

Review: Anthony B. Atkinson, *Inequality: What can be done?* Harvard University Press, Cambridge, Mass. 2015. 384 + xi pages.

This book tells the narrative of the fall in social inequality after the second world war and its subsequent and continuing rise. It then proposes a set of policies to reverse the current trend, which could be implemented in the UK without undermining its capitalist economy. They include a more progressive income tax, with a top rate of 65%, a capital endowment paid to all citizens on their reaching adulthood and guaranteed public employment for job-seekers at the level of the living wage.

Atkinson calculates that these measures would reduce the UK's Gini coefficient (the Gini coefficient being one method for scoring a nation's inequality) by 5.5%. He acknowledges that this is quite modest but stresses that adjustments to the tax and benefit systems, in the absence of any flattening of gross incomes or changes to capital ownership, could not achieve anything remarkable. He emphasises that any numbers quoted for inequality levels emerge from particular measurements performed on particular data and so are bound to be partial and incompletely reliable. Issues of measurement, and the quality of data, are important. Atkinson gives an example of two different articles in the same issue of the same economics journal, one of which quoted the USA and Japan as having a negligible difference between their Gini coefficients while the other claimed they differ by seven percentage points. Scoring methods and data reliability will take on even more importance if ever a government does try seriously to reverse the trend for increasing inequality. Then we will see a scramble to find data and measurements which put the best (or worst) construction on the results.

Given that Atkinson is not a complete egalitarian (he claims, among other things, that pay differentials are necessary as an incentive to take on skilled or onerous employment), he should have explained more clearly why he thinks the current level of inequality in Britain is "excessive". He explicitly refuses to state a level of

inequality (in terms of the Gini coefficient, for example) that would meet his threshold of acceptability. However, there is certainly no doubting the sincerity of his commitment to less inequality (conceptual double negatives abound in this field) and it is good to see an academic book dedicated to "the wonderful people who work in the National Health Service" and a list of charities to which all royalties from the book will go.

Atkinson's politics are presumably social democratic, as seems to be the case with most researchers and theorists of social inequality. Marxist economists tend to be preoccupied with the question of what causes capitalist crises but one of their number, Michael Roberts, has produced a slim volume of *Essays on Inequality* (Roberts, 2014), only a minority of which concern inequality as an alleged cause of crisis. Some readers may, like me, find his trenchantly expressed views on such things as pay differentials ("I doubt that the inequality of income between doctors and garbage collectors is necessary for either to do their jobs."; p61) preferable to Atkinson's. But for all their political differences, Roberts devotes a whole (and entirely appreciative) essay to one of Atkinson's conference papers, beginning with this only slightly barbed accolade: "The world's greatest economic expert on inequality of wealth and income is Tony Atkinson, or should I say, Sir Anthony Atkinson." (p35). His eminence is well deserved, I am sure, and his methods will be as applicable to post-capitalist as to capitalist societies. Changes over time to the inequality level will be an excellent means of measuring the success or otherwise of any future socialist government.

Reference

Roberts, M., 2014. *Essays on inequality*. Charleston: Self-published with CreateSpace.

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