**Inequality and its definitions.** While inequality can mean many different things, Atkinson frames it as a debate that centers on a push for equality of opportunity vs. equality of outcome. Like Atkinson, I am more concerned with creating equality of outcomes because (1) outcomes shape opportunity for the next generation, (2) it is inhumane to ignore, and (3) there is a difference between competitive and non-competitive opportunity. While there is much debate about how to measure inequality via outcomes and which outcomes to measure, I agree with Atkinson that outcomes should be measured in terms of the distribution of household income because it captures more dimensions of inequality. Like Atkinson, I am skeptical of measuring outcomes in terms of consumption because (1) they are actually measuring consumption expenditure, (2) important consumptions items are generally under-reported, and (3) measurements of household income are easier to standardize.

Measuring household income enables researchers to better and more widely measure the individual and collective processes that shape inequality. For example, McCall and Percheski highlight research on family formation practices in accounting for growing family inequality. Although more women have entered the labor force, which give families more flexibility in dividing labor and access to multiple incomes, it’s unclear if this trend benefits poor families more or ones that are already more likely to have two income earners. Kallenberg’s research on precarious work highlights the increased risks of employment insecurity to households, especially those at the bottom. Western et. al. point to the eroding of social and political institutions—the state, the labor market, and the family—that have traditionally enabled households to spread and mitigate risk. Increases in single family households, less employment security, and health issues now exacerbate inequality at the bottom and force families to employ new strategies to confront those insecurities—increased reliance on government subsidies, co-habitation, alternative family formation practices, working more jobs, etc.

**Trends and Patterns.** Three trends from the income literature are worth highlighting. First, income inequality has followed a U-shaped pattern—higher in the early 1900s, lower during the 1940s and beginning to rise in the 1980 and 1990s (earlier by some accounts). Piketty and Saez argue that the negative economic shocks of the world wars dramatically reduced capital and wealth holdings—which have not since recovered to their pre-war heights—and that income from wages now dominates the incomes of top earners. The “working rich have replaced rentiers at the top of the income distribution.” They contrast their findings in the US with France, where wage shares for top earners recovered more quickly after WWII, but capital income has remained a larger share of top incomes today than in the US—the US is the land of booming incomes while Europe booming wealth. This is the result of slower European rates of return on growth and the US reduction of progressive taxes and social norms of higher executive pay. While Atkinson tends to emphasize the role of changing labor market dynamics that increased the floor and therefore kept income inequality stable until the 1980s, it is hard to ignore the Piketty and Saez’s argument about the differing social norms surrounding US executive pay as one of the central explanations for rising levels of inequality in the US. Other researchers like, McCall and Percheski, have made similar arguments that US executives’ salaries, bonuses, and stock options have soared since the 1970s. A pre-distribution argument, I tend to think that the drastic reduction of progressive tax rates, a redistribution argument, played a large role in reviving income and wealth inequality.

Second, the literature discussed a withering away of social and political institutions that have largely maintained a role in helping families mitigate risk and insecurity. This was largely the point of Western et al. (2012)—that the institutions that have played large roles in distributing risk (the family, the state, and the labor market) have been subject to drastic changes over the years, i.e., the rise of single-family households, increasing job precarity, and the shrinking of the welfare state. “Whereas rising economic inequality, at least since the late 1980s, is a story about increasing incomes at the top of the distribution, rising insecurity appears to be a story about increasing risks to households at the bottom” (Western et al. 2012:355).

Third, the literature portrays a cautious optimism about the ability to stem inequality. Atkinson opens his book arguing from a “spirit of optimism” that the future is very much in our hands. Just as the current situation is a result of social and political policies, so too are the solutions. I think that Gornik and Smeeding’s (2018) work emphasized how a combination of both predistribution and redistribution policies can help to reduce inequality and child poverty. While some policies have more potential than others, we have multiple options—it’s about enacting them. However, Miles Corak (2013) highlights the feedback loop of inequality of outcomes shaping inequality of opportunity, noting that the “American Dream” lives on for the top 20% of the income spectrum, who hope that their oversized influence on public policy will continue to shape policies, that will enable them and their children to cross the threshold into the top 1%.

**Proposals and Solutions.** In the literature there are two ways of thinking about solutions—predistribution and redistribution. Gornick and Smeeding (2018) compare predistribution and redistribution efforts at mitigating inequality across countries. They find: (1) collective bargaining has a stronger effect than a minimum wage guarantee in pushing wages up, (2) that about 14% of households receive private transfers, which consist of 17% of their total household income, and (3) that, with some exceptions, countries with larger welfare states (redistributional policies) do a better job at reducing child poverty and inequality than those with smaller welfare states. I think their findings suggest that a combination of both predistribution and redistribution policies—stronger unions and higher minimum wages and high progressive tax rates and large welfare states—offer a better chance at reducing inequality than just one or the other.

Atkinson outlines several proposals in his book that include both predistribution and redistribution, but says he is more interested in predistribution policies. In my mind the larger uncertainty is whether or not there is a political will, than if these policies are feasible. Of all of his proposals, I favor a balance of predistribution and redistribution: creating a stronger legal infrastructure for labor unions, a guaranteed public employment at minimum wage, setting the minimum wage to a living wage, a progressive tax rate of with 65% for top earners, an personal tax Earned Income Discount, and a renewal and expansion of social insurance. While I would like to go a lot further, I think this combination balances predistribution and redistribution while perhaps being more politically feasible than some other proposals. I really like the idea of a participation (universal) income, a publicly-held sovereign wealth fund, and an annual wealth tax, but think those would be much harder to implement and would gain less support.

**Questions/Need for Clarity**

* Hard to imagine how the shares of top earners is mostly wages and not capital. Isn’t a large share of CEO’s and executives’ pay in stock options and real estate investments that would be counted as capital and not wages? There are more millionaires and billionaires than ever before, you’re telling me most of their income is from wages not capital?
* Are there enough CEOs and executives with salaries large enough to account for large shift away from capital and towards wages? Also, how has the financial crash of the 2008 and the Occupy Wall Street movement changed these norms, if at all?
* I’m missing the connection between the mechanisms that increase and decrease wealth in Piketty and Saez’s discussion of the ratio of rate of return to rate of growth.