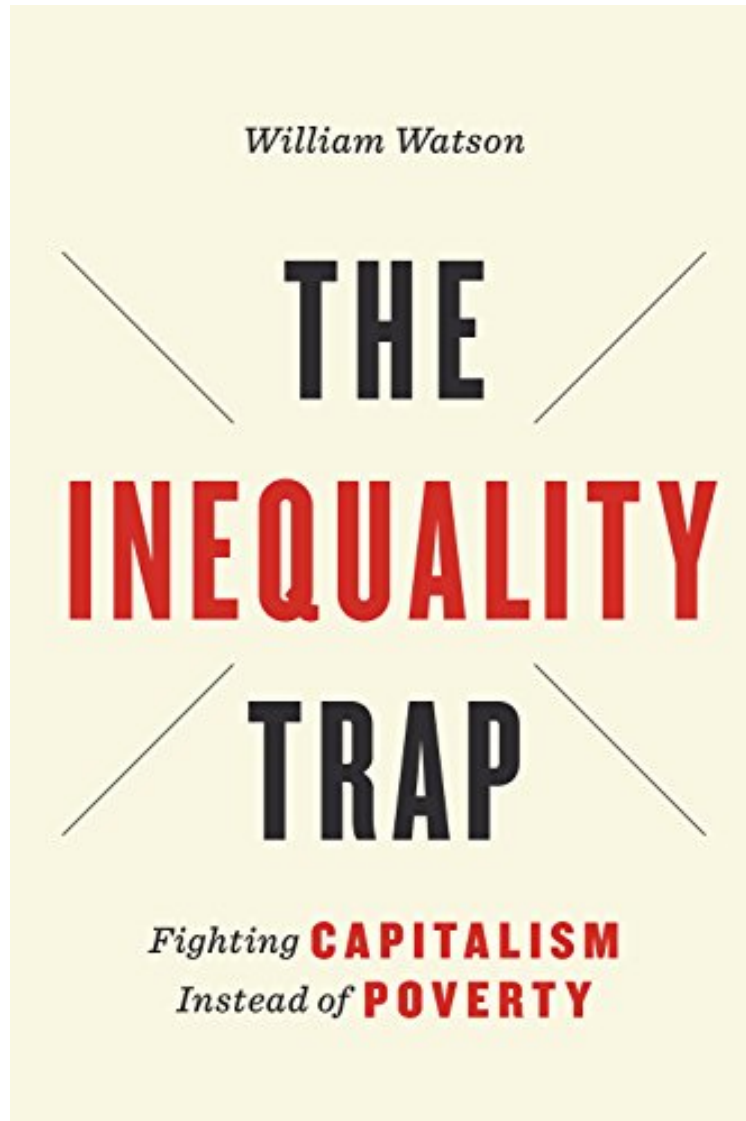


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William Watson

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William Watson : The Inequality Trap: Fighting Capitalism Instead of Poverty (UTP Insights) before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Inequality Trap: Fighting Capitalism Instead of Poverty (UTP Insights):

0 of 0 people found the following review helpful. A major point is that any policy that undermines the beneficial effects of free markets will hurt the poor worse than it will hurt the rich. By Customer William Watson looks at financial inequality from numerous perspectives, seeking "unfair" differences as possible reasons to use various government

interventions to achieve a more balanced outcome. A major point is that any policy that undermines the beneficial effects of free markets will hurt the poor worse than it will hurt the rich, while stifling growth. Another major point is that it is difficult to find "fair" reasons for regulations that would limit the incomes of people who earn them fairly and in a voluntary setting. Policy formulators should keep in mind that there will always be a lowest quintile; policies should focus on opportunity and foster greater economic mobility for individuals.

0 of 0 people found the following review helpful. Five Stars
By CustomerWell written clear message.
7 of 11 people found the following review helpful. On Not Throwing the Baby Out With The Bathwater
By Kevin Currie-Knight
In this book, Canadian economist William Watson has Thomas Piketty squarely in his sights. Watson doesn't spend time (as others have) disputing Piketty's data purporting to show that inequality is rising at an astonishing rate. Watson's concern is more philosophical - to counter Piketty's blanket (or near-blanket) condemnation of all inequality as bad, and reducing inequality as an unquestioned good. Watson's point is that some inequality is bad, other inequality is good, and still other inequality is benign. Reducing inequality is only good if you can ferret out and affect the bad inequality without affecting the good and benign inequality. So, Watson's early chapters are devoted to a discussion of what is meant by bad, good, and benign inequality. Bad inequality is the type of inequality where wealth is gained and the rich pull ahead by people getting income by dishonest means that doesn't create value - think Bernie Madoff. Good inequality is the kind where wealth accrues to those who are good at producing value for others and not leaving anyone (except maybe competitors) worse off while making society at large better off; think Steve Jobs. Benign inequality is the type where the rich pull ahead, or the poor fall behind, via a process that is based on some sort of choice or luck that, in or of itself, doesn't harm anyone. Here, Watson reviews data showing that where people used to marry a lot more outside of their social class, they do so less and less today. Thus, the rich marry the rich, the middle class marry the middle class, etc. No one is really harmed, and the inequality arises solely from innocuous personal choice, and it is hard to see how that kind of inequality could be remedied.

From there, we get a chapter exploring who the demonized 1% are, and contra popular belief, the majority are not financiers, but doctors, lawyers, farmers, and a lot of other folks (yes, including financiers). Later, we get some chapters discussing why certain kinds of widening inequality aren't problems. First, since we are often dealing with private goods (like carrots) that aren't positional goods (like homes in elusive neighborhoods), the fact that some can amass larger fortunes doesn't prevent others from attaining goods and services as well. Others argue that widening inequality decreases the poor's ability to do things like have a political voice (not quite true, of course, in a democracy), or buy positional goods (like the houses in exclusive neighborhoods or really good private education). But Watson suggests that, as pessimistic as it may sound, as long as inequality already exists, widening inequality generally doesn't put things that were in reach out of reach; it only puts things that were already out of reach a bit more out of reach. Lastly, Watson suggests that while inequality should not be a primary concern, poverty (both absolute and relative) should be. And he reviews several ways to alleviate poverty - from doing things to foster "rising tide lifts all boats" economic growth to figuring out how to give the poor good "human capital" training, to direct wealth transfer that prevents people from living below a certain standard. Watson considers himself (even in the book) a "conservative economist" tending toward belief in free markets. But even so, his discussion never comes off as ideological. He is generally skeptical of government's ability to remedy either inequality or poverty, but suggests that things like direct redistribution of wealth can sometimes alleviate poverty. Watson thinks governments have a role to play in aiding the poor's access to job and skills training (and things like drug treatment facilities), but is very skeptical of government doing anything more than providing the funding that the poor can use for private services; governments, he writes, generally do a bad job at providing those services directly.

The most disappointing aspect of the book is that Watson provides no real endorsements on solutions. The last few chapters are largely spent reviewing possible ways to alleviate poverty and their potential upsides and drawbacks. But Watson's main message, of course, is about what we should not be regarding as a primary policy issue: the "inequality trap" Watson refers to is the trap that we should focus on tackling inequality which often finds us putting less focus on the real problem of poverty.

USnbsp;President Barack Obama has called economic inequality the "defining issue of our time." It has inspired the "Occupy" movements, made a French economist into a global celebrity, and given us a new expression - the "one percent." But is our preoccupation with inequality really justified? Or wise? In his new book, William Watson argues that focusing on inequality is both an error and a trap. It is an error because much inequality is "good," the reward for thrift, industry, and invention. It is a trap because it leads us to fixate on the top end of the income distribution, rather than on those at the bottom who need help most. In fact, if we respond to growing inequality by fighting capitalism rather than poverty, we may end up both poorer and less equal. Explaining the complexities of modern economics in a clear, accessible style, *The Inequality Trap* is the must-read rejoinder to the idea that fighting inequality should be our top policy priority.

"Accessible and extraordinarily well written, this volume is full of fascinating insights." (R.S. Rycroft *Choice Magazine* vol 53:07:2016) "Anyone looking to play devil's advocate with [Thomas] Piketty-purchasing

friends would be well served by this book." (James Ryerson The New York Times Sunday Book , December 20, 2015)
"A supremely informed, witty, and humane rebuttal to those who think the challenge of our time is to curb wealth rather than end poverty." (David Frum, Contributing Editor, "The Atlantic")
"I thought it was impossible to write a book about inequality that didn't put readers to sleep, but Bill Watson has done it. His book is informative, provocative, and even witty. It's a great read." (David Backus, Heinz Riehl Professor of International Economics and Finance, Stern School of Business, New York University)
"A good book that explains difficult concepts such as Gini coefficients for the uninitiated, The Inequality Trap couldn't be any timelier." (Jack Mintz, Palmer Chair in Public Policy and Director, School of Public Policy, University of Calgary)
About the Author William Watson teaches economics at McGill University and is associated with four Canadian policy institutes: C.D. Howe, Fraser, IRPP, and MacDonald-Laurier. He is a regular columnist for both the National Post and Ottawa Citizen.