**Anthony B. Atkinson (2015) *Inequality: What Can Be Done?* Cambridge MA: Harvard University Press, 384 pp (ISBN 978-0-674-50476-9) £19.95 Hbk**

This is a major book by a leading expert in the field. It traces the history of inequality in income and wealth in OECD countries, focusing mainly on Europe and the US, analyses the explanations provided by economists and others of patterns of inequality, develops proposals to contain the growth on inequality and possible reduce it with special reference to the UK, and argues for the feasibility of the proposals. Economic ideas are explained in a way that is accessible to the non-specialist and the book is clearly structured and as engagingly written as distributional analysis can be (with references to Jane Austen and Bob Dylan).

Atkinson charts patterns of income inequality, including the recent acceleration mitigated for households by the growth of women’s incomes and by public policy, p.28), and inequalities in wealth (the top one per cent’s proportion falling through much of the post-war period then rising rapidly during the past two decades, with a recent fall due to the financial crash, p.157). He stresses the importance of social and political factors (norms about acceptable earnings distributions, the role of collective bargaining, equal pay legislation) alongside the forces of globalisation and technological change and suggests that much discussion by economists pays too little attention to these factors.

His conclusion is that is it possible for a determined government to reduce inequality, just as government can increase it through their trade union, tax and benefit policies. He sets out fifteen policy proposals and some further ideas to be pursued to improve income distribution and mitigate current trends to greater inequality. These include policies directed at shaping the direction of technological change, strengthening trade union rights and involving social partners, setting an employment target and establishing a national pay policy (minimum wage plus a code of practice aimed at reducing top end incomes and ensuring a fairer distribution in relation to the value of work in the middle). There should be an individual capital endowment, paid at adulthood and a public investment authority, as well as a number of direct tax and benefit proposals, including reform of inheritance tax and property tax.

The value of this book lies in the range of the discussion (historical, theoretical, practical, economic, social and political) and the clarity of the writing. It is a valuable contribution to the debate about the damage done by inequality and the failure of governments to address it, to which Wilkinson, Picketty, Lagarde at IMF and OECD have recently contributed. Critical social policy will find the brisk refutation of purely economistic accounts of technological change and globalisation, which sometimes present these changes as ineluctable forces which government must simply accept, in chapter three helpful. The detailed discussion of the various factors contributing to changing rates of inequality leading to the proposals in part two of the book is also valuable, because it shows how complex causation is in this area. It also points out that there are real opportunities to make progress through various policies which might reinforce but do not depend on each other, each of which can help to reduce inequality.

Readers may raise questions about the optimism of some of the proposals and question whether for example establishing a national pay code governing inequalities and resting on a ‘national conversation’ would have much purchase on City remuneration committees. They might also wonder why indirect taxation is not discussed alongside income tax, wealth and inheritance tax and property tax. The 2010 VAT increase was the biggest tax change of recent times in the UK. It receives little attention in the literature and has been heavily regressive in its impact. Another areas of interest, particularly relevant to the UK, might be the balance between incomes in the finance sector and in the rest of the economy and whether policies such as a financial transaction tax might help.

Atkinson is also optimistic about the EU’s Europe 2020 programme in chapter 11, although numbers in poverty has risen rather than fallen during the life of that programme and employment rates are flat-lining not rising. The recession and its aftermath are relevant, but perhaps the ECB’s commitment to neo-liberal economic management merits attention?

The book is worth reading because of the scholarship that it contains, the accessibility of its writing and the serious and relevant nature of its proposals, and because it is dedicated to ‘The wonderful people who work in the NHS.’

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