

Book Review

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GLOBAL INEQUALITY: A NEW APPROACH FOR THE AGE OF GLOBALIZATION

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Inequality had been a marginalized topic in science and politics until the emergence of the global economic crisis when the study of this phenomenon and its consequences became increasingly popular. The reasons for such marginalization lie in the fact that the middle class concealed its income stagnation by borrowing. The global economic crisis disabled further borrowing and all of a sudden millions of people found themselves in a difficult position due to the recession that hit the world economy and an enormous decline in income.

The book entitled *Global Inequality: A new Approach for the Age of Globalization* by Branko Milanović (a senior scholar at the Luxembourg Income Study Center) enhances the approach to the analysis of global inequality and indicates their implications by connecting theoretical segments and empirical studies. The aim of the book is to show, in a comprehensive manner and through a logical sequence of the thematic units, that inequalities do not have to be analyzed

only through the prism of the unequal distribution of income but also by connecting it to the issues of stability and development as well as to the phenomena of globalization and international migration. It is intended for the scientific and professional audiences, as well as for the students who have certain interests in the topics such as inequality. The book is organized into five chapters and each section is supported by numerous examples and charts. At the end of the book, there is the Subject Index and the recommended literature for further research.

In the first chapter, entitled *The Rise of the Global Middle Class and Global Plutocrats* (pp. 10-45), the author analyzes the most important changes in income distribution during the third wave of globalization in order to identify the winner (the middle class in developing economies in Asia, first of all China, and the richest, the so-called global plutocrats). The author further emphasizes the fact that, even though globalization is one of the factors that influenced changes in income distribution, it cannot be said whether those changes were either positive or negative since there are always both the winners and the losers.

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The subject of the second chapter entitled *Inequality within Countries: Introducing Kuznets Waves to Explain Long-Term Trends in Inequality* (pp. 46-117) deals with the most commonly mentioned form of inequality – inequality within countries – since it is the most interesting aspect of inequality for individuals as members of the same community. Further, the new phenomenon of the Kuznets waves or cycles is explained in detail. This phenomenon is introduced in order to complement and enhance the Kuznets hypothesis which cannot explain the reasons for an increase in inequality in developed countries during the previous years since such an increase is not in accordance with this hypothesis. Relying on huge databases and the most contemporary studies, the author makes a difference between the countries with stagnant average income and those with rising average income, as well as between the benign and the malign forces that reduce inequality within countries. The author describes the reasons for the falling, or the rising, of the Kuznets wave in detail.

The studies of the gap in income among countries during the last two centuries as well as its contribution to global inequalities is the subject of the third chapter entitled *Inequality among Countries: From Karl Marx to Frantz Fanon, and then Back to Marx?* (pp. 118-154). The author emphasizes the fact that today, after two centuries, the world is for the first time being faced with the situation that global inequalities are not conditioned by the gap among countries and that, if the trend of economic convergence continues, global inequality will decline. Afterwards, the focus is placed on the premiums that the citizens born in wealthy countries receive (the citizenship premium) and on their relations to migrations. At the end of this section of the book, the author elaborates in detail the key issues and the conclusions concerning migrations as one of the major challenges in the contemporary world.

The fourth chapter is entitled *Global Inequality in This Century and the Next* (pp. 155-211). In this segment of

the book, the focus is redirected from inequality within and among the countries to inequalities between all citizens of the world. Here, the author analyzes the issue of the evolution of global inequality in the 21st century in more detail from the perspective of the Kuznets waves and economic convergence. At the beginning of this chapter, the author provides a review of the key literature that attempted to visualize and forecast future economic and political events in the world and indicates their deficiencies. The subject of the further analysis is income convergences (the issue of whether poor countries will rise faster than rich ones) as the major factor for a reduction in global inequalities. The chapter ends with a discussion about the three major dilemmas: How will China deal with the increasing democratic demands of its citizens? How will the stagnation of the middle class in rich countries reflect on their economies? Will an increase in the wealth of the wealthiest citizens lead to plutocracy or populism?

In the last chapter, the fifth chapter of the book, entitled *What Next? Ten Short Reflections on the Future of Income Inequality and Globalization* (pp. 212-239), the author reflects on the key segments and the messages of the book and makes suggestions for reducing inequality. Differently from the other chapters, this segment is based on the author's personal reflections rather than on the specific data.

Branko Milićević's impressive scientific and academic accomplishments, as well as his practical knowledge acquired in the World Bank, have made him a world-known and recognized expert in the field of global inequality. Thus, the quality of his monograph is indisputable. However, taking into consideration the fact that, apart from China, which is analyzed in detail, the other BRIC countries also have an important role in reducing inequality due to their economic growth, it would be useful to dedicate more attention to them and consequently do more research in them in the future.

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