

CRITIC'S NOTEBOOK

Economists Ignored Inequality for Years. Now They Can't Stop Talking About It.

A flurry of new books highlights broad disagreements over how to address the problem.



By Jennifer Szalai

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When the economist Angus Deaton moved to the United States in 1983, he was “in awe,” as he puts it in his new book, “Economics in America.” Born in Scotland and educated at the University of Cambridge, he remembers the swell of optimism he felt upon arriving at Princeton University. It was a “splendid place to work,” especially for someone who had been poor enough as a child to appreciate the measure of security provided by an “American salary.”

But Deaton was immediately struck by the dark side of the American dream. Outside campus, the land of opportunity also turned out to be “the land of inequality.” The American safety net was meager to nonexistent. Having grown up in the early days of Britain’s welfare state, Deaton “saw the government as my friend.” He recoiled when one of his new colleagues declared that “government is theft.”

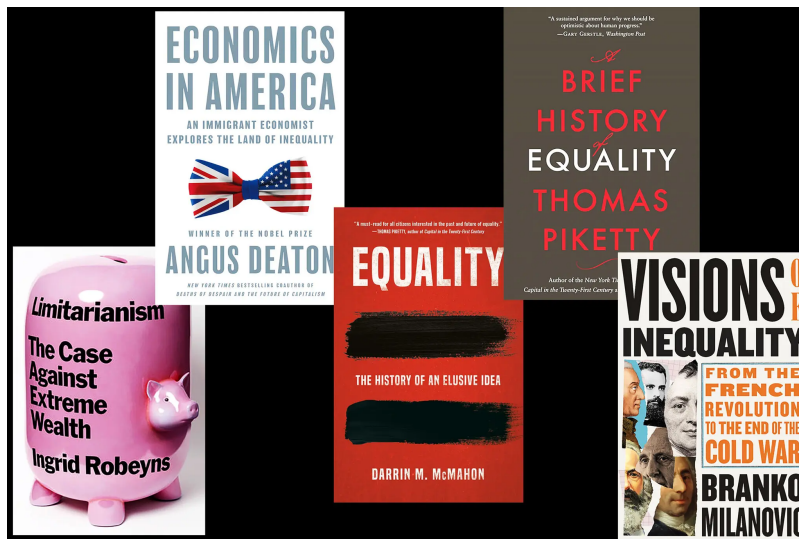
Deaton’s arrival in the United States happened to coincide with what the British economist Anthony B. Atkinson called the “Inequality Turn.” The “great compression” of wages during the previous decades was coming to an end, buffeted in the 1970s by oil shocks and stagflation. By 1983, the Thatcher and Reagan governments were pursuing a neoliberal agenda of tax-cutting and deregulation. For the middle classes, consumer debt fueled a mirage of continued prosperity, but inequality was widening. The economics profession had yet to catch up.

And catch up it has. A spate of books detail a new understanding of inequality, showing how this intellectual transformation is a rich story in its own right. In “Visions of Inequality,” a history of the changing ways economists have broached the subject since the French Revolution, Branko Milanovic notes a “long eclipse of inequality studies” from the mid-1960s to around 1990. With some exceptions, including work by Latin American economists, declining inequality had lulled the discipline into a smug sense of complacency. Both sides in the Cold War wanted to pretend that their systems had solved the problem once and for all.

Milanovic, formerly the lead economist in the World Bank’s research department and the author of several books about global inequality, describes how Western economists were in thrall to an unholy combination of extremely simplistic assumptions and extremely complex mathematical models: “It was almost as if they wanted their model world to look as different as possible from the world where people lived.”

This idealized approach was eventually overwhelmed by the unruly reality, with the neoclassical economist cloistered in his ivory tower, contemplating his quaint abstractions, becoming the stuff of caricature. The financial crisis of 2008, Occupy Wall Street, the 2014 publication in English of “Capital in the 21st Century,” the 700-page best seller by the French economist Thomas Piketty: Milanovic shows how inequality went from a subject “hovering in the background” to a pressing issue at “the forefront of people’s consciousness.”

Deaton notes a similar turn. Among the bubbles that popped in the collapse of 2008 was the “reckless enthusiasm for markets” in his profession. Along with his wife, the economist Anne Case, he has written about the rise in “deaths of despair” — increasing mortality rates among white American men without a college degree. When Deaton first arrived at Princeton 40 years ago, his interest in tax reform and resource redistribution made him a professional outlier; in 2015, he was awarded a Nobel Prize.



“Economics in America” is an inviting and readable book, though it’s perhaps a measure of how much inequality has permeated our cultural consciousness in the last decade that there’s little in it that comes across as provocative or surprising. The ambivalence and estrangement that Deaton expresses about his adopted country (he identifies himself in his subtitle as “an immigrant economist”) is not, I would wager, all that rare as Americans struggle to find common ground.

Yes, most of us agree that inequality is a problem — even if we can’t agree on what that actually means and what to do about it. Incomes have stagnated, except for the very rich, whose incomes have more than quadrupled since 1980. The left calls for higher taxes and solidarity; the right calls for slashed taxes and closed borders. Centrists try to tiptoe their way between the two poles, to nobody else’s satisfaction. The epidemiologists Richard Wilkinson and Kate Pickett consider inequality a “social poison” that erodes the very things we need — empathy, a sense of security, trust in one another — to combat inequality in the first place.

Even the response to Deaton’s own research has fractured along ideological lines. He notes how officials in the Trump administration used deaths of despair as an argument against lockdowns during the pandemic, suggesting that suicides would increase if people were forced to stay at home. Deaton says that the data doesn’t support this contention, just as he rejects claims by conservatives like Charles Murray, who insist that the problem isn’t a surfeit of despair but a lack of industriousness. Deaton, perhaps in a nod to some of his critics, also pulls back from his original focus on white men. In his new book, he speaks more generally about despair among the less educated, pointedly discussing the persistence of economic disparities between Black and white Americans.

As I was reading “Economics in America,” I recalled the argument briefly fashionable around the time of the 2016 election that “economic anxiety” among white Americans was driving support for Donald Trump. A year later, “The Broken Ladder,” by the psychologist Keith Payne, conceded that white Americans with a high-school degree continued to fare better economically than similarly educated Black Americans, but a “history of privilege” meant that working-class white people were “dying of violated expectations.” Such observations emphasized our shared vulnerabilities, though like so much in our zero-sum political discourse, the subject of inequality also got warped and weaponized. Trump spoke the language of populism, promising to deliver for the little guy while pushing through policies that favored the richest.

But inequality hurts the richest, too — at least that’s what the philosopher Ingrid Robeyns argues in “Limitarianism,” a book coming out early next year. She talks to wealthy people who are exhausted by “the unending rat race provoked by status goods.” Extreme wealth isn’t just socially and ecologically destructive; it can be psychologically corrosive, as those who have it try to rationalize disparities to themselves.

Some become “class traitors,” giving away their riches and demanding to be taxed; others double down, insisting that they are merely reaping their just rewards. Robeyns allows that worrying about the emotional health of the 1 percent might be a hard sell, but, she points out, more money means more power, so whatever depletes the stores of empathy and compassion of

the most powerful has implications for us all.

It's this notion of "us all" that some writers are trying to revive, including Piketty, in "A Brief History of Equality," which was published in English last year. In "Capital in the 21st Century," Piketty showed how the rate of return to capital historically exceeded economic growth, allowing the wealthiest to pull ever further away from the rest of the population. His latest book shifts the emphasis by widening the lens. Piketty states that while "different inequalities have persisted at considerable and unjustified levels," we shouldn't get mired in pessimism: "Since the end of the 18th century, there has been a real, long-term tendency toward equality, but it is nonetheless limited in scope."

That "but" gives you a sense of the needle that Piketty is trying to thread, avoiding the twin seductions of triumphalism and hopelessness. He treats the concept of equality more expansively here, including not only income and property but also gender and race. By moving the focus from inequality to equality, he suggests that what's needed isn't only the harsh light of critique but also the remedy of repair.

The historian Darrin M. McMahon lauds Piketty for this ambition, even if he is more circumspect about its prospects in his fascinating new book, "Equality: The History of an Elusive Idea." In a sweeping account that starts with cave paintings in the Spanish Levant and ends with "cyborg-pharaohs" made possible by A.I., McMahon explains how ideas about equality have been anything but consistent and straightforward. An equality that is universal, applicable to all humans, isn't the only kind. His surprising discussion of the far right conveys how the concept of equality has been used to bolster inequality. Even fascist movements promised to "satisfy the egalitarian aspirations of the masses" while also venerating hierarchy and domination.

The forces of right-wing reaction have specialized in this perverse approach, emphasizing "equality in inequality," McMahon writes, drawing connections between nativist movements of the past and the "populist-plutocrats" of today. Which is why, he says, recognizing the reality of inequality is such "vital work in a highly unequal age."

If the public no longer clings to a blithe belief in the system, the trick is to keep such hard-won skepticism from sliding into easy cynicism. McMahon's book is less a call to action than a goad to thinking: "Human beings often long to relate to one another more equally than they do, especially when the gaps between them are achingly apparent."

Jennifer Szalai is the nonfiction book critic for The Times. More about Jennifer Szalai

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