo del lugar, obviamente) de (tranquilamente) diez mil personas. Eso es jugar al fútbol, si dirigís una empresa ganas mucho más. ¡Y eso es salario! Obviamente la plata no se hace trabajando, sino con tierra y capital, o alguna buena idea digamos. Creo que está bien que el capital produzca una ganancia, también el esfuerzo y la responsabilidad. Pero estoy seguro que estos diferenciales no son los que optimizan la retribución al esfuerzo y la responsabilidad. En primer lugar porque alguien que no comió bien y durmió en la calle de chico no puede ni pensar en esforzarse y ser responsable. Creo que esta cuestión de la correcta asignación de retribuciones a las ideas, al capital, al esfuerzo, a la responsabilidad, etc. es más interesante que la desigualdad "per se". Y creo que Atkinson la pasa de largo. Todo chico merece al menos la posibilidad de crecer y estudiar, estoy de acuerdo con esa propuesta del libro. También con que por el intercambio generacional todos deberíamos heredar al menos algo. Pero creo que el camino del "tengo derecho a esto" es, al menos, peligroso.

En esta falta de profundidad el libro se me hizo, incluso, un poco naif.
