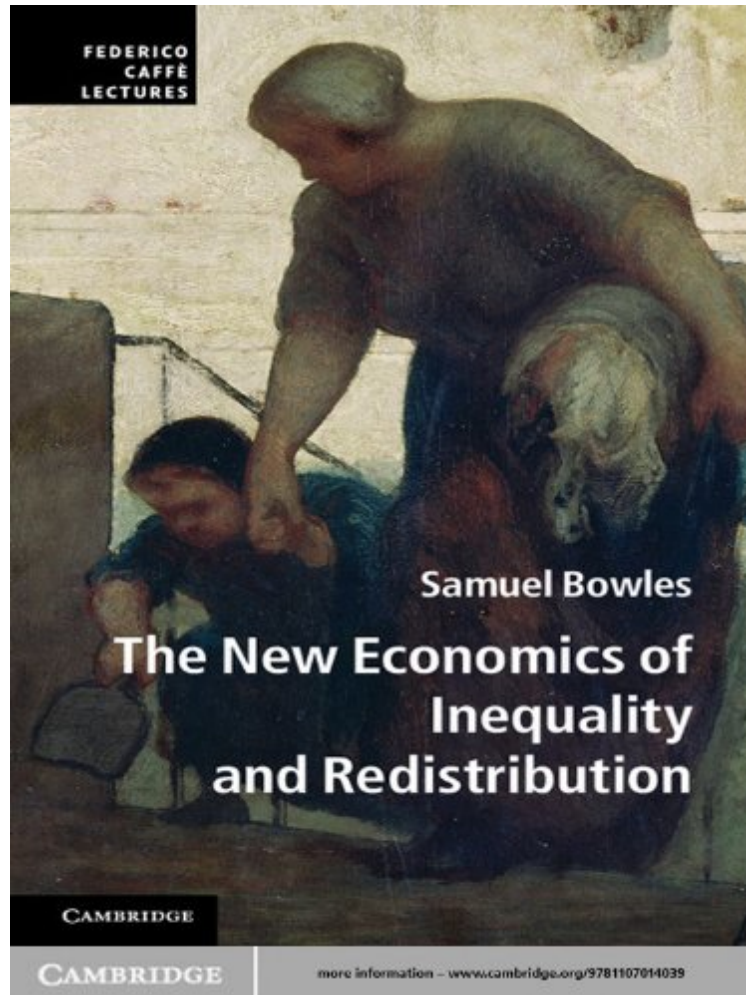


(Ebook pdf) The New Economics of Inequality and Redistribution (Federico Caffegrave; Lectures)

## The New Economics of Inequality and Redistribution (Federico Caffegrave; Lectures)

*Samuel Bowles*

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**Samuel Bowles : The New Economics of Inequality and Redistribution (Federico Caffegrave; Lectures)** before purchasing it in order to gage whether or not it would be worth my time, and all praised The New Economics of Inequality and Redistribution (Federico Caffegrave; Lectures):

3 of 4 people found the following review helpful. Excellent, Accessible but Rigorous Study of Inequality, Redistributive Policy, and Economics. Beware Kindle Edition!By Hugh SansomThis is one of the finest books of its kind that I have seen. It is current, to-the-point, thorough, and significantly more accessible to non-economists than most comparable books written by economists. Bowles does approach these issues from a progressive perspective, but he is entirely candid about his perspective and is equally clear about situating this book in the larger debate. If nothing else, he provides an excellent survey of current thinking on this topic. But the book provides a good deal more than a simple review of the literature.The book does have more technical passages, but these are fairly easily skimmed by

those who prefer a less technical approach. My own view is that it is extremely important that it be clear to as many as possible that rigorous treatment of economic issues is possible from a progressive point of view. Few do this as well as Samuel Bowles. Moreover, I would suggest that Bowles and like-minded progressive economists (like John Roemer) are significantly more fair to their opponents on the right than conservatives are to progressives. (That, of course, is strictly my own sense of things.) Bowles is one of a handful of progressive economists who has brought real rigor to progressive economic thinking. His frequent co-author, Herbert Gintis, is another as are John Roemer and Pranab Bardhan. There are several more, but they are the three who come immediately to mind. Amartya Sen is nearer the mainstream, but is also a great, rigorous thinker. Kenneth Arrow and George Akerlof are still nearer the center, but also outstanding and rigorous. Sen, Arrow, and Akerlof have all won the Nobel Prize (though I have my doubts about the value of that prize). The Kindle edition is priced far less than the paperback cost for a reason. Charts and graphs in the print edition are hideously rendered for the Kindle. Many charts are nearly illegible. They look like badly compressed JPEGs from 1993. I strongly recommend against getting the Kindle edition.

5 of 6 people found the following review helpful. The New Math of Inequality and Wealth By Kevin L. Nensiel

Lost in the debate surrounding capitalism's vast inequality structures has been the fact that inequality is as bad for the haves as the have-nots. As veteran economist Samuel Bowles demonstrates in his latest monograph, vast systemic inequity results in good-faith members of a free society operating below their economic potential. But implementing solutions will prove more difficult than pinpointing the problem. Bowles has been at the forefront of innovative economics for decades (he name-drops Dr. King and Bobby Kennedy), during which time inequality has migrated from the margins of Marxist theory into the journalistic mainstream. The attention paid to massive inequity in the Presidential campaign just past makes Bowles' theories, which have incubated for decades, all the more timely. And to his credit, he resists the desire for an ordinary partisan screed. The debate, up to now, has turned on two contrasting points. Traditional conservatism holds that markets have a balancing effect, distributing rewards according to just principles of merit and reward. Progressives have countered that by saying that those who start out with more will receive greater rewards. Conservatives want the state to defend property rights and ownership, while progressives want government to redress injustices stemming from poverty and lack. But Bowles asserts both these models omit important information. Market libertarianism and statist interventionism both assume a utopian system free from coordination failures. Yeah, right; we should live so long. Laissez faire only works if everyone plays by the same rules, which measurably happens too infrequently, while strict Keynesianism has been long-since overtaken by global technology. The old ways don't work anymore. The problems arise from a perverse incentive structure. Consider the example of a factory, one Bowles explicates often and well. Owners have every incentive to resist modernization and demand workers do more, because they want to maximize profit on existing capital investments. Workers, by contrast, have no ownership stake in outcomes, and thus little incentive to obey owners' expectations. Without governance structures, the two talk past each other. Nor could they do otherwise. Because they have asymmetrical power (bosses have many reprimand mechanisms, while workers can only work or quit), no discussion can be truly frank and fair. Inequality therefore stretches beyond the realm of wealth, into distributions of power: the rich have many options, the poor have few. No wonder the poor stop participating in economic and political advancement. Diligence produces small, or no, reward. Ownership, that conservative shibboleth, provides some answer. People work harder when they own the means of production. They care more for outcomes when they own the product of their work. But breaking into the world of ownership requires massive capital, which only the elites have. Bowles backs this up with graphs and charts, which make his math-rich narrative much more comprehensible, but it boils down to that old working-class proverb: Them that has, gets. Credit markets compound this problem by limiting lending practices. Those already imbued with wealth need not borrow to finance new ventures, but the poor must borrow to finance anything new. And lenders, especially post-Great Recession, are notoriously averse to loaning money to those without a proven track record. Business loan interviews are more dreaded than dental exams. This creates material disincentive for innovators to try anything new, risky, and visionary. The answer lies in redistribution, though not the methods traditionally arrayed. Conventional socialism and central planning have failed spectacularly. Direct capital transfers, as Bowles documents them, have not imploded with Kremlin-like flair, but have tended to die quietly, because giving the poor money and goods does not give them power, authority, or knowledge. We will only redress Twenty-First Century inequality with Twenty-First Century remedies. This book is not for everybody. Bowles writes for fellow economists and political leaders, and his prose is dense with terminology. He provides definitions for some idioms, but not others. He's particularly fond of the term "Nash equilibrium," perhaps assuming we've all seen "A Beautiful Mind." Alongside frequent allusions to other economists, Bowles' jargon-rich prose makes for slow reading. This book could really use a glossary. But for those eager to participate in the important discussions that will dominate economics in the coming years, Bowles does well. Not only does he lay out the terms that have defined the debate until now, he creates a persuasive third-way approach that defies doctrinaire thinking. His proactive proposals give activists something to speak for, and his charts offer ways to make it comprehensible. This slim, powerful book will help set the tone for years to come.

9 of 10 people found the following review helpful. Not the Lay Person's Reader-Friendly Samuel Bowles

By not a natural Samuel Bowles, author of the New Economics of Inequality and Redistribution, became a well-known economist and social critic in

1975 with publication of the path breaking book *Schooling in Capitalist America*, that Bowles co-authored with Herbert Gintis. Bowles and Gintis' book was largely historical in character, but it also included results of sophisticated statistical analyses done by Bowles and Valerie Nelson and published in a 1974 edition of *The Journal of Economics and Statistics*. Ideologically, it was clear that Bowles and his colleagues were writing in the tradition of orthodox Marxism, and Marx's theoretical perspective served them well. Nevertheless, their book received a very favorable review from the prominent non-Marxist, mainstream, neoclassical economist Mark Blaug. When Bowles and his co-author wrote *Schooling in Capitalist America*, moreover, it was clear that, whatever its methodological and ideological character, it was intended to be accessible to the lay reader. The book is still in print, still widely read, and still influential. In 2005 Bowles, along with Richard Edwards and Frank Roosevelt, published the third edition of their widely adopted textbook *Understanding Capitalism*. This book, too, was written for an audience of non-specialists and, though departing sharply from Marxist economics and social theory, it introduced a good deal of capital/labor conflict into discussion of issues that mainstream neoclassical economists treat as manifestations of natural economic laws that admit conflict only as an unwanted and unnecessary market imperfection. While these informative books marked Bowles as an economist who worked at greater and lesser distances outside the mainstream, they also shared the virtue of being persuasively accessible, providing compelling and realistic alternatives to the placid and purposeful over-arching rationality of *homo economicus*. What we non-economists may not have realized, however, is that Bowles has also established himself as a very capable technical economist who, even when he departs from mainstream assumptions, uses economic theory and the mathematics of economics as freely and ably as his more conventional colleagues. As a result, I think that many readers may find *The New Economics of Inequality and Redistribution* a disappointment. In contrast to the work for which he is best known among lay people and economics beginners, *The New Economics of Inequality and Redistribution* is a difficult read for the uninitiated. Some of Bowles' findings, such as that exaggerated inequality may be inefficient, diminishing rather than promoting productivity, present welcome contrasts to usual expectations fostered by members of the majority neoclassical school. The same is true of Bowles' argument that diminished inequality makes for a safer, more cohesive society, and that globalization need not be an insurmountable barrier to achieving these salutary outcomes. However, the economic theorizing and mathematical tools that Bowles uses in making these judgments are outside the intellectual experience of most prospective readers, meaning that his findings must be taken for granted rather than critically evaluated. I've never felt that I was doing justice to a book, taking its full measure, when I skipped the technical basis of readily understandable verbal expositions. If, when marketing this book, the publisher had made clearer that it consisted of the Federico Caffè lectures, I would not have ordered it. No, I am not familiar with Federico Caffè or the institutionalized lectures given in his honor, but that sort of formal designation immediately alerts one to the likelihood that the book has been published for professionals with professional knowledge, making it a poor choice for many unsuspecting others. As it is, this may be a great book, certainly one that addresses an important topic of interest to me. Sadly, however, I can fully understand little of it, and I cannot evaluate Bowles' claims in their own terms. I think I have made abundantly clear that I revere Bowles' work that I find accessible. Given its technical nature, however, *The New Economics of Inequality and Redistribution* is definitely not the book I thought it would be, and I suspect that many others will reach the same conclusion.

Economists warn that policies to level the economic playing field come with a hefty price tag. But this so-called 'equality-efficiency trade-off' has proven difficult to document. The data suggest, instead, that the extraordinary levels of economic inequality now experienced in many economies are detrimental to the economy. Moreover, recent economic experiments and other evidence confirm that most citizens are committed to fairness and are willing to sacrifice to help those less fortunate than themselves. Incorporating the latest results from behavioral economics and the new microeconomics of credit and labor markets, Bowles shows that escalating economic disparity is not the unavoidable price of progress. Rather it is policy choice - often a very costly one. Here drawing on his experience both as a policy advisor and an academic economist, he offers an alternative direction, a novel and optimistic account of a more just and better working economy.

'Over the past forty years, the gap between rich and poor has widened dramatically in many industrialised countries, and what Americans call the 'middle class' has shrunk. Samuel Bowles argues that, quite apart from its moral dimension, such inequality is economically inefficient. It leads to excessive expenditure on the enforcement of property rights and on crime prevention. It also reduces labour productivity. He argues that a redistribution of income and wealth would increase productivity and encourage entrepreneurship amongst social strata that are currently locked out of credit markets. These stimulating essays are a valuable contribution to the current debate about equality.' Robert Rowthorn, Emeritus Professor of Economics, University of Cambridge

Bowles and his collaborators show how, in a globalized world economy, independent democratic national states can implement programs of egalitarian redistribution and social insurance. Included are better educational opportunities, employee ownership of workplaces, land reform, stimulus to the formation of cooperatives, support of home ownership, expansion of subsidies designed to

promote employment and increase earnings among the poor. But even better, Bowles also considers the Unconditional Basic Income proposed by Van Parijs and van der Veen, which would truly be a step in the direction of a society of real freedom for all. The book is especially relevant for all of us who would like to use the instruments of economic policy to advance the main principles of justice.' Eduardo Suplicy, Fundaccedil;atilde;o Getuacute;lio Vargas, Member of the Brazilian Senate, and Founder of the Workers' Party of Brazil'Samuel Bowles offers both the world of science and the world of politics an extremely valuable synthesis of new thinking about inequality, integrating innovative analyses of fundamental causes, sustainable solutions, human behaviour and normative conceptions. Both unjustified 'equality pessimism' and traditional redistributive approaches are put to the test of rigorous analysis and empirical research. The outcome is an inspiring account of ways and means to create more just societies in today's global world.' Frank Vandebroucke, University of Leuven, and former Minister, Belgian GovernmentAbout the AuthorSamuel Bowles heads the Behavioral Sciences Program at the Santa Fe Institute. He previously taught economics at Harvard University, the University of Massachusetts and the University of Siena. He is the author, most recently, of *Microeconomics: Behavior, Institutions, and Evolution* (2004), *A Cooperative Species: Human Reciprocity and its Evolution* (2011, with Herbert Gintis) and articles in *Science*, *Nature*, the *Quarterly Journal of Economics*, the *Journal of Public Economics* and other academic journals. He has also served as an economic advisor to presidential candidates Robert F. Kennedy and Jesse Jackson, and former South African President Nelson Mandela and has taught crash courses in economics to trade unionists, community activists and others.