

Book Review

Income Inequality: A Journey of 200 Years of Economic Thought

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Introduction

The phrase "the rich get richer, and the poor get poorer" encapsulates a phenomenon that has long plagued societies worldwide. Most recently, [Riddell et al. \(2024\)](#) showed that, since 2020, the five richest men in the world have doubled their fortunes. At the same time, almost five billion people have seen their wealth fall. It further argued that corporations and its monopoly power are responsible for driving this unrelenting income inequality. This trend is confirmed by [Chen et al. \(2019\)](#) through an investigation into nearly 1 million firms covering 27 countries. Between 2000 - 2015, there has been a notable increase in corporate market power, especially in advanced economies.

However, there is no easy solution because inequality is deeply rooted in numerous historical, political, and socioeconomic factors. Therefore, it is imperative to look beyond numbers to understand inequality better.

In "Visions of Inequality: From the French Revolution to the End of the Cold War," veteran economist Branko Milanovic takes readers on a journey through the 200-year evolution of economic thought on income inequality. He achieved it by drawing from a diverse source, including original writings, correspondence, and biographical accounts of luminaries in the economics discipline.

ARTICLE INFO

Received: March 29, 2024

Received in revised form:

July 21, 2024

Accepted: December 26, 2024

doi: [10.46456/jisdep.v5i3.541](https://doi.org/10.46456/jisdep.v5i3.541)



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THE JOURNAL OF INDONESIA SUSTAINABLE DEVELOPMENT PLANNING

Published by Centre for Planners'
Development, Education, and Training
(Pusbindiklatren), Ministry of National
Development Planning/ National
Development Planning Agency (Bappenas),
Republic of Indonesia

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Central Jakarta, Indonesia 10320

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journal.pusbindiklatren@bappenas.go.id

Supported by Indonesian Development Planners
Association (PPPI)

Please cite this article in APA style as:

Aman, N.I. (2024). Income Inequality: A Journey of 200 Years of Economic Thought. *The Journal of Indonesia Sustainable Development Planning*, 5(3), 278-282

<https://doi.org/10.46456/jisdep.v5i3.541>

The result is a rich narrative that helps readers form an informed opinion about this delicate yet crucial subject.

Six Chapters of Storytelling

In [Milanovic \(2023\)](#), the author presents his narrative through the lens of six influential figures: François Quesnay, Adam Smith, David Ricardo, Karl Marx, Vilfredo Pareto, and Simon Kuznets. Each is devoted to a chapter in this book and brought to life by the author's masterful storytelling. They are ordered chronologically which helps to show an interesting shift in the paradigm of inequality.

The early chapters dissect the ideas of earlier economists, such as Quesnay, Smith, Ricardo, and Marx. These great thinkers tend to frame inequality around social classes and means of production. Some people own land (landowners), money (capitalists), and labour (workers). Inequality is therefore perceived as the result of the distribution of the associated income: rents (landowners), profits (capitalists), and wages (workers).

Meanwhile, Pareto saw inequality in terms of a social hierarchy. Specifically, he focused on how the few elites fare compared to the rest of the population. As data on individual income became more available in the 20th century, Kuznets shifted the inequality discourse toward income distribution on a personal level. He was able to link inequality with various personal attributes, such as education level and living conditions.

In Chapter 7, the author argued that attention to inequality was diminished during the Cold War (1947 – 1991). This is mainly due to the politics of the era. Both the United States and the Soviet Union wanted to portray themselves as more equal than the other.

However, the picture changed again in the last few decades. In Chapter 8, the author contends that the issue of inequality has resurfaced and has even taken centre stage in public policy debate. This is driven by the fact that income inequality has risen everywhere. Gaps between the rich and the poor have widened, not only in Western economies but also in emerging markets such as China and India.

[Milanovic \(2023\)](#) is certainly not the first in the study of inequality. [Piketty and Goldhammer \(2014\)](#) for example, has dominated the economic discourse, particularly on the subject of inequality. But what sets *Visions of Inequality* apart is its interdisciplinary approach, weaving together economic analysis with insights from history, sociology, and political science. Readers will leave with a better framework for thinking about inequality beyond tedious mathematical formulas.

Why Inequality Matters

Economic inequality is not merely an economic concept or a statistical measure; it is a fundamental issue that profoundly impacts individuals, societies, and the fabric of humanity as a whole. While some degree of inequality is inevitable, the extent and persistence of economic disparities have far-reaching implications that cannot be ignored.

For example, [Rizky and Suryahadi \(2019\)](#) showed that an Indonesian child who lived in a poor family suffers from a staggering 87% earnings penalty, relative to a child who did not grow up in a poor family. It was further evidenced that various government transfer programs did not mediate this adverse effect.

Inequality is also a core sustainability issue. [Boyce \(1994\)](#) suggests that unequal societies tend to have weaker environmental regulations, as political power is often concentrated among the wealthy who prioritize economic growth over environmental protection. Moreover, affluent individuals and corporations can disproportionately exploit natural resources, leading to overconsumption and ecological imbalance ([Piketty and Goldhammer 2014](#)).

Meanwhile, [Wilkinson and Pickett \(2009\)](#) demonstrates that high levels of inequality correlate with various social problems, including reduced social mobility, higher crime rates, and poorer health outcomes. These issues weaken the social fabric, leading to instability and undermining efforts to create sustainable communities.

Unfortunately, solving inequality is likely to become more difficult. The proliferation of artificial intelligence (AI) presents an unprecedented challenge. AI is set to affect nearly 40% of all jobs, according to an analysis by the International Monetary Fund (Georgiva, 2024). It speculated that "in most scenarios, AI will likely worsen overall inequality." This is because the impact of AI is not uniform. Higher-income and younger workers may see an increase in their wages after adopting AI, while lower-income and older workers could fall behind.

Moreover, efforts to eradicate poverty, thus improving inequality, might come at odds with the need to prevent the climate crisis. Carbon emissions in poor countries can more than double as an effect of poverty alleviation, according to Bruckner *et al.* (2022). These countries will need to accelerate growth, with the direct consequence of generating more greenhouse gas emissions.

Conclusion and Rating

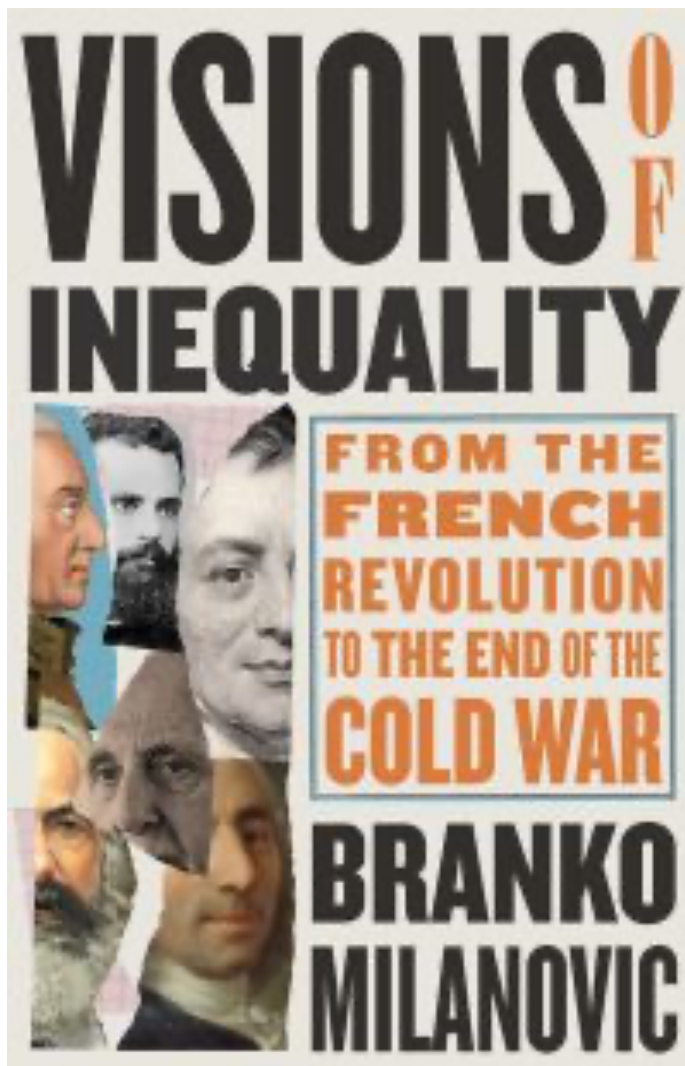
Visions of Inequality is a serious and scholarly work that demands an interdisciplinary understanding of history, economics, and political science. Unlike books tailored for a general audience, this book delves into complex theoretical frameworks that may require familiarity with specialized terminology. As such, it may not be accessible for the average reader without a background in the social sciences or economics.

Moreover, Milanovic's meticulous attention to detail and analytical approach may deter casual readers who seek a more intuitive explanation of inequality. The book's emphasis on historical trends, intellectual debates, and empirical evidence necessitates a certain level of critical thinking. Therefore, it may not be suited for those seeking a light or leisurely read.

Nonetheless, for scholars, researchers, and students seeking a comprehensive exploration of inequality, *Visions of Inequality* provides an academically rigorous and thought-provoking resource. It is a must-have reference for academia and institutions with a social policy orientation.

This book deserves 8 out of 10 for its important contribution to providing a contextual understanding of inequality. As Milanovic himself argues, "We cannot speak of inequality as a general concept; it is inextricably linked to a particular time and place."

Cover Book



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