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Review of Branko Milanovic's *Visions of Inequality: From the French Revolution to the End of the Cold War*. Cambridge, MA : Harvard University Press, 2023, 368 pp.

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Milanovic's book takes us on a journey through the history of the economic study of inequality. The first six chapters, each devoted to one author—the physiocrat François Quesnay, Adam Smith, David Ricardo, Karl Marx, Vilfredo Pareto and Simon Kuznets—supplemented by the chapter "The Long Eclipse of Inequality Studies During the Cold War"and the epilogue is devoted to the contemporary revival of the field around the work of Thomas Piketty. Each chapter contrasts a presentation of the authors and their thinking with an estimation of the income distribution of their time enabled by data available today.

One way to read the book is to group these chapters into two main parts. The first authors, from Quesnay to Marx, belong to so-called classical thought and think of inequality in terms of classes. The second, from Pareto to Piketty and Milanovic himself, are neoclassical thinkers or contemporaries of neoclassical thinking, and think of inequality in terms of the interpersonal distribution of income. It is not the least merit of the book to give centre stage to that divide. Scientists venturing into the history of their field are always at risk of anachronism, trying to read old thinkers with modern categories, but Milanovic resists that temptation with a strict discipline. He does reconstruct an estimation of the interpersonal distribution of income at the time of Quesnay or Ricardo, but is careful to not let the reader believe that this distribution had any conceptual existence for these authors.

If we follow this reading, each chapter devoted to an author represents a variation within a paradigm. For Smith and Ricardo, the key concept is the functional distribution of income: profit remunerates capital and the capitalists' class, rent remunerates land and the landowners' class, and wages remunerate labour and the workers. In contrast, for Marx the decisive concept is that of the relation of production, the asymmetrical relationship of interdependence between the capitalist and the proletarian. Marx rejects the notion that income remunerates assets: the

AUTHOR'S NOTE: This review is based on my participation in a panel discussing the book on the occasion of the Equality Debate of May 24th 2024 at the Paris School of Economics.

distribution of income is only one of the effects of a more fundamental structure, that of the relations of production. In short, in Ricardo as in Marx, inequality is inequality between classes, but in Ricardo classes are defined by the ownership of assets, whereas in Marx they are defined by positions within the structure of a mode of production.

In contrast to the class approach, the interpersonal approach takes individuals as its basic unit, and in one way or another, answers the question: what share of total income goes to what share of the population? The chapter on Vilfredo Pareto (1848–1923), Walras' successor at the chair of political economy in Lausanne and a pioneer of the interpersonal approach, is fascinating. Pareto's interest in the top of the income distribution, it is shown, is part of a theory of social groups, and more specifically, in the context of the rise of socialism, a conservative theory of the permanence of elites. Kuznets also links interpersonal distribution to a theory of social groups, but in a different way. Indeed, the basis for the Kuznets curve is the division between a low-productivity, low-income agricultural sector and a higher-wage manufacturing sector. The distribution of individuals between these two sectors then determines the interpersonal distribution of income: although these are by no means classes and Kuznets is clearly following in Pareto's footsteps, his theory does give a special role to social groups.

Paradoxically, in a sense, it could be said that the interpersonal approach to income is only correlated with strict methodological individualism in the period that Milanovic refers to as "the eclipse of inequality studies during the cold war" (217). Indeed, in a strict neoclassical theory such as that represented by Blinder (1975), each individual is characterised by preferences—between work and leisure, between present and future consumption—and endowments of human and non-human capital, which in competitive markets determine each individual's life-cycle income profile. According to Milanovic, this type of work is defective because of its denial of any institutional context. "Such an approach ignores the essence of economic inequality: power structures" (259), he asserts, a charge which by the way may sound paradoxical to some who are aware of the very similar criticisms sometimes levelled at Piketty (see Lagasnerie 2013 for an early and extreme example) or Milanovic himself.

Finally, today's revival of the economics of inequality, represented in particular by Piketty and by Milanovic himself, is also based on a specific conjunction between the use of indicators, all of which are based on the interpersonal distribution of income, and theoretical or interpretative

elements that bring social groups into play. In particular, the book praises Piketty's interest in the political and ideological conflicts surrounding redistribution (293; Piketty 2020).

Beyond the intrinsic interest for each author, what is the overall lesson that emerges? Milanovic presents his answer in the last pages of the introduction, emphasizing the "historicity" of inequality theories and that "each generation focuses on what it considers to be the salient features of inequality" (29). This thesis, which is abundantly illustrated by the contents of the book, could hardly be disputed.

But the risk in this view, the chronological succession of paradigms, would be to lead to a form of epistemological teleology in which the interpersonal approach, and the form it takes today, would be the result of an irreversible and unidirectional process. An alternative way to tell the story would be to claim that since Pareto's time, three approaches towards inequality have clashed, responded to each other and interacted within the social sciences: (i) the study of the interpersonal distribution of income and wealth, following Pareto, and up to the work of Milanovic and Piketty today; (ii) indifference towards inequality, and a focus on aggregate outcomes; and (iii) the class approach which, contrary to what the book at time seems to suggest, has not been superseded by the availability of modern data and techniques. In other words, under this alternative view, each generation has not one, but multiple and conflicting approaches to inequality.

This claim can be illustrated with a few examples. When individual income data first appeared, the question of how to use them arose among Marxist intellectuals, who were always keen to base their political analyses on economic ones. In particular, when Eduard Bernstein, a former close friend of Engels and executor of his will, and an important figure in the German SPD, developed his reformist theory of the gradual evolution of capitalism, he sought to rely on data, in particular on the distribution of shares' ownership of some large British trusts, tax data on the distribution of taxpayers' income in several countries and in particular in Great Britain, where he relied on the pioneering work of Robert Giffen (Bernstein [1899] 1909, 40-53); or the distribution of company size (54-72).

This is remarkable, since Bernstein was writing at the same time as Pareto and using individual data of the same kind. Was it inevitable, then, that these new data would move the analysis away from a Marxist class theory by making it possible to describe a continuum of income and wealth? Undoubtedly, with access to such data, the idea of individuals

being divided into homogeneous, watertight classes can only be taken as an approximation. It would be hasty, however, to conclude from this that class theory is doomed. In this respect, it is very interesting to look at the responses of two representatives of the orthodox Marxist line within the SPD to Bernstein's discourse: Karl Kautsky and Rosa Luxemburg. Kautsky took up the figures and challenged Bernstein's interpretation of them. Above all, he insisted on what he considered to be the most structuring feature of the period: the growing size of companies, implying the consolidation of the face-off between wage-earners and big capital (Kautsky 1899). Luxemburg was on the same line when she criticised Bernstein:

> The industrial capitalist of today is a collective person composed of hundreds and even of thousands of individuals. The category 'capitalist' has itself become 'socialised'. [...] By 'capitalist', Bernstein does not mean a category of production but the right to property. [...] And 'capital' is for him not a factor of production but simply a certain quantity of money. That is why in his English sewing thread trust he does not see the fusion of 12,300 persons with money into a single capitalist unit but 12,300 different capitalists. [...] He moves the question of socialism from the domain of production into the domain of relations of fortune—that is, from the relation between Capital and Labour to the relation between poor and rich. (Luxemburg [1900] 2008, 74–75)

Let us move to a different setting, the United States during the Cold War. While Milanovic convincingly argues that the economic discipline of the time relegated inequalities to the background, this was not the case in sociology. In 1979, a young researcher, Erik Olin-Wright, published a book entitled *Class Structure and Income Determination*. In it, he emphasises the value of a relational approach to class, inspired by Marxism, and shows that there are several overlapping structures which such an approach could study, in particular the division of labour, relations of authority and relations of exploitation. He then seeks to apply his theory by combining several data sources from the United States, paying particular attention to the question of the 'contradictory class location' of managers—a question that runs through all his numerous subsequent works on class.

The mere mention of Karl Kautsky and Erik Olin Wright is by no means a substitute for a history of the empirical and theoretical study of class in the social sciences (economics would probably not get the first place in such a history). What is suggested here is that although the class approach to inequality was undeniably marginalised within the field of economics, it never disappeared at the level of social sciences as a whole and

that there is no intrinsic reason to consider it as outdated. Of course, a modern analysis of inequality should not deprive itself of the granularity of individual data, but this should not lead us to neglect the strengths of the class approach, especially its relational and institutional nature.

One undeniable challenge for a contemporary theory of class is to project itself onto a global scale. In this respect, the interpersonal approach seems to have a head start, largely thanks to the work of Milanovic himself on the global income distribution, while international relations were relatively under-theorised by Marx himself. This does not mean, however, that it cannot be enriched in this direction. In this respect, it is very stimulating to find in the book some pages devoted to Samir Amin and dependency theory (279–286)—the introduction tells us that he even considered devoting it a full chapter. If Olin Wright allows us to integrate managers into class theory, dependency theory allows to extend class theory to the international level, by highlighting the structures (especially the international division of labour) that enable the reproduction of global inequalities.

To conclude, Milanovic's book offers an engaging journey through the history of the economic study of inequalities, highlighting in particular the gap between the class-based approach and the interpersonal approach. Whether one seeks to position oneself on one side or the other of this divide, or even to straddle both, this reading is essential for situating and understanding it.

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