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## *Inequality, What Can be Done?* Anthony B. Atkinson. Reviewed by James Midgley

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## Book Reviews

Anthony B. Atkinson, *Inequality, What Can be Done?* Harvard University Press (2015), 400 pages, \$29.95, (hardcover).

Inequality is clearly back on the agenda. After having been banished from polite discourse since the 1980s, a spate of recent books on the subject have attracted a large readership and challenged the notion that that income and wealth inequalities are unimportant as long as the problem of poverty is addressed and opportunities to improve living standards are available to all. Euphemistic terms, such as "social exclusion," that were popularized in the 1990s to offer an alternative conceptualization of inequality, are giving way to a more decisive commitment to deal with inequality directly. The question, of course, is how an egalitarian agenda can be implemented in the face of vigorous opposition from those who enjoy the power and privileges arising from entrenched income and wealth inequalities.

Atkinson seeks to answer this question in his wide-ranging book on the subject. Long recognized as a leading scholar of both poverty and inequality in Britain, where he serves as Professor of Economics at the University of Cambridge, he takes an optimistic view, claiming that policymakers can be persuaded to adopt measures that will reduce inequality. He lays out a persuasive case showing that there are sound reasons for pursuing egalitarian policies. These transcend moral and humanitarian arguments and focus on the economic and political costs of inequality. Entrenched income and wealth inequalities, he contends, impede economic growth and foster the concentration of political power in the hands of a few. Unless checked by policies that promote greater equality, the very basis of democracy is threatened.

The bulk of Atkinson's book offers a range of policy proposals that can promote greater income and wealth equality. Five chapters outline these proposals in depth recommending, for example, that policymakers regulate technological change in ways that increase employment, introduce a national pay

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policy, provide a statutory minimum wage and seek to reduce and prevent unemployment. To promote egalitarian asset accumulation, government should offer national savings bonds with a guaranteed real rate of positive interest and establish a public investment authority to operate sovereign wealth funds, which can build up national assets. Like most writers on the subject, he also discusses the role of progressive taxation in reducing inequality. A particularly interesting chapter for social policy scholars is a discussion of the role of income protection (or "social security" as these programs are known in Europe) in reducing inequality. Atkinson believes that social insurance has historically played an important redistributive role and he recommends that it should be strengthened. He is less sympathetic to social assistance, which he believes has perverse consequences that limit their redistributive impact. In addition to stigmatizing recipients, they are often meager and coercive. Although his proposals are primarily directed at Britain and other Western countries, he concludes by recommending that international aid flows directed at low income countries should be increased. The author helpfully provides a summary of these proposals at the end of the book.

The final chapters discuss whether the book's proposals are affordable and politically feasible. Challenging those who believe that governments are limited by the pressures of global competition as well as domestic economic realities, he optimistically concludes that it is possible to build on past achievements to implement an egalitarian agenda that fosters opportunities and well-being. In the years following the Second World War, he argues, governments purposefully adopted economic and social policies that reduced income and wealth inequality and raised the standards of living of many millions of families. The sharp increases in inequality that have characterized social conditions in recent years are also, he contends, the result of deliberate policy choices. Accordingly, the solution to the problem of inequality "lies in our own hands."

This is a readable and stimulating book, which will appeal to many readers of this journal, even though it is unlikely to persuade everyone that proposals to promote an egalitarian agenda are needed. Although time will tell whether Atkinson's arguments will have wider political appeal, the book contains

a wealth of information on the subject. In addition to its policy proposals, the author's mastery of the empirical complexities of defining and measuring poverty and inequality will be of interest to social policy scholars and other social scientists. His optimism is infectious and his proposals are persuasive. This engaging and informative book deserves to be widely read.

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Kathryn J. Edin & H. Luke Shaefer. *\$2.00 a Day: Living On Almost Nothing in America*. Houghton Mifflin Harcourt, (2015), 240 pages, \$28.00 (hardcover).

What happens to poor people when the federal safety net is ripped apart? That's the fundamental question addressed by Kathryn Edin and Luke Shaefer in *\$2.00 a Day*. In 1996, the U.S. Congress abolished Aid to Families with Dependent Children (AFDC), a New Deal-era cash assistance program, and replaced it with Temporary Assistance to Needy Families (TANF). TANF is a block grant program that mandates work, imposes a five-year lifetime limit, and allows states considerable administrative discretion. Initial reports were mostly positive: employment by mothers previously on AFDC increased substantially, not only in the booming late 90s economy but on into the 2000s. Politicians trumpeted welfare reform as a resounding success.

Even before the financial meltdown of the late 2000s, signs had emerged that the picture was not as bright as advertised. Scholars found that a poor mother's transition from welfare to work hardly increased her family's well-being. Most available jobs simply paid too little and were too insecure. It was clear, however, that the mothers preferred to work and that the 1993 expansion of the Earned Income Tax Credit had, in fact, provided a significant benefit to those finding formal employment. Yet, not everyone could find and keep jobs, and the Great Recession led to much suffering.

*Two Dollars a Day* provides a richly detailed, moving, and comprehensive picture of those left behind in the pitiless political and economic environment of the early 21st century. The