

Working with a great public intellectual: Remembering Tony Atkinson

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Joseph E Stiglitz

Columbia University, USA

It was with great sadness that on 1 January 2017, the world lost one of its greatest, and one of its kindest, economists – Anthony Barnes Atkinson. He was also one of the most devoted public intellectuals, giving his enormous talents and energies to creating a world with greater social justice – the motivating force behind his entering the economics profession. I first knew Tony in Cambridge in 1965–1966. He was in Churchill College with Frank Hahn, and I was a Fulbright Scholar finishing my PhD for the Massachusetts Institute of Technology. Frank arranged for me to do some tutorials for Tony. We quickly became friends and co-authors, working closely together as we each went from one side of the Atlantic to the other. I met Judith then too, whose warmth and intelligence provided a bond that was special. On my last visit to Oxford, a year ago, Judith, Tony, Anya (my wife) and I had a memorable walk through the woods and mud near their home, reminiscing over the years.

Our first paper together, ‘A new view of technological change’, was on a quite different topic than the one to which he devoted his life, inequality, but we were pleased that it was recognised by the *Economic Journal* as one of the 10 most important articles published in that journal over the last century.

No one has done more to promote the study on inequality over a half-century than Tony. He established it as a field. He was instrumental in getting the data with which we could see what was going on. I, like Tony, had entered economics in part because I was concerned about inequality. We wanted to understand why it was so large, and we wanted to do something to get it smaller. Tony believed that only by having a good empirical base could one really come to grasp the problem. As Tony began his work, I am sure he did not realise that he was going to be focusing on one of the major changes in our society – the growth in inequality. His numbers helped us understand what we all sensed was going on. The Atkinson measure of inequality provided a new metric that allowed us to summarise what was happening in a meaningful way – telling us what percentage of our income we would have been willing to give up were we able to rid ourselves of it. His theorem concerning the conditions under which one distribution of income could be

Corresponding author:

Joseph E. Stiglitz, Columbia University, Uris Hall, 3022 Broadway, Room 212, New York, NY 10027.

Email: jes322@columbia.edu

ranked against another (for all inequality-averse social welfare functions) was elegant and powerful – and it has provided an important tool for understanding changes in the shapes of distribution.

At the time Tony and I began our work on optimal tax theory, James Mirrlees, one of my mentors at Cambridge, and Peter Diamond, visiting Cambridge, were writing their path-breaking papers. We felt something was missing from both Ramsey, whose work a third of a century earlier had begun the field, and these important developments. Ramsey's result suggested that government should tax products at a low price elasticity at a higher rate. Since those products (like food) were consumed disproportionately by the poor, such a tax would be regressive, and thus Ramsey taxes offended our progressive instincts. We showed that in fact one should include distributional concerns in the design of optimal indirect taxes, and we showed how that could be done.

That still left us disturbed. If one could impose lump-sum taxes, one should not impose any commodity taxes. What if one could impose an optimal income tax, *à la Mirrlees*? We were able to show that, in a central case of separability (between consumption of goods and labour), there should be no indirect taxation at all.

Our most extensive collaboration was on our text, *Lectures in Public Economics*. It was, of course, more than a text. We hoped to show how public economics should and could be analysed. We both believed that if one could bring greater rationality to public decision-making, there would be better decisions. Tony's last book showed that he still had that faith – it was a brilliant book showing innovative ways by which we could achieve a more equalitarian society.

Tony brought enormous creativity to our project, but he also brought something that I was badly lacking – a sense of discipline. Without that, the book would never have been completed. Our last project together was to think through how we would have rewritten *Lectures* today. What were the pearls that we had thrown out that surprisingly had not yet been taken up? How had the economics profession advanced over the past third of a century, and how might those insights be incorporated were we to write another edition? As we talked about these issues at his home in Oxford in the summer of 2014, it felt so much like the old days in Cambridge, back in 1965–1966, when we had first begun to discuss them – the sense of excitement at new ideas and the sense of comradeship for a fellow economist whose intellect and values I so respected. Our thoughts on these subjects were contained in a brief introduction we wrote together for the new edition which Princeton University published in 2015.

Tony will be sorely missed.

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Author biography

Joseph E. Stiglitz is a University Professor at Columbia University. He is also the co-chair of the High-Level Expert Group on the Measurement of Economic Performance and Social Progress at the OECD, and the Chief Economist of the Roosevelt Institute. A recipient of the Nobel Memorial Prize in Economic Sciences (2001) and the John Bates Clark Medal (1979), he is a former senior vice president and chief economist of the World Bank and a former member and chairman of the (US president's) Council of Economic Advisers. In 2011 Professor Stiglitz was named by Time magazine as one of the 100 most influential people in the world. His work focuses on income distribution, risk, corporate governance, public policy, macroeconomics and globalization. His most recent titles are *Globalization and Its Discontents Revisited*, *The Euro, Rewriting the Rules of the American Economy*, and *The Great Divide*.