

that of prevalingly American scholars, or the Muslim view mediated by some contributing authors – can shed light on some deeply hidden symbols and institutions of their own identity. It is a major question to what degree contemporary Europe is still Christian or post-Christian, a question that has much to do with EU enlargement, the issue of immigration, multiculturalism, and even our own identity. Of course, the question cannot be answered in a single volume (I am even not sure it can be answered by any scholarly discussion), but the important thing is that the question is raised. *Nolens volens*, we have to realise that de-traditionalised post-Christian Europe may still have something in common with its former religion/s (and *ipso facto* something distinguishing it from others), knowledge of which is of great importance, especially for scholars in post-communist countries. Whether we ought to work on strengthening or weakening these ties, and in relation to which ideology, is a completely separate issue.

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**Branko Milanovic: *Worlds Apart: Measuring International and Global Inequality***

Princeton NJ 2005: Princeton University Press, ix and 227 pp.

Branko Milanovic is a lead economist at the World Bank who has been dealing with world inequality for three decades and is deeply involved in the topic. His most recent book is both a synthesis of his many years of research in the field and an important step forward in explaining the issue. In just 150 pages, he offers a concise clarification of the problem and in the next 50 pages he provides the reader with the results produced by various inequality measurements. Although tightly focused, the methodology is by far the book's main message. Indeed, it is a substantial one and well underpinned by

geopolitical and historical considerations about what might be behind the trend or trends in inequality as variously represented using different measurements.

The book excels for its innovative substance and sound style. It is thus highly readable and accessible even for people unfamiliar with inequality issues. 'The mother of all inequality disputes is the concept of inequality', begins the author. He then distinguishes three various measures, each of which has a specific construction and use. Concept 1, the most frequently used measure of inequality, takes countries as units of observation and characterises them by GDP. Concept 2 adds population weight to the previous information, so that, for example, Luxembourg and China are not taken as units of observation on the same level. Concept 3 is quite different, as it observes all individuals or households and computes using populations of people instead of sets of countries or regions.

Understandably, different methods return different results regarding the level and, in particular, dynamics of inequality. Concept 1 (the unweighted inter-country measure) shows a trend of increasing inequality. The turning point occurred in 1978–1980, when the oil crisis caused oil prices to triple, real interest rates soared and the world growth rate slowed down. At that time, the proportion of middle-income populations declined (some countries of Latin America, Eastern Europe), while China and India pulled ahead, and Africa's position deteriorated further. Taking the poorest country in the Western 'first' world (Portugal) as a benchmark, the author distinguishes the second, third and fourth worlds, where GDP is a third, between one and two-thirds, and finally more than two-thirds below Portugal's GDP.

While the first and second 'worlds' has shrunk in recent decades in terms of the number of countries and the size of the population they encompass, the third world has expanded as a result of China's and India's

move upward from the fourth world and, in addition, their rapid population growth. This is also the reason why inequality measured by Concept 2 (the weighted inter-country measure) shows a decrease, unlike Concept 1 (the unweighted inter-country measure). However, if more territorially detailed data are used, i.e. by breaking down big countries into their component states, provinces, regions, or rural/urban areas, the decline in inequality measured with the Concept 2 no longer appears. Looking at inequality in a longer time span (1870–2000), intra-country inequality (due to class structure) has largely been replaced with inter-country inequality (due to location).

In recent decades it has not been difficult to obtain data for the first and second concepts, provided we accept the estimates of GDP for less developed countries. Nevertheless, data accessibility is a challenge in the case of Concept 3, which instead of macro-data uses micro-data, which can only be obtained from surveys among households. This is a particular value added of the book, which utilises the World Bank database of household incomes and expenditures – the HEIDE database – covering 84% of the world's population; this being another long-term achievement of none other than Branko Milanovic himself. He gave consideration to various indicators and finally selected per capita income (not per equivalent unit) in amounts observed in individual surveys (not reweighted by aggregate statistics) and adjusted by purchasing power parity (PPP).

Only the results produced by Concept 3 may rightfully be regarded as representing world or global inequality. Milanovic certainly was not the first to use data on individuals, but he did it in the most comprehensive and cautious manner. In the book, he also carefully reviews all previous literature and findings in this field. His calculations of inequality among the entire world population are much higher than those returned in inter-country inequality (a Gini coefficient between 62 and 66 as opposed to 50). The fig-

ures are indeed alarming: while the top 10% of the world's population receive half of the world's income (adjusted for price levels), the bottom 90% share the other half among themselves. In simple dollar terms (not adjusted), the top 10% collects two-thirds of the world's income.

While in the perspective of Concept 1 there is some equalisation between countries, according to the Concept 3 inequality within countries is likely growing. This discrepancy probably evokes the most interesting question among the many raised by the book. Francois Bourguignon (Chief Economist at the World Bank), in a discussion about the book, linked inequality and globalisation this way: 'In the first part of the 20th century, we saw a huge increase in Concept 1 inequality; then for the last twenty years we have seen a decrease in Concept 1, but an increase in inequality within countries – because of increased globalization of capital and trade flows. The logical limit of this is that in a fully globalized world, with completely free trade and capital flows, there would be no more inequality across countries, but only inequality within countries' [<http://www.carnegieendowment.org/events>].

This is, of course, a purely hypothetical consideration that in a way simultaneously echoes the author's concluding thoughts about a possible move towards a global community and a global democracy, where many functions of today's national governments will be taken over by new global institutions: 'At that point, issues like global inequality will acquire almost the same importance that national inequality nowadays has in national political discussion' (p. 162). Managing transfers thus would thus become a task for global agencies dealing with individuals rather than international agencies where nation-states represent their interests.

Such a vision of a global solution to inequality – however far in the future it may be – is not very highly endorsed by the documentation Branko Milanovic has collected. The current picture indicates that popula-