

## Angus Deaton

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Andrew - Hello and welcome to Bristol Ideas. I'm Andrew Kelly and I'm hosting today's session. Sir Angus Deaton is the Dwight D Eisenhower Professor of Economics and International Affairs Emeritus and Senior Scholar at Princeton University. His books include 'The Great Escape: Health, Wealth and the Origins of Inequality', The New York Times bestseller with Anne Case 'Deaths of Despair and the Future of Capitalism', and the book we're talking about today, 'Economics in America: An Immigrant Economist Explores the Land of Inequality'. 'Economics in America' brings together memoir with a lifetime of learning about economics, the United States and inequality. In 2015, Sir Angus was awarded the Nobel Memorial Prize in Economic Sciences for his analysis of consumption, poverty and welfare. Thank you for joining us today.

Angus - Thank you for having me. I'm delighted to be here. Especially with the link with Bristol where I spent a year.

Andrew – You're always welcome back. When we talked last time during the pandemic, we discussed with you and with Anne Case, your research and the book 'Deaths of Despair'. And deaths of despair are covered extensively in the new book, it's like a thread running through all the chapters. What's the latest on deaths of despair in terms of your research?

Angus - I can tell you what's actually happening with deaths of despair. The news is not good. One might have thought that after the pandemic things would turn to other things, and the pandemic of deaths of despair might be replaced. That unfortunately did not happen. It seems that in the very first months of the pandemic, there was some reduction in suicide rates, but the drug epidemic has gone on, from strength to awful strength. The huge increase in alcoholic liver deaths during the pandemic. It takes a long time for alcohol to do bad things to your liver, these were presumably people who had been drinking a lot already and the pandemic just guided up. It's not really hopeful at all. Suicide rates have resumed their upward trends. The United States is one of the few countries in the world where that is true. Countries in Eastern Europe, Russia, Hungary, Lithuania, used to be the champions at suicide, and now America is catching up with them, and their suicide rates are falling. It's not a good picture.

Andrew - We talked briefly last time about your fears that the United Kingdom might follow in the same path that America has taken. Have you got any more information on that?

Angus - There's a little bit of that but nothing like the same size. The one place where we do see comparable things is Scotland. Deaths of despair have been rising in Britain but they're nothing like the level that they are in the United States. You never really had this major outpouring of drugs pushed by Big Pharma which then eventually led to an illegal epidemic. Scotland of course is different, and the numbers of deaths are much lower because the population is much smaller, but the mortality rate from drugs is very high.

Andrew - We've had, since the book came out, a whole series of other publications, and also films. I watched 'Painkiller' recently about the opioid epidemic. We've had 'Dopesick', we've had Nan Goldin's 'All The Beauty and the Bloodshed'. Have you been involved in any of this work?

Angus - Not really. I'm trying to remember the name of the author of 'Dopesick', but we corresponded with her on a fairly regular basis. But no, we haven't been involved in these things. We loved the Nan Goldin documentary, which was just terrific, it was a wonderful example of how one

woman could stand up to these forces, really amazing. And we watched the first episod of 'Painkiller' but didn't watch any more.

Andrew - Beth Macy is the author of 'Dopesick'.

Angus - Of course. One of the things about being 78 years old is you begin to lose the ability to recall names.

Andrew - Those of us 16 years younger suffer the same problem. One thing that I took from both 'Deaths of Despair' and the new book was the critical importance in terms of making progress in the United States on having a degree, a four year education, and the gap has widened hasn't it since you wrote 'Deaths of Despair'?

Angus - And that's what we're currently working on. We're presenting a paper at Brookings the day after tomorrow, which is about that. And we have a piece coming out in the New York Times on Tuesday. And what's happening is this gap in deaths between people who do and do not have a BA has been increasing for quite a long time, and it's just exploded and even more so during the pandemic. And it's not just deaths of despair. It's cardiovascular disease which is going up for people who don't have a BA. So you've got this horrible thing which is very unusual in the annals of mortality, which is that if you look at life expectancy at age 25 for people with and without a degree, one of them is going up and one of them is going down, so that's just an appalling condemnation.

We've known for a long time that America was not doing very well relative to European countries, of which Britain is not a very distinguished record either. But nevertheless it's very distinguished compared with the US. And if you take just the third of the adult population that has a college degree and compare them with European countries, they do very well, they look like Switzerland or Japan. But it's the people without a BA who just fall off the bottom of the flock, as it were, become completely egregious. So something terrible is really happening to those people.

Andrew - We're going to come back to some of those points, and also touch on healthcare. But before talking about your move to the United States and the book that you've written, I wanted to ask you something that comes up in the book, which is about the role and responsibility of economists. We do this annual Festival of Economics, which is about economists talking to members of the public, and the public talking to economists. We try and encourage a two-way exchange so that economists can meet the public but at the level that the public wants to engage them with. You talk in the book about economists not dealing with some of the big issues of the time. There's two things I want to ask you about. What do you think is the public engagement role of economists? And what are the issues that economists aren't dealing with?

Angus - It's a complicated question. As you say, in the book, towards the end, I become perhaps more negative about the role of my profession. One of my colleagues who is not an economist had told me that he thought the book was a love letter to my profession, which I was very surprised by, but there is a lot of affection there too. So I don't want to make it seem like I'm an old man who hates what the young people are doing – because that's what usually happens to old men – and please shut up, get on with departing into the sunset and don't bother us who are doing the really good work. I'm sensitive to that issue. The other thing I want to say is this is not a book that criticises particular economists or particular kinds of economists, though there are people there that I'm perhaps not very nice about. A lot of it is me.

I think I use the phrase 'mea culpa' at one point. We as a profession, including me, made what I now regard as an unfortunate decision, in that we were much too persuaded by the libertarians, by

Milton Friedman and his colleagues, in that markets would do things that they couldn't do. And it's not that they can't do amazing things, markets and prices and all the rest of it are one of the miracles of the world. But you just can't expect them to do everything. For instance, a lot of people thought that financial engineering and the way that economists had thought about that had improved so much that something like the financial crisis was really not possible, and that was a pretty rude awakening. And it wasn't just Alan Greenspan who was stunned that this could happen, we thought they had this under control. I think on trade we're rethinking a lot of our positions. I think maybe even on immigration it's possible that economists got this wrong, at least in part.

These are big issues, these are the issues that dominate politics today. And I think there are some deep things that we don't worry about too much. I think one of the deep things is we worry much too much about efficiency, so we're trying to produce more out of what we have. And that was Lionel Robbins' definition of economics, which was the uses and resources among efficient ends. But that's a very narrow definition that doesn't really worry about who gets what, for instance. And that's been very important. Where does health fit into that picture? If GDP is going up but people are dying in droves, do economists not have anything to say about that? I think we should. And I think we were much too sanguine, we were very self-congratulatory about the reductions in global poverty and worried much too little about what was happening at home, and we're reaping some of that whirlwind now.

Andrew - One of the issues you talk about that economists haven't dealt with well is climate change.

Angus - I don't think anyone's dealing very well with that. That's something that can make us very depressed very quickly, talking about that. But I think economics is much more divided on that. There are people on the right side of that, my old friend Nick Stern, Lord Stern as he is now. He's a very, very good economist with a very distinguished record in economics who's been very much on the right side of that issue for a long time. But there is another set of people who, for instance, think you should discount a future at market interest rates, which I think is really philosophically nuts. It's not as if those interest rates are achieved by bargains between you and your unborn descendants, or us and our unborn descendants. And so I think that's just a mistake, but it's a mistake that many economists have bought into.

Andrew - I can see why your colleague said it was an affectionate study of economists, because what shines through is the way you write about economists. There's a wonderful chapter where you cover four economists, which really brings their work to life and them to life. And when I saw what you wrote about someone who I admired a lot and used his work a lot, Tony Atkinson, you begin to see there why your colleague had that view of your book.

Angus - Well, he wasn't an economist, this colleague. He probably hates economists! When he said I was being affectionate, it was compared with what he thinks about economists! But I'm glad you like the chapter with the little biographies. That chapter originally was a letter to the Royal Economic Society, not all of the book were such letters but there are letters scattered throughout the book. That was one, and it was because you have a deadline and I needed something, that was on my mind and I didn't have anything else to write about. And I thought I can't really do this, they don't have obituaries in the Royal Economic Society newsletter, and I thought 'Oh hell, let's give it a go.' And then when I was revising to do the book, that chapter almost got lost three or four times because I thought it doesn't really belong here. But many people had said what you said, that they liked that chapter. In fact, one commentator suggested that my next book be 100 little biographies through which I could tell the story of the last 40 years in economics, which is not a bad idea.

Andrew - It's not just not a bad idea, I think it's a very good idea. If that chapter is anything to go by, we're destined to have quite a stunning book. Just one final question on economists: who do you think they should learn from and talk to? One of the things about our Festival of Economists is we do try to encourage non-economists to speak with economists, and you talk in the book about economists should be thinking more about and talking to philosophers. What would help their work in that way?

Angus - I think philosophers would laugh out of court any idea that the only thing people are concerned about is money, or commodities, or stuff, and that other things are as, or much more, important to people than stuff.

One of the things that philosophers understand is that relationships between people are very important too. We're a very individualistic profession; the libertarians are completely individualistic. These relationships between people are an important place where we're missing. So if a community is destroyed because the factory shut, because the trade goes to Mexico or to Vietnam, it tears relationships between people apart, and that's one of the things that's really very bad for people. And you can't give people money to restore a community.

When Anne and I were working on 'Deaths of Despair', Durkheim, who's often regarded as the founder of sociology, became a very important voice there, and he understood that very well. Suicide is not to do with economic growth or economic decline, it's to do with economic disruption and people being torn out from the places where they grew up, losing their moorings and so on. I think philosophers are stronger on that.

If you go back to Tony Atkinson who you mentioned already, when I was first in Cambridge when Tony was there in the 60s, Amartya Sen was there and we really did talk to philosophers. I was just a junior kid who was allowed to sit at the table during some of the things, but Amartya wrote a whole book about utilitarianism, and there were philosophers and all sorts in there and it was a very lively place. And Jim Mirrlees was talking to Bernard Williams, for instance. There was just a lot of stuff going on.

If you go back to the founders of economics, Adam Smith and Marx, they were all philosophers, too, that's very important. Also, philosophers need to listen to economists, too! I'm not sure I said that. I talk a little bit about that in the book, that philosophers have pushed us to give more money to developing countries without any understanding of what happens when we do that.

Andrew - Let's move on to you moving to America. You write in the book you grew up in Scotland, you were poor, you immigrated to America in the early 80s. And you say in the book that you're still in awe about the opportunities and the promise that the United States offers. But there's the dark side of inequality, too. There's little provision for those less fortunate and a hard political environment. And that led to you having ambivalence about the country – this runs through the book – and you delayed citizenship for quite a long time, didn't you?

Angus - Yes, I did. Always have a plan B. I talk about why in the end I gave in on that. Once you have children and grandchildren who are settled here, it seemed very dangerous not to be a citizen here. But the dark side – I wish in some ways the title of the book had been 'The Land of Inequalities' with an 's' on the end, because it's much more than just wealth and income. The race issue in America is huge, and looms much larger than it ever did in Britain when I was there. It's not that it's absent in Britain for sure, but it's different there, and that gets into so much of public policy and issues.

And it is just worrisome, as you said, that there's so little care taken of people who are not succeeding. But that's one thing, and you can make a good case I suppose for saying that thriving capitalism is one in which you really reward people who make new inventions. I really do not have much problem with Jeff Bezos being rich or with Larry Page and all these guys, because they did things for us that are terrific. The worry is different than that. The worry is that once these people, and now I take the names back, once they become predators on everyone else then we really do have a problem, and they're holding people down, and that's something that Anne and I wrote a lot about in 'Deaths of Despair', especially this awful healthcare system we have which doesn't deliver anything and just charges an arm and a leg for it and is really screwing up the labour market.

The big difference in some ways between Europe and the US, from a fiscal point of view, is Europe has value added tax, which means overall the tax burden is higher. And that value added tax funds the welfare state, which here we don't have either. And so when you go through a period of disruption, as we've been going through with globalisation and technical change, there is very little of that to cushion the consequences. I think that's been an important part in the stuff that's going on.

Andrew - I want to come back to health because you talk about your own encounters with the healthcare system and it illuminates some wider truths there. But sticking with wealth inequality for the moment, and I take the point about inequalities, because you talk about a number of them in the book, one of which is health, but I'm very interested in this idea when the widening of poverty and inequality began to happen. I grew up as a late-ish baby boomer, I was right on the final end of the baby boomer period – so I benefitted to some extent from upward mobility, free university education – I was at the end time of the 30 glorious years when you talk about the age of watching grass grow in the book. What really brought that to an end, that period?

Angus - I think historians are going to be arguing about that for a really long time. But the decline in economic growth really set in somewhat before that, and it was only by 1970 that you begin to get this falling away. A lot of historians would argue, a word I don't much like, but about neoliberalism, and so they were starting a revival and saying 'We need faster growth. We need freer markets. We're not rewarding enterprise enough.' And OK, that'll generate a lot of inequality and, as I said before, in my book 'The Great Escape', part of the story there is that when things begin to pick up, and I was thinking more of the very poor countries that've been very poor for a very long time, and you begin to get a few people who find a way to get rich and do something, then that's the start of what you want, which is everybody's going to get better in time. But you get inequality in the short run. And the big part of the public policy story is to stop that getting out of hand. I think it did get out of hand once we got into the '80s and '90s and the great age of globalisation, the financialisation of the economy and so on. Once you let that genie out of the bottle, it does nice tricks for you for a while but eventually you have to put it back.

Andrew - Obama did recognise this as a problem, and he warned about growing income inequality and lack of upward mobility. When you talk in your book about your visit to the White House and he's obviously read Anne's paper and your work more widely...

Angus - He had read it. We went to the White House five days after that paper had been published and he knew it down to the footnotes.

Andrew - That's a remarkable piece of impact, I think, which you should be very proud about.

Angus - You could say he was a better professor than he was a president.

Andrew - I'm rapidly going through the years here. But we had the pandemic, and some said that the child tax credit had helped reduce poverty to a certain extent. But that's been reversed again, hasn't it?

Angus - The question is, if you give money to people and you define poverty by how much money people have, then any credit of that sort is going to reduce poverty, and if you take it away it will increase poverty again. But the real concerns about that are there's some pretty good work to the extent we know anything at all about a child growing up in poverty suffers long-term consequences as a result of that. This could do real harm, and there's a streak of meanness, of cruelty, in Washington which doesn't seem to care very much about that.

Andrew - You've mentioned a few complex issues, the race issue is one, and the call for reparations linked to that, white working-class problems, deaths of despair. What do you do about foreign aid to try and help people elsewhere, which you write about in the book: sometimes it's more effective to donate money in the United States because shelter is harder to find there than in some other countries. You've got this very complex environment. What do you think the best thing we can do to begin to reverse inequality growing, and to get mobility back again?

Angus - Mobility I think is important. Reversing inequality by itself would not be my main aim. I'm very encouraged by the Biden administration trying to hold Big tech to account, for instance, because that takes me back to 'The Great Escape'. Philippe Aghion in Paris has also done wonderful work on this. You want this creative destruction to go on. You want people to get really rich in the public interest. But what you want to do is to stop them putting moats up which stop the next generation coming along behind them. And so that the growth continues instead of being stifled off by the people who succeeded at the last round. And history is full of stories like that, of emperors or kings who saw some entrepreneur who invented something new, and saw them as threats and put them down, and so you stop seafaring for a few hundred years, or you choked off railways, there are lots of examples. Power is very dangerous and it's a power that comes with all that money that's really dangerous.

Andrew - One area that I wanted to talk to you about in terms of mobility is linked to work we do on the future of cities and places. We do a biannual Festival of the Future City. One of the things which comes across in the book is something we've been concerned about in this country, the ability of people to move to areas where there might be more jobs, work, a better life, but they simply can't get there because house prices are too high, the cost of mobility is too high. And this is a United States problem, isn't it, as well?

Angus - Yes, very much so. And that's changed because NAFTA for instance, which is now widely hated by everybody as far as I can see, was put in place in the Clinton administration and by economists who were on my side of the movement rather than Conservative economists. And they anticipated a lot of those jobs would be lost and they thought it would be a good idea for people to move from less successful cities to new successful cities and upgrade their work, and it just didn't happen.

The question is whether it was reasonable to suppose it happened, or was that just something that was in our models but wasn't really there in reality. If you look at what happened in Britain after the Industrial Revolution, when the hand loom weavers lost their jobs, it took 50 years before real wages began to rise again. So it wasn't like they all moved to London and did something else. They didn't, they got poorer and poorer and poorer and died, and their kids maybe came to America and got rich.

I don't know, and I haven't studied it, as to whether there was more mobility in the past. I suspect there was, in fact we know there was more mobility, but there's lots of things that have changed. One is high prices in cities. That's another case where the educated elite have controlled the cities and run them in NIMBY-ish fashion and prevent the housing construction that would allow that to happen. And it's clear that other cities around the world have done better than that so that it's really possible. The other thing that's happened is that, if you go back to the '70s - Les Trente Glorieuses - they weren't so glorious for a lot of people, a lot of women didn't work, a lot of women were trapped at home, there was incredible racial discrimination. But if you now have two workers in a family, that makes it harder to move, too, because you have to find two jobs instead of one. There's a lot of that stuff going on which I think we understand a little bit of why it's hard for people to move.

Andrew - One of the big problems we have now is not just high house prices but the lack of social housing, council housing. My father was able to move to where we grew up because there was council housing there, and that gave him security of tenure and a roof over your head for the long-term. But there's lot of other things as well, free university education was very important in my upbringing.

Just one final question on this, about meritocracy, because at one point this was seen as the answer, although Michael Young wrote his book as a satire, or a warning, more than as a blueprint. Blair talked about meritocracy when he came into power and others have done so. You really nail it in your book, just as Michael Sandel did in his.

Angus - I hope so. You said you were at the end of that generation, I was at the beginning of it. But we were very hopeful, and we thought this really was a brave new world. We could go to Oxford and Cambridge, our parents didn't have to pay any fees. All that good stuff. And it seemed like this was much better than the Duke of Omnium running everything. But we saw the downsides and some people are worried that that's something that only happened once. And then what happened was we took over and we're just as greedy and selfish as the people who were there before, in fact we're probably smarter because we were selected and so we are a much harder to replace meritocracy than the aristocracy that were there before.

Andrew - The next area I want to talk to you about is healthcare because obviously the United States has a very different form of healthcare to us in this country. You had personal encounters with the healthcare system which you talk about in the book. It's staggering when we read about your experiences, just as when we read about the experiences of others in the American healthcare system, of the high cost, the concerns that this isn't delivering good healthcare on a par with some other countries, the power of the lobby. But tell your story about the two hip replacements that you had, because that illuminates the problems that exist there.

Angus - There's good and bad to it. My sister who still lives in Scotland is having her hip replaced, two weeks from now, and she's forced into having it done privately because otherwise she'd have to wait three or four years and she's not much younger than me, and that's a long time to wait and to suffer, so there's downsides to that, too. Whereas here in America, I could probably have my hip replaced tomorrow if I needed it done again. In fact, I couldn't because they'd have all the ops before so all sorts of people could make money along the way. But the cost of it is really just outrageous. It's also true that I complain about how hard it was to find someone that I thought would do a good job on this. But I also admit pretty clearly, having come from Britain, you don't have that choice, or I didn't then, so you were just sent by your GP along to whomever was the person who did this locally and you couldn't really search around. So that's presumably a good part of it. But the bad part of it is just this extraordinary money making machine, especially in hospitals, which are

enormous, and pharma companies. And I notice even the British press is now jumping up and down and saying: 'Don't tax the pharma companies because we in Britain depend on them.' Which is an argument that gets made all the time. But given our health outcomes, we should not be paying this amount, and there's an amazing reluctance to talk about [it]. We spend 20% of GDP, perhaps 10% of it's wasted, what that does to the other things that we can't have. And a lot of the dysfunction in Washington is dealing with a deficit that's largely driven by this whole thing.

Andrew - You've got enormous lobby power there. Again, Obama tried to do something about this. I thought the figures you gave for those who were opposed to Obamacare, 46% as it was called, but only 25% were opposed to the Affordable Care Act, even though that was the official title of Obamacare, was quite significant.

Angus - This information has got worse since then. People are getting their news from other people who are getting their news from god knows where. And that really is a deep problem.

Andrew - Just before we leave healthcare, I wanted to ask you about race and healthcare because you point out the numbers of people who aren't insured but also the way the healthcare system is run on what you call apartheid lines.

Angus - That's really one of the disgraces, too. A lot of that is to do with residential segregation, which has never really gone away in the United States. There are large communities of African Americans, or Hispanic and whites, where not many people of colour live. I think that's changing a little bit because this educational divide that Anne and I are working on is becoming very important even within the minority communities, too. In places like Princeton where we live, a very wealthy town, you will find quite a lot of African Americans or Asians of one sort or another who are living around where we live. It's just if you go to Trenton Railway Station and hang around there you won't find very many white people there.

Andrew - One thing I wanted to do in the Festival of Economics is do a session on pensions, which is a subject I get increasingly interested in as I reach a certain age. I couldn't get anyone interested in this. And you talk about this in the book, about how the subject is boring. Until you get to a certain age when people start to lose sleep over it.

Angus - It's hard. It's very important from an economic point of view because the amounts of money are just enormous. I understand the discussions, people are now scared that the state pension is going to be means tested in Britain, for instance, and that's a debate that could be very poisonous.

Andrew - At the moment, they've got themselves in a bit of a mess because they agreed to the triple lock on pensions, and because wages have been going up so high they're having to find a lot of money to match that, but of course no party is going to touch it this side of a general election because the people who vote are often in receipt of, or about to be in receipt of, those state pensions. I think the bigger issue is the gaps between younger people, and my fear with younger people is they won't be able to afford a property, they'll be renting into their old age, and they won't have been able to save enough for a decent pension. And I think this is storing up one of those big inter-generational problems which you mention in the book as well.

Angus - The climate change as well. Those are very big issues. Almost everything to do with these inter-generational transfers is just incredibly important, to share the economy and so on. It's different there. The housing issue, which is clearly very much to the forefront in Britain, is different here. Also most people here have fixed-rate mortgages so we did not have here, when interest rates went up, the screams of pain on top of the cost of living crisis, which was also worse there, too.

Andrew - And that's about to hit a lot of people here because their mortgage terms come to an end soon and they'll be at much higher interest rates.

Just on productivity and innovation, I wanted to ask you about the impact of the Inflation Reduction Act which is an odd title for something which is incredibly transformative. What's your view on that, and will that help overcome the productivity slowdowns and declines we've seen?

Angus - I hope so. And I'm very much in favour of it. The name is odd only because there was inflation and that was a great title for it, to help get some votes it might not otherwise have got. It's a sort of standing joke. There's been a huge amount of investment in new factories, new plant and so on as a result of that, so people are pretty encouraged. It's the sort of thing Anne and I talk about in the 'Deaths of Despair' book and it seemed like this is different, it may or may not work, but it's certainly an attempt in the right direction. Joe Biden is out there today on the picket lines with the auto workers' union, and no president has ever done that before. Recent presidents would not have encouraged that. Pushing for making the world an easier place for unions to grow back, I think is necessary.

I, like you, lived in Britain when unions were not our favourite animals. On the other hand, without them terrible things do happen to working-class people because they needed lots of protection, they get lower wages, they don't have people who look after their interests, there's no countervailing force in politics that takes that perspective.

John Bew's book on Attlee tells you that his cabinet in 1945 had seven men in it who'd been active coal miners, who started their life at the coal face. It's not that we want to re-open the mines, but the perspective of working-class people is not exactly well represented in politics today on either side of the Atlantic. So all of those things would help.

You can't really trace these things through but when we were working on 'Deaths of Despair' and talking about it, Janet Yellen was certainly one of our strongest supporters who took every chance she could to promote the work and push the work. Our boss here, Cecilia Rouse, was chairman of the Council of Economic Advisors, the first two years, so our views are well known there and it's not just us, but a lot of people are thinking, 'OK, the economists wouldn't have liked these things before, now we've got to try something different.'

Andrew - I guess that getting manufacturing back and getting it going in areas which have suffered is one of the answers to this. I wanted to ask about the intellectual debate. The book talks about higher education being looked down upon by some people, by some politicians. We have that problem here as well. It's not a new problem in the United States, you mention Richard Hofstadter's work in the 1960s, but you hope that once the wave of populism has waned that people will see the value of higher education and intellectual pursuits again, is that right?

Angus - As Hofstadter wrote, there are waves of this throughout American history so I'm sure that will come and go. I want to quantify that a little bit, I spent my life as a university professor so I'm not down on university education in any way at all. But the solution to the problems that Anne and I identified are not for everybody to go to college. And I think what Michael Sandel wrote, and what I wrote in the meritocracy chapter, what seems to be happening is this college degree has become a sort of passport which enables you to enter a different sphere of life. And it's nothing to do with the college education actually being particularly productive or helping you in the job. Of course, you want your airline pilot to know how to fly an airplane, and you want your surgeon to know something about surgery, but clearly getting a BA from a non-selective college in the poetry of

Gerard Manley Hopkins is not going to help you all that much in terms of your productivity in the workforce. I think Europe has got this better. Britain's somewhere in between. There are many qualifications and there are different qualifications for different jobs. And I think if we could move to that, that would be a very positive thing.

Andrew - I think one of the things we lost in this country for a long time was the apprenticeship, moving into work, learning on the job. I've done a lot of work in the aerospace industry in Bristol and one of the things they have to do is, once someone graduates with a relevant degree and goes to work for them, you have a scheme where they become apprentices again for two years where they have to learn what the job really needs.

You also talk about the impact on democracy and fears for the future of democracy and this is something that concerns us here as well. Just talk us through that. You have a very important election coming up.

Angus - We do. One of the things that democracy has to do is deliver for everyone and if it only delivers for this educated elite then we're in trouble, because this educated elite, apart from just the crude arithmetic of it, is only a third of the population, and the other two thirds of the population is going to come for us with pitchforks. It used to be that both the majority of Democrats, and even the majority of Republicans, thought education was a useful thing, that universities were doing a good job. No longer at all. So they see us as oppressors in some way. And that really is bad for everybody. I think this is where the death statistics are just terrifying. If you've got one third of the population whose life expectancy looks like Japan or Switzerland, and another third that is beginning to look like Africa, then you can't keep democracy like that for long.

Andrew - It's similar in this country as well where you've got parts of Bristol which have ten years less life expectancy than other parts of Bristol and they're often almost next door to each other. It's a significant problem and we've had our own issues about the future of democracy here.

Just a few other things that I wanted to talk to you about quickly. The minimum wage is a significant thing to look at, isn't it? And is a problem in the United States.

Angus - The minimum wage has certainly been an issue. I put that in the first chapter because I think in some ways it's a good example of what economics can do, and that story also shows how much political relevance there is for a lot of economists' work, and how if you work on topics like that you're going to get vilified. But in this case the science seems to have really come through in the end. I think one of the most interesting things that's going on today is this idea that you might have a settlement in which there's an agreement to raise the minimum wage and inflation-proof it into the future, in exchange for tighter controls on immigration and forcing employers to verify that the people who work for them are legal immigrants. That would be a good deal in my view. And it might break the logjam to some extent. But that's certainly something we need to fix because it's very disruptive right now.

Andrew - I wanted to ask you about immigration because we've read recently, for example, how New York City is trying to deal with a large number of new arrivals in the city, and has a financial responsibility to deal with them but without any great level of federal support.

Angus - There's some federal support. Biden has just put out an executive order which allows those people to work for a certain amount of time, which would help the situation in New York City because right now they can't be gainfully employed. But there's another part of that which I think is interesting, which is that this has made a lot of people on the left, the people in blue states, think

about immigration as being a problem as well as just an asset. But that would also help what I was just talking about in some coalition where people on both sides could get together.

Andrew - You talk in the book about pre-distribution rather than re-distribution. I remember Ed Miliband when he was leader of the Labour Party talked about pre-distribution but it didn't really go very far, and I think some people saw him as one of this wonk-ish politicians who couldn't quite explain these things properly. I should say he's now in a very influential position in the current shadow cabinet and is likely to be in government after the next election. But talk us through pre-distribution.

Angus - There's a lot of resistance, especially on the right, with some reasonable justification, to having very high tax rates and in doing re-distribution and giving subsidies or tax credits or whatever. A lot of what we talk about in the book, and what I think about, is that corporations, healthcare, whatever, are actually redistributing money upwards from ordinary people to the rest of us. So there's a predation going on. Now stopping that, you could call that pre-distribution, but it just means that long before the tax system kicks in you stop charging people so much, you pay them higher wages, you tackle monopoly, you stop fast food people keeping wages down, all that sort of stuff. You can call it pre-distribution and I know it does sound wonky, I'd forgotten I use that word, but I would prefer to stop predation and stop this upward re-distribution, what Anne and I call 'Sherriff of Nottingham Redistribution', the opposite of Robin Hood Redistribution, going on. It's a natural thought that when people say 'We don't want more taxes', re-distribution will cut incentives and all the rest of it. But there's a lot of redistribution going on, it's just happening in the wrong direction. And so if we could fix that we'd be in much better shape.

Andrew - I think it's one of those ideas that we need to discuss more of. And your book has a lot of ideas in for dealing with some of the many problems that we face. 'Economics in America' is highly recommended, it's out now from Princeton University Press. Thank you, Angus Deaton for joining us today.