

Branko Milanovic, *Global Inequality. A New Approach to the Age of Globalisation*, Cambridge Mass., Harvard U.P., 2016, 299 pp., s.i.p.

Which are the socio-economic consequences of globalisation? Out of a seemingly linear question comes a complex and thought-provoking answer for the historiography of contemporary age. Milanovic's major contribution to the knowledge of historical dynamics of globalisation is perhaps in the methodology that he adopts: a statistical analysis of income distribution among large geographic areas (industrialised Western countries, emerging countries, low income and poor countries) from the Eighties until today. This suggests overcoming the State as exclusive unit of economic analysis and assuming the world as a unit for differentiated analysis. Breaking both with micro-approaches oriented to the motivations of individual stakeholders, and with macro- and Keynesian approaches based on average income and gross production of single States, the author questions the "*dissimilarities*", the inequalities and the different social forces that push globalisation forward.

Differences among States, though recognized for their political relevance, become thus part of a world-wide discourse hinging upon the income differences among social groups measured by the Gini's index. In search for an explanation to the contradictions of globalisation, here come back Marx, Gramsci, Fanon with their observations on the various timing of development, on the transition from a social regime to another one, on the hegemony of dominant elites. Economics returns to a dialogue with history, and the novelty of global capitalism is captured in chapters 1 and 2 by a comparison between the first industrial revolution and the technological and trade revolution that since the Eighties has brought about a new international division of labour.

The theoretical axis of the research (pp. 20-23), abandoning the path proposed by Piketty, consists of coming back to an hypothesis suggested by Simon Kuznets, a profound scholar of economic history and economic cycles, according to which income inequality increases in countries in their early stages of economic development, but tends to decrease with economic growth. Apparently contradicted by the increasing inequalities in the richest countries such as the US, the UK and the Scandinavian countries, that model has been abandoned after the 1980s. Milanovic revives it by introducing a remedy, namely labour training and the know-how of labour force, and its inclusion in the winning or losing sectors of globalisation. Furthermore, Kuznet's economic cycles, lasting about twenty-five years, would today unfold differently from those of the first industrial revolution and of mature Fordist production. Whereas in the past the economic cycle took place mainly within the State circuit, albeit extended to the circuit State-colonies, in the globalisation it takes place within a global circuit which reduces the distance between rich and emerging countries. Overcoming the deterministic implications of Piketty's approach which postulates a stable trend to inequality within capitalism (pp. 48-50), Milanovic returns thus to the study of power relationships among social groups at world level, starting from the observation of an impressive global growth of 250% over the period 1988-2013, an impressive figure, on whose unequal distribution rests the main thesis of this book.

Milanovic sees at work two contrasting and intertwined trends, one positive and the other negative. The former one, the industrialisation of emerging countries, pushes towards a partial convergence between rich and poorer countries, thus to a general reduction of inequality at world level. Not all countries are involved, especially Africa remains dangerously out, but Asia seems definitely destined to substitute the Atlantic axis between North America and Europe through a new axis of economic development which presently runs through Iran but will probably shift in the area between India and China. As a consequence of this shift, an international tension ensues between older and new centers of power, but also a trend

toward less inequality among these macro-areas. The financial crisis of 2008-13 would have affected mainly the Western countries, thereby accelerating this trend.

The second force, in Marx's wording one would term it class conflict, pushes instead towards a growing polarization of incomes within States and within macro-areas. To the winning 1% of world population, made by households beyond 74,000 dollars per capita net disposable income, between 1980 and 2008 went about 15% of world income (p. 39). Among them are the richest 12 percent of the US people and shares between 3 and 5 percent of the population of many European, American and Asian countries. Italy, to which attention is given at various points of the book, is not mentioned in this statistics, though it would be interesting to know how many Italians fall within this leading income group. Such an uneven distribution of income is accompanied by a strong diminution of the weight of Western middle-classes, those ranging between about \$10,000 and \$73,000 of yearly net income per capita household. Among them, the higher layers of Western middle classes have been stuck at their starting position of the Eighties: they have lost weight and ranking for thirty years but they are still relatively protected by their incomes and assets, whereas the lower and middle-lower classes are the real losers, those from which start the revolt of „populisms“ and neo-nationalism that collects together the voters of Trump, Le Pen, and Brexit.

The section perhaps most interesting of the book deals with the rise of a global middle-class, which includes about 25-30% of the world population, and is pushed by the growth of Asian countries (chap. 1). These are households with net incomes between 1,400 and 7,500 dollars per year, very low figures for rich and industrialised countries in America and Europe, yet providing a decent purchasing power in some areas of China, India, Vietnam or Korea. The minimum threshold of 1,400 dollars is the mathematical point dividing exactly in two the world population and separating this group from the truly poor. However modest, their purchasing power has increased for thirty years of about 80%, about 2% per year on average, and seems destined to reach the purchasing power of middle-classes in rich countries. To compare the income distribution of different countries, the PPP standard (relative purchasing power expressed in US prices), is the best that we can have now, and the Author makes avail of a variety of statistical sources that he uses with great competence. In spite of all obvious caution that come with the use of statistics, Milanovic's study not only sheds light on the growth of this new "global middle-class", but also raises interesting hypotheses on the reasons for inequal appropriation of resources and in particular by the most privileged 1% of the world population.

Within the latter stand a few hundred of super-billionaires (more than 2 billion dollars asset at prices of 2013), who from 1987 to 2013 double their weight and pass from about 3% to more than 6% of gross world product, well 2% of world assets, the double of the whole Africa (pp. 43-46). Not their per-capita share rather their absolute number increases from about a hundred to more than 700 individuals. Access to capital, social networks, knowledge and skills add up each other in a context that according to the A. makes out of the new supercapitalists a sort of neo-aristocracy that lives of work more than being rentier. Endogamic marriages between successful women and men would make even more successful the new global class of the 1%.

If we had questions to raise, they would regard the features of these "global middle-classes", their intrinsic varieties, their political relevance, and the degree of influence exercised by the top 1% of global elites. Whether these statistical categories do have an historical consistency, whether to the income classes "in themselves" - in Hegel's language - correspond social classes "for themselves", whether the social discourse of cosmopolitan globalisation does

include or not the higher middle-classes and the bourgeoisie, puts forward a question on which took stock the best minds between the end of XIXth and the beginning of XXth C. Are the global elites a separate social group or do they culturally belong to the middle-classes?

The Author suggests that differences between higher middle-classes and super-rich ones are tiny, they would derive from access to privileged networks. In what sense can then one speak, as Milanovic does, of a “false consciousness” of the middle classes induced by the information circuits? Is it not reductively economicist to ascribe the hegemony of the 1% to such a „false consciousness” of the middle-classes, without considering both the fight going on among States and the comeback of the rentier’s mentality? Does not the shift of workforce from agriculture to industry in the Asian countries damage the defence of the working class in the Western countries? To be sure, the collapse of socialism plays a fundamental role in the absence of alternatives, but much more room should be given to cultural identity if one wants to explain the absence of international solidarity. The 1% may have scant interest to defend the European Welfare State, but may the Asian middle-classes take it as a reference for their future? There are plenty of questions that spring from this reading which fosters specific studies.

After all, we must be grateful to Milanovic for having explicated a pregnant question at the end of his book: are these developments compatible with democracy? His answer is definitely skeptical: he sees at work two political trends that parallel the two ones resulting from his reading of Kuznet’s cycles. On the one hand an anti-systemic mass populism, born out of the social polarisation within States; on the other hand, a *plutocratic* tendency, linked to globalisation, which empties from within liberal democracies through the control of communication systems and the manipulation of public opinion. If access to wealth and success increasingly depends on family’s ties, political careers depend on wide availability of financial capital, so that dynastic tendencies are developing everywhere. Capitalism and democracy are splitting and even Islam seems not to offer a true alternative (pp. 192-193).

The Author’s remedies are definitely liberal-reformist ones, and without aiming at modifying capital formation, they range from capital taxation, succession taxes (suggested by Piketty as well), to State intervention for assuring equal opportunities in instruction and professional formation.

If the next developments will be those pointed out by Milanovic, the defence of democracy would require much more radical measures and remind a backstage similar to the one drawn by Polany in 1944, when he saw in fascism a social revolt against capitalism.

In today’s global capitalism the workforce is fragmented by the household-family’s endowment of social capital. The Author’s thesis is that individual opportunities could be increased, rather than by easing access to the most expensive top universities, by rising the average level of university and professional formation. It is ironic that this path has been abandoned in Italy as well as in the United States, where one can watch the top increase in inequality levels in the last thirty years. In fact, formation alone cannot be enough or being not practical, because labour markets are not unified even in the European *Union*; hence one should ask if there is a need for structural measures to favour the socialisation of capital, through intervention on finance and banks, such as increasing the role and functions of investment funds and rent funds and keeping them under political control. *Vaste programme*, as De Gaulle would ironically say, yet it is a theoretical field left open by an important study, which satisfies fully the expectations raised by its subtitle, and to whom these notes pay only in part justice.

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