

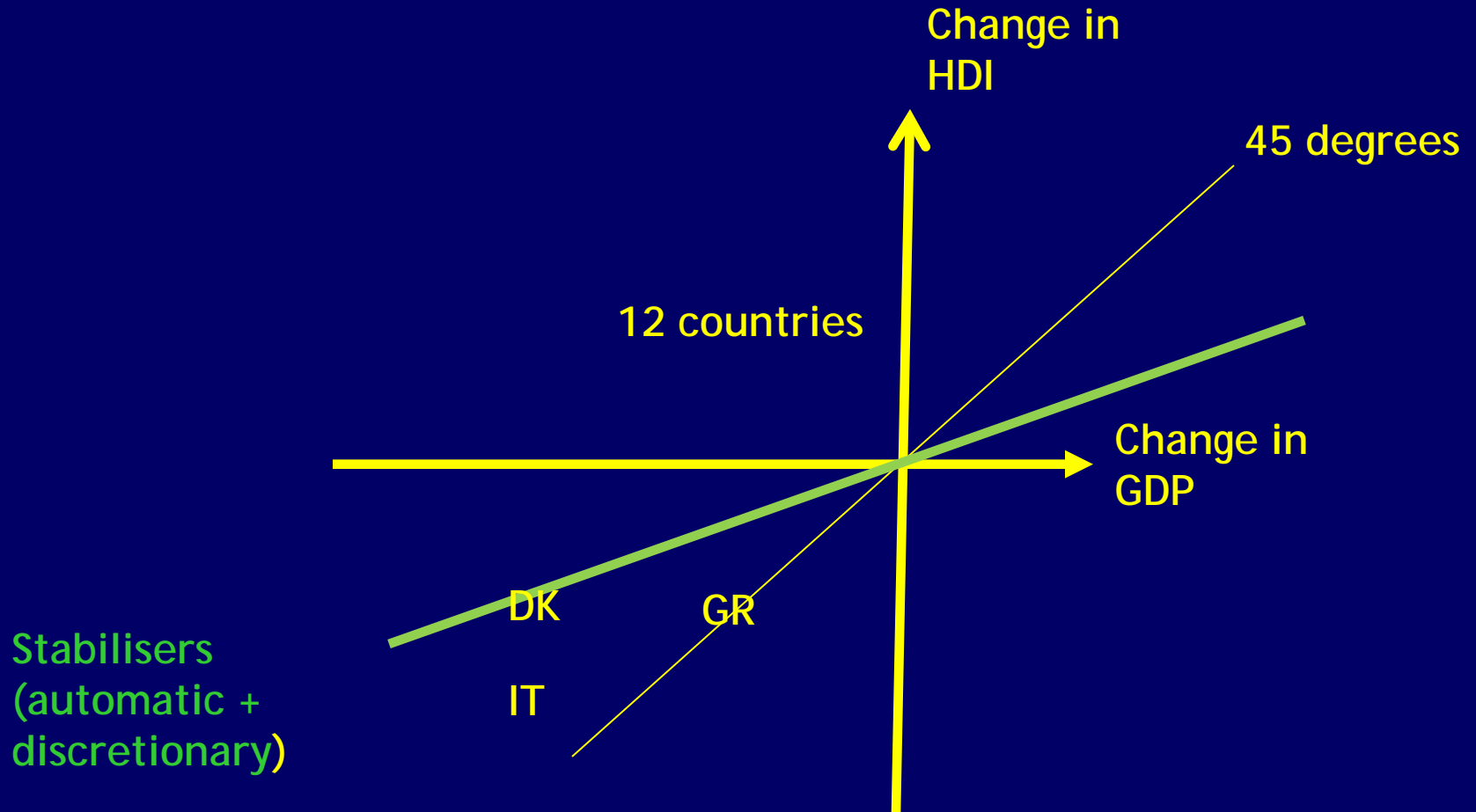
# The Great Recession and the distribution of household income: Comments

A B Atkinson,

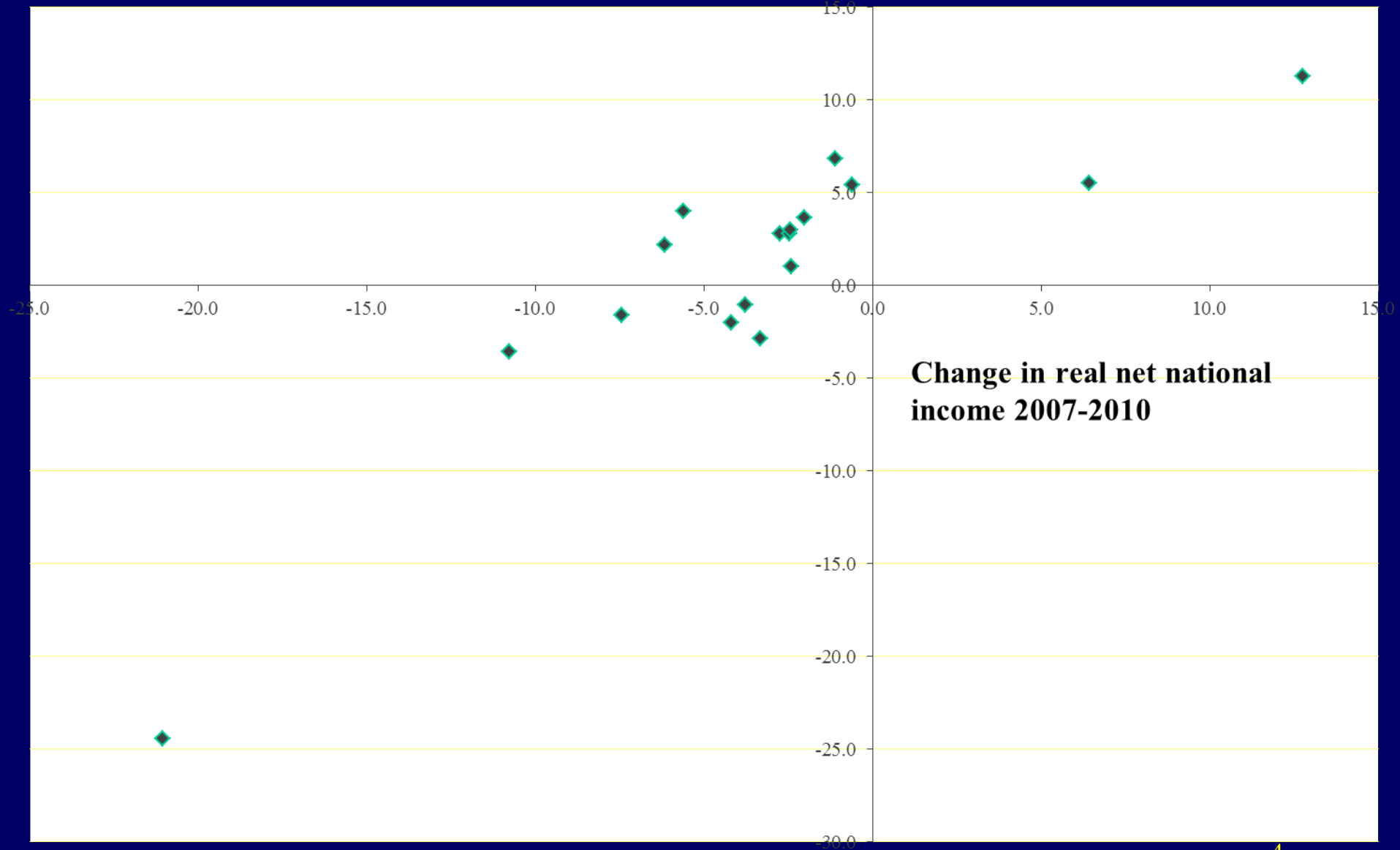
Nuffield College, Oxford, and LSE

1. The relation between macro-economic aggregates and household experiences;
2. The historical record concerning inequality and crises;
3. Public policy and different dimensions of inequality.

# Relation between changes in GDP and changes in household disposable income (HDI) Figure 2.3 in report

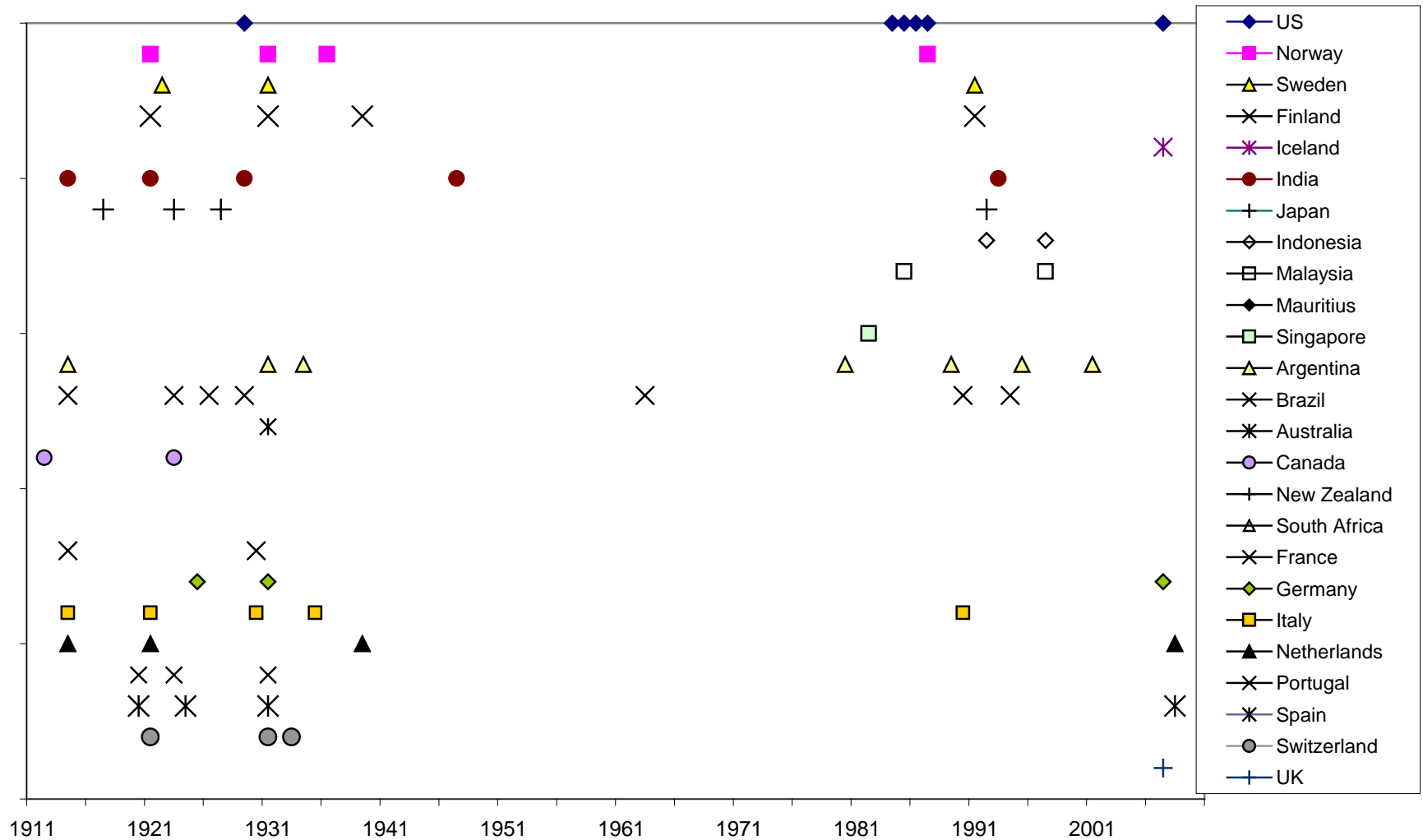


## Change in real household spending 2007-2010



# 2. Historical record: crises and inequality

72 Banking crises in 25 countries over 100 years



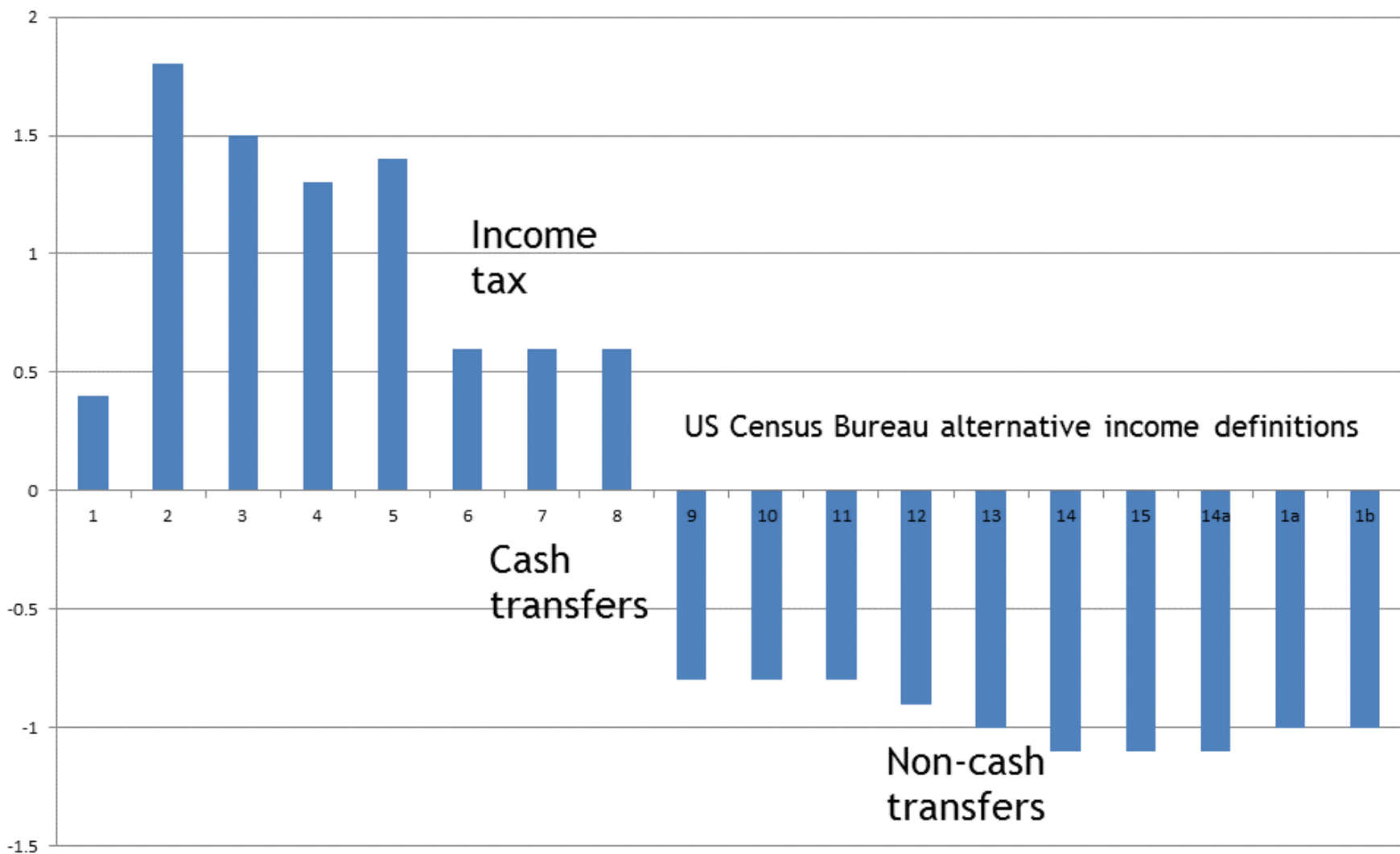
# Did inequality rise before and fall after? Classification of 72 banking crises.

	After \ =	=	/	n/a	TOTAL
Before / =	1	1	4	6	12
=	1	0	2	2	5
\ =	1	1	4	3	9
n/a	6	2	7	31	46
TOTAL	9	4	17	42	72

# Did inequality change direction?

	After			n/a	TOTAL
Before	1	1	4		
/	1	0	2		
=	1	1	4		
\					
n/a					
TOTAL					15

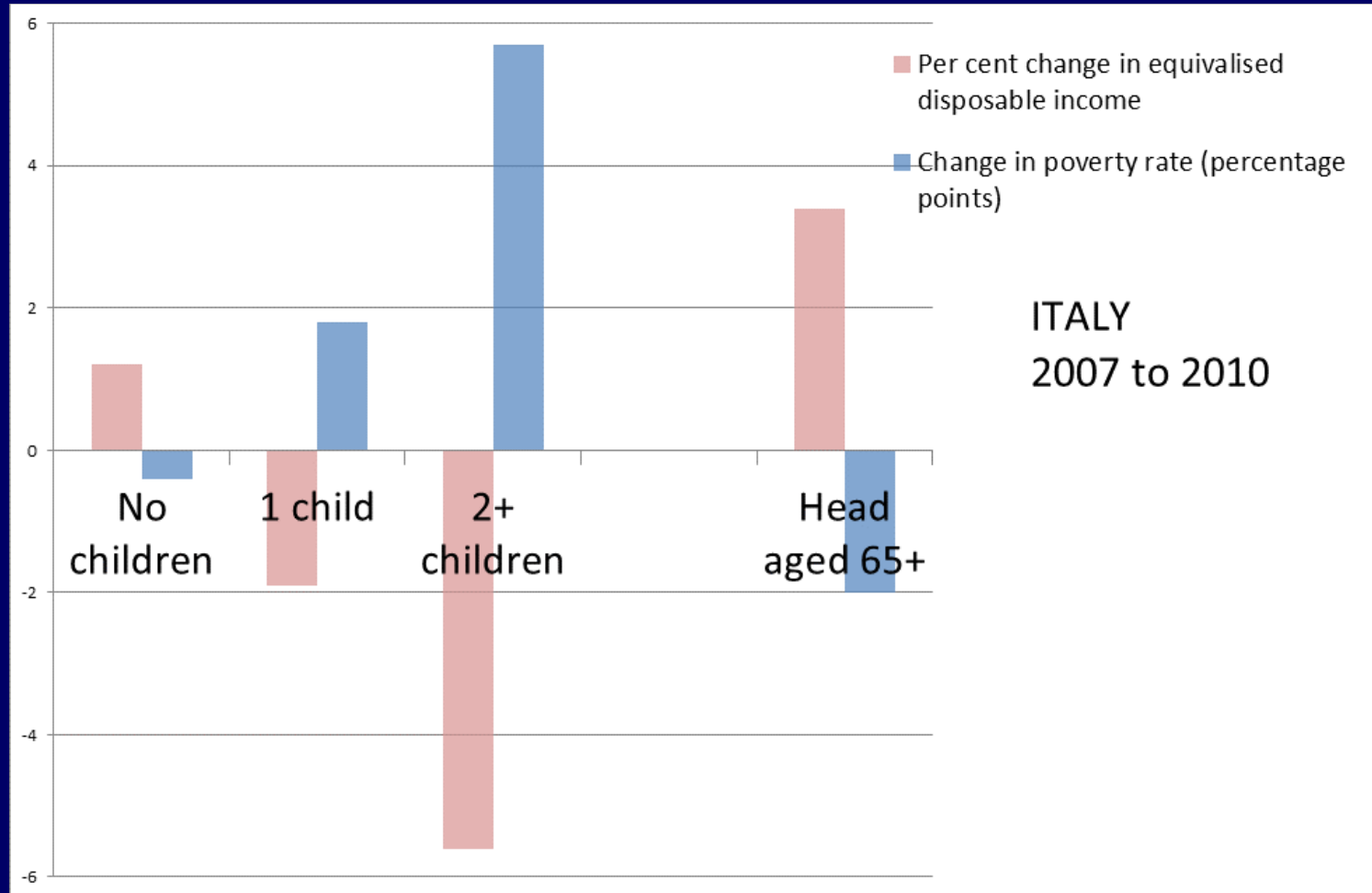
Change in US Gini coefficient from 2007 to 2009 in percentage points



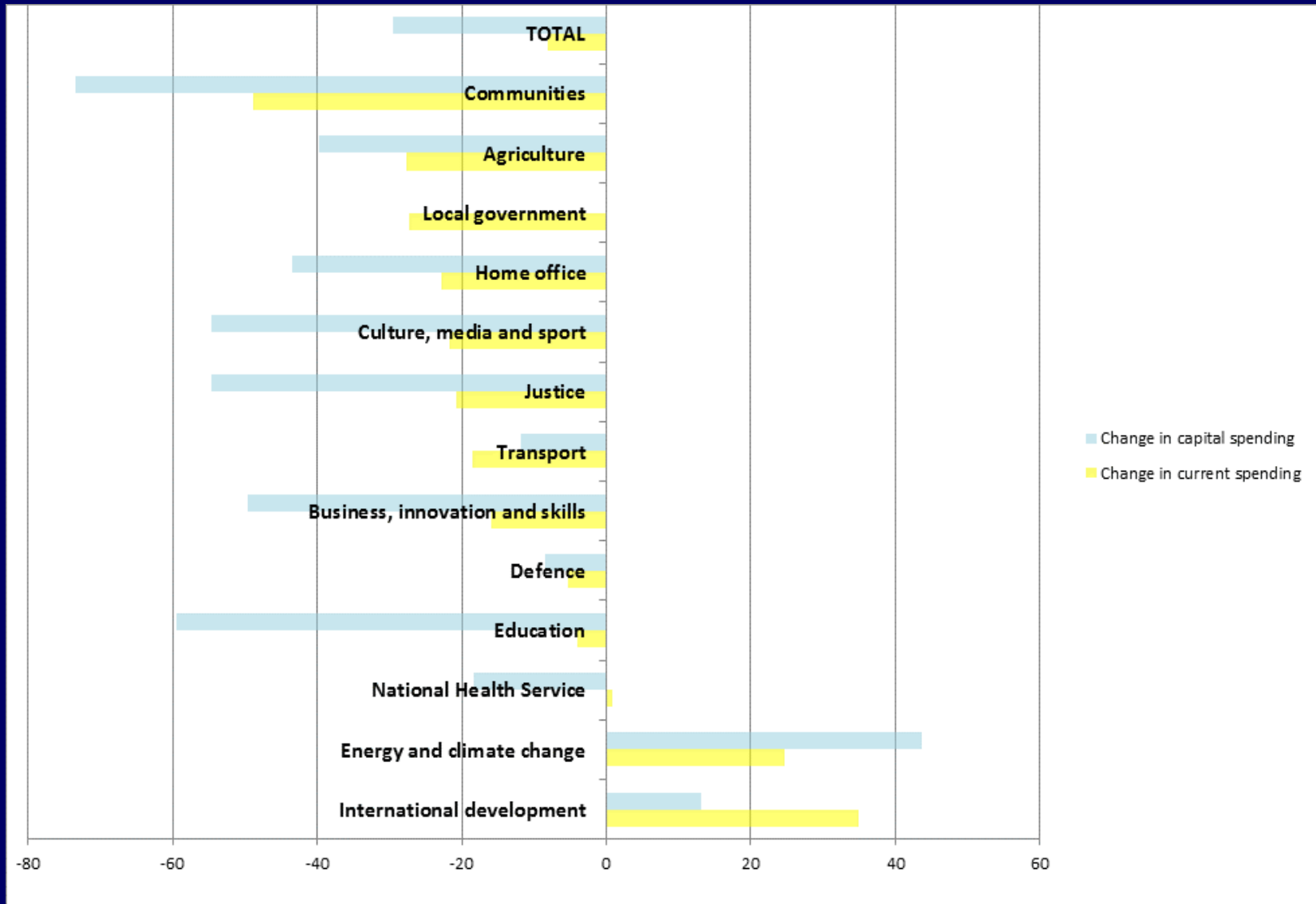


# 3. Public policy and inequality

Report brings out key contribution of social transfers - but also their differential impact.



# Caveat - omission of non-cash income: e.g. Government spending cuts (in the UK from 2010/11 to 2014/15)



# CONCLUSIONS

- A very interesting report;
- Builds necessary bridge between macro magnitudes and individual household incomes;
- Study of past crises and inequality suggests that “this time it may be different” and that a key role in making it different has been redistributive policy;
- Need to consider distribution across generations, and this is a key issue for policy-makers when deciding on austerity measures.