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Branco Milanovic *Global Inequality*:

A New Approach for the Age of Globalization

Cambridge, MA: The Belknap Press of Harvard University Press,
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The first words on the inside cover of this book announce that it has been written by one of the world's leading economists. Part of rising inequality is an unwarranted, and usually unquestioning, acceptance that just a few people are leading and many others simply have to follow, lapping up the trickle down of their great thinking.

Milanovic's big claim in this book is that he has introduced a new concept: Kuznets waves. These 'can not only satisfactorily explain the most recent spell of increasing inequality but can also be used to predict inequality's future course in rich countries like the United States or in middle-income countries like China and

Brazil' (p. 4). Milanovic is not bashful. He thinks he has found a way to foretell the future. Without irony, he has named his new theory after Simon Kuznets, the economist who half a century ago gave his name to a curve. The Kuznets curve predicted that with industrialisation inequality in a society at first rises, then it reaches a peak and then, apparently and theoretically, it falls as long as market forces are allowed to run freely. All this is because initially there would be more and more greed and exploitation, but later some form of trickle down would begin to operate. The reality, of course, is that in the country that Kuznets studied the most, the USA, what actually occurred was the very opposite of this. But in 1971, before that became apparent, Kuznets was awarded the equivalent of the Nobel prize in economics. In the decades that followed it became clear that the Kuznets' curve theory was wrong. Inequality in the USA rose and rose, partly because economists carried on talking about the Kuznets curves, rather than doing something more useful.

At one point in this book the author makes an excursion (Excursus 1.3) to discuss how a particular number, one billion, differs from another number, one million. The book is either not aimed at a very able audience, or its writer believes that it shows some great insight to be able to explain that 'To transport \$1 million in \$100 bills requires a medium-sized briefcase. To ferry \$1 billion in the same banknotes would require a thousand such briefcases' (p. 42). If you find such insights illuminating, then this is the book for you.

Before explaining why the new theory of Kuznets waves is not convincing I should say that this book does do a fairly good job of describing the basic global distribution of income inequality and how it has been changing very recently. It also lists a series of interesting historical events that were connected to changes in income and wage inequalities, such as the plague and, much later, world wars. But why does the author then feel obliged to try to define a new economic theory; one that he claims will successfully predict the future? Perhaps this is something some economists feel they must do to be real-economic-men? Perhaps this is what you have to do to win that special Nobel-like prize in economics?

In talking about 'The logic of Kuznets waves' (throughout the book the author alternatives between calling them waves or cycles – he can't decide what they are) Milanovic suggests that: 'Income inequality is, almost by definition, an

outcome of social and political struggles, sometimes violent ones' (p. 86). If that is the case, why then imply that there is some mystic economic model that can predict the future? Social and political struggles are always made under different circumstances, but the outcomes are not preordained. At many points *Global Inequality* reads as a set of notes that the writer has put together from which he will later write a book. Here, laid out, are various competing ideas before it is decided what the final storyline is. Except this is the finished book. And it feels very unfinished. It is full of repetition and list after list of points, each of which apparently you need to understand first – three or four or five things – to then understand everything about an issue before moving on to the next issue. Lists like this would normally have been turned into something more readable. However, much of this book was written in a great hurry on a week-long holiday in Bocas del Toro, Panama, in between swimming in the Caribbean. We are told this at the start which is hardly reassuring but does help partly to explain why things are as they are (see p. vii).

So, to conclude, what is predicted for the USA? Apparently, it is to endure in the near future a 'perfect storm' of rising inequality. On p. 181 Milanovic goes through his theories (of what turns a Kuznets curve into a series of curves) as concern elasticities of capital and labour substitution; robots being more marginally productive; ever greater concentration of wealth as the rich hold stocks and securities, not mostly physical property; and they also get the highest labour incomes in the USA where, apparently: 'rich capitalists and rich workers are the same people' (p. 187). What is more, as part of this perfect storm they will mate with each other more and more, and their children become better and better educated, which mostly means more expensively – perhaps to try to get their heads round books like this? So is the 'perfect storm' prediction convincing?

At this point I couldn't help but think of Frederick Christ Trump Senior, father of Donald John Trump, and husband of Mary Anne Trump producing the Don, ensuring he was better and better educated, and that he didn't hold his money in property ... Don't buy this book. Wait a few years and see what happens to income inequalities in the USA. US income inequalities are currently at a decades-long maxima. They could get much worse, but there are also signs that they might now be beginning to fall. The wages of Chief Executive Officers, the highest paid individuals in the USA, are already reported to be falling.

But predicting the future is a fool's game. Still, I would be willing to suggest that this book will not win its author a Nobel Prize – but the temptation of that might explain why it was written and included such a rash set of predictions. Inequalities in the world tended to rise at the same time as the number of economists increased, and most, first in Britain and then in the USA, where the most 'successful' economists were based. Perhaps this academic subject is part of the problem?!