Introducing Tony Atkinson

It is a great pleasure and a great honour for me to introduce Tony Atkinson. Tony has a long list of honours and achievements, and a very distinguished career.

Former president of the International Economic Association (IEA), the Econometric Society, the European Economic Association (EEA) and the Royal Economic Society (RES), he is currently the first president of the newly-established Society for the Study of Economic Inequality (ECINEQ). It is a pity that he never was the president of the American Economic Association, that would have given him the “Grand Slam”.

Tony has innumerable publications in leading journals, but he is also an economist with a taste for writing books – already in young age and not only at older age. His first book was published in 1969, a work to which I shall return later.

He was the founder and editor for more than 25 years of the *Journal of Public Economics*, which he has turned into the leading journal in the field.

When you go through the list of Tony’s co-authors, you can find the last three Senior Vice-Presidents of the World Bank – the Bank’s Chief Economist – Joe Stiglitz, Nick Stern and François Bourguignon, and the current Governor of the Bank of England, Mervyn King. It seems that co-authoring a paper with Tony has become a requirement for getting a high-ranking position as an economist in public administration and international organisations. But Tony himself has never got one. Why? There is probably a “demand side” explanation: hiring in top national and international institutions has become very selective and, you know, Tony is under-qualified: he hasn’t got a Ph.D.

But this can hardly be the full story. There must be a more profound reason. And indeed there is one. After 40 and more years of intense relationship, Tony is still deeply and passionately in love with research. Do you want a proof? Last year he gave up his job as Warden of the Nuffield College in Oxford – a very important position for an economist, and more generally a social scientist, in British academia – because he had not enough time for research. You know, in the 11 years he has been Warden of Nuffield he has published only six books and about a hundred articles in journals and books. Can you imagine had he not been the Warden?

Anyway, his resignation from Warden of Nuffield was very good for us Italians, as he is spending two months visiting the Bank of Italy, before going to Paris with the prestigious Blaise Pascal Fellowship awarded by the French government.

But it is time that I spend few words on his contribution to economics.

Everybody here probably knows Tony as one of the top world-wide expert of inequality, poverty and public economics. And indeed the first book by Tony was the very successful “Poverty in Britain and the Reform of Social Security” published in 1969. The book was widely praised – even if I wonder whether you can really trust the appreciation of British reviewers:

> “Generally the book is a success, and it is especially welcome because it ha no obvious competitor. Mr. Atkinson writes clearly, and the book is accessible to all who are likely to want to read it. Although it contains relatively little that is new, it does provide a coherent framework …” (review by Ray Richardson in *Economica*, 1970, vol. 37, pp. 432-3; citation from p. 432).
The following year Tony published his most famous paper: “On the Measurement of Inequality” in the *Journal of Economic Theory* (vol. 2, pp. 244-263). There is little to say here, save to remember that, in all respects, that paper marked the foundation of the modern theory of income inequality.

Fewer people probably know, however, that Tony’s very first papers were pure macroeconomics. There are two exceptionally good paper, that I would recommend you reading as emblematic of Tony’s clarity and approach to economics.


> “Although models of economic growth have been intensively studied in recent years, relatively little attention has been given to the underlying timescale of these models. While in many cases we know how the major variables of the models change over time, in very few cases do we know how quickly they will change. Yet the speed of change is a prediction of the model, and by examining this we have a further test of the model’s properties. … If we throw away information about the time dimension, we are reducing still further our limited understanding of the relationship between these models and the real world” (p. 137).

Then he goes on to argue that the “stylized fact” that factor shares are broadly constant over time – the inverted commas are in the paper, a testimony of Tony’s reluctance to use the notion of “stylized fact” – cannot be a reason to reject the plausibility of capital-augmenting technical progress, if the convergence to the long-run equilibrium takes a very long time. One needs to match data and theory carefully.

In “A New View of Technological Change” (*Economic Journal*, 1969, vol. 79, pp. 573-578), written with Joe Stiglitz, technical progress is suggested to be local (i.e. confined to some techniques), so that the production function does not change smoothly.

> “The view of technical progress presented in this note contrasts sharply with the dominant mathematical theories of growth, which are essentially ahistorical in character. Where technical progress is localised, history is very important” (p. 577).

**First Lesson:** Theory is important, but you have to develop the full implications of your theory and confront them with reality. To put it differently, no self-referential theorising.

This brings us to the issue of the empirical test of our theories. Here is a **Second Lesson**, that has characterised all work by Tony: Data matter, and you have to take them very seriously.

There is a paper written with John Micklewright: “On the Reliability of Income Data in the Family Expenditure Survey 1970-1977”, published in the *Journal of the Royal Statistical Society* (Series A, vol. 146, Part 1, pp. 33-53). (The Family Expenditure Survey is a major source of information on income distribution in the United Kingdom.) This article is a masterpiece of scholarship in the detailed analysis of the quality of the income data collected in the survey. It might seem boring to many, but knowing what statistics really measure is a precondition for serious analysis of the evolution of the economy – a great lesson for every economist, and even more so for somebody like me working in a public agency.

There is a **Third Lesson** from Tony’s contribution to economics. Our discipline must be seen as a tool to understand the world and to arrive at informed reasoning. This position can be understood from at least two perspectives. The first is that adopted in the article in the *Journal of Economic Theory*: the measurement of income inequality implies value judgements, and these must be made explicit.
The second perspective is the view that economists are at the service of the public opinion – a belief that he has made clear in his Presidential Address to the European Economic Association in 1989: “Public Economics and the Economic Public” (later published in European Economic Review, 1990, vol. 34, pp. 225-248). One example over all.

Tony contributed to develop the first micro-simulation models of taxes and benefits in Britain. He conceived them from the outset as a tool that could be used by policy-makers, journalists and the public opinion in general to understand the distributive effects of different combinations of taxes and benefits. In “The Analysis of Personal Taxation and Social Security”, written with Mervyn King and Holly Sutherland (National Institute Economic Review, November 1983, no. 106, pp. 63-74), the final section is evocatively entitled “DIY tax analysis”, and the conclusion reads:

“It is essential that the methods used in the analysis should be fully explicit, and the availability of micro-computer programs of the kind produced by the SSRC Programme [the authors’ research programme on taxation, incentive and the distribution of income] is intended to encourage better informed debate about these important issues” (p. 74).

Tony was forward-looking, as this idea has spread to many countries and indeed micro-simulations of tax and benefit changes have come to play a role in the public debate, a valuable Italian example being the recent article by Massimo Baldini, Stefano Toso and Marcello Morciano on “Due legislature, due sistemi di tax-benefit”, appeared in Lavoce.info on 6 February 2006 (http://www.lavoce.info/news/view.php?id=32&cms_pk=1974&from=index).

Tony’s vision was again ahead of time as he and Holly Sutherland, a long-term associate of him in this endeavour, brought the micro-simulation approach to cross national boundaries, and they led a multinational research group to construct Euromod, the first integrated European benefit-tax model covering all (pre-2004) 15 member states of the European Union (see http://www.iser.essex.ac.uk/msu/emod/index.php).

The reference to Euromod is an apt conclusion to my comments, as Euromod neatly symbolises a strong trait of Tony’s personality. He is a passionate European. Quite an achievement for somebody quintessentially English like Sir Anthony Barnes Atkinson.

Andrea Brandolini
Banca d’Italia, Economic Research Department