

their enablers. To the extent that such people might use his arguments to confirm the moral irrelevance of their own “natural selfishness and rapacity,” to borrow a phrase from Adam Smith, it is more than fair to hold him accountable.

Inequality: What Can Be Done? By Anthony Atkinson. 2015. Cambridge, MA: Harvard University Press. 400p. \$29.95. doi:10.1017/S1537592716000451

— Larry M. Bartels, *Vanderbilt University*

If there is any justice in the world, it won't be long before a Nobel Prize is awarded for research on economic inequality. When that happens, the name that belongs at the top of the recipient list is Sir Tony Atkinson's. At a time when Thomas Piketty and Emmanuel Saez were still in diapers, Atkinson was producing sophisticated, painstaking empirical analyses of economic inequality—and arguing perceptively, even passionately, for the importance of the topic in a discipline that, for most of his long career, considered it unfashionable and perhaps faintly subversive. (As recently as 2003, one Nobel-winning economist argued: “Of the tendencies that are harmful to sound economics, the most seductive, and in my opinion the most poisonous, is to focus on questions of distribution.”)

Inequality: What Can Be Done? is much more than a retrospective on Atkinson's long, distinguished career. It is a serious and impressively accessible attempt to translate what economists know about “questions of distribution” into a concrete policy agenda aimed at significantly reducing economic inequality. One need not agree with Atkinson's egalitarian goals to learn a great deal from his book about economics and economic policy issues.

The first section of the book provides a nuanced “diagnosis” of economic inequality drawing upon the copious historical data generated by Atkinson and others for a wide variety of countries. It is good to be reminded of the complexities of measurement underlying the economic data that political scientists often use without much thought. Wages, household income, and wealth are not interchangeable. Top shares do not always track broader measures of inequality such as Gini coefficients. And the overall increase in economic inequality in the post-war era has seen important exceptions, including much of Europe in the 1960s and 1970s and Latin America in the 21st century.

The downside of this careful, nuanced review of trends is that readers who do not already share Atkinson's concern about rising inequality may fail to see what he calls the “Inequality Turn” for the trees, and thus fail to appreciate the force of the moral imperative animating his policy prescriptions. Students, especially, might be better served by a treatment that emphasized the magnitude and

implications of the overall increase in inequality before plunging into so much empirical detail.

Atkinson argues, as a growing number of economists and political scientists in the past decade have, that “market incomes are not just driven by exogenous forces over which we have no control,” such as globalization and technological change. “In a market economy,” he writes, “supply and demand influence the outcome but leave space for other mechanisms,” including trade unions, labor market institutions, and “entitlement rules,” to reduce inequality—or not (p. 110). Atkinson's aim is to show how policy-makers might exploit that space to make a perceptible dent in inequality in the United Kingdom, the United States, and other affluent countries.

The middle section of the book offers fifteen “proposals for action” (plus some additional “ideas to pursue”) to reduce the extent of economic inequality in affluent capitalist systems. Some are standard left-wing fare, such as more progressive taxation, extensions of social insurance programs, and increased attention to the pernicious consequences of means-tested benefit programs on effective marginal tax rates for the working poor. Others are less familiar, such as a national pay policy including a “code of practice” regulating pay gradients (albeit on a “voluntary” basis) and a technology policy “encouraging innovation in a form that increases the employability of workers and emphasizes the human dimension of service provision” (p. 237).

The concrete details of Atkinson's more controversial proposals are mostly left to be worked out by a “Social and Economic Council” of the sort already in place in several European countries, though not in the United States or the United Kingdom. The Council, Atkinson says, should be “representative in terms of gender, ethnicity, and generations” and “multipartite, including non-governmental bodies and consumer groups, as well as the standard three parties of employers, unions, and government” (p. 131).

When Atkinson argues for “a society-wide approach to earnings determination . . . which does not let incomes be determined purely by market forces” (p. 147), he imagines that that approach will be worked out in a “national conversation” involving all stakeholders that could ideally take place at the Social and Economic Council.” Similarly, the Council should devise the “pay code” restricting top incomes and ensuring that “people are being paid equally for equal value” (pp. 151–154) and set a government-guaranteed real rate of return for small savers (p. 169).

As an abstract matter of procedural democracy, a “national conversation” sounds like a very nice thing. However, Atkinson provides no evidence—and I know of none—suggesting that such a conversation would actually result in policies anything like those he advocates. In the United States, the most substantial assault on economic inequality in recent decades was the Affordable Care Act, which imposed substantial new taxes on affluent

Americans in order to provide subsidized health insurance to people of modest means. It was (barely) politically viable precisely because its adoption did *not* involve any significant public discussion of redistribution.

The third and final section of Atkinson's book is devoted to the question, "Can It Be Done?" In my view, the success of this section—and of the book as a whole—depends significantly on one's understanding of what "can" means.

Atkinson's analyses are addressed almost entirely to issues of economic feasibility; they "are intended to meet the criticism that the proposals are too costly in terms of economic efficiency or that they cannot be put into effect by a single country in a global economy" (p. 241). On the first score, his primary empirical evidence consists of a scatterplot showing little or no relationship between economic inequality and subsequent economic growth in a few dozen affluent and developing countries, from which he concludes that "there is no smoking gun" linking reductions in inequality to debilitating effects on economic growth (p. 259, 262). On the second score, he notes that significant welfare states first emerged in many affluent countries in the period of intense globalization before World War I, and that international institutions such as the EU can significantly ease constraints on national governments.

Atkinson's penultimate chapter provides a bracingly concrete assessment of the likely budgetary costs of several of his key policy proposals. These are derived from a tax-benefit model whose features are only cursorily sketched, and the analysis is grounded in the specific circumstances of the United Kingdom. Nonetheless, Atkinson makes a plausible case that "a revenue-neutral version of the proposals could achieve a salient reduction in overall inequality, in overall poverty, and in child poverty" (p. 299). He estimates that 52 percent of people in the bottom half of the income distribution would see their incomes increase by at least five percent under the more ambitious of two packages he analyses. He does not say—but his graph shows—that an even larger proportion of people in the top two deciles would see their incomes *fall* by at least five percent (p. 297). Assuming (as I do) that Atkinson has done his sums correctly, these results demonstrate that his proposals *could* appreciably reduce economic inequality. But political scientists may be forgiven for doubting that they *will*.

The great disappointment of Atkinson's book—as with most work on inequality, certainly including my own—is that it has rather little to say about what can *really* be done in a world where policy is not made by egalitarian academics or even by "all stakeholders" on the basis of a "national conversation." From most economists, that

would be no surprise. But Atkinson has been unusual among economists in stressing (for example, in his 1996 presidential address to the Royal Economic Society) both the importance of political and social forces in shaping economic outcomes, and the importance of partisan ideologies, pressure groups, and bureaucratic politics in shaping specific public policies, in contrast to the simplistic Meltzer-Richard model of economic redistribution through the electoral process.

None of those considerations figure here. On page 305 of his 308-page text, Atkinson turns to the topic of "How to Make Progress." He acknowledges that readers "may feel that I have devoted too little attention to politics," but responds that "my aim has been to focus on one particular way in which the political message has been couched. This is the corrosive view that there is nothing that can be done: that there is no alternative to the present high levels of inequality. I reject this view. There have been periods in the past, not just in wartime, when significant reductions in inequality and poverty were achieved. The twenty-first century is different, notably in the nature of the labour market and in the globalization of the economy, but we can learn from history when looking to the future."

Alas, what, specifically, we are supposed to learn from this history is unclear. Atkinson cites the "important lesson" that "action needs to be taken across the whole range of government" (p. 306), but makes no attempt to specify the economic, social, or political conditions under which that has happened or might be likely to happen. He concludes that individual citizens "will ultimately determine whether the proposals set out here are implemented and whether the ideas are pursued. They will do so indirectly in their capacity as voters, and—perhaps today more importantly—as lobbyists through campaign groups and social media, acting as countervailing power to the paid members of the lobbying profession. Sending that email message to your elected representative makes a difference" (p. 307). It is hard to tell whether this is intended to be a serious empirical claim or merely an exhortation. It is offered without evidence—indeed, without any glimmer of recognition that one might doubt it. But if one does doubt it, then the preceding 300 pages may feel more like a utopian exercise—"academic" in the worse sense of the word—than a blueprint for action.

Of course, no book can do everything, and even a scholar of Atkinson's stature may prudently refrain from straying too far beyond the boundaries of his own professional expertise. Nonetheless, for political scientists the most important lesson of his book may be that the real obstacles to reducing economic inequality are not economic but political. Now, it seems, it is up to us to determine what can *really* be done, and how.