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The capitalism of the elephant curve

Branko Milanovic, economist, deals with research on global inequality, and other important studies on income distribution. He was an economist at the World Bank, and has since turned his attention to studying inequality from a broader perspective, exploring what this means in individual countries. Today, the different responses to the crisis around the world have changed both globalisation and the role of the state. This gave rise to the book "Capitalism, alone" first issued in 2019 and subsequently published in Italy under the title "Capitalism versus capitalism". The underlying theory is that only capitalism exists now in the world; it is no longer the dominant, or most successful system, but rather the only existing production model, and that in any case, we cannot do without capitalism.

This historic change has been brought about by the rise of Asiatic countries and thus the rebalancing of economic power between the USA and Europe on the one hand, and Asia on the other. Moreover, perhaps for the first time since the industrial revolution, the income of the three continents has come closer together, returning to more or less the same relative levels present in that era (albeit higher in absolute terms).

In the book the author explains what he means by this, because if we understand capitalism as a well-defined system in which the goals of production are profit and the diffusion of autonomous paid labour, with predominantly private capital and decentralised coordination, then the whole world is capitalist.

By cross-referencing data, Branko Milanovic has developed his own graph - also known as the "elephant curve" - which he uses in all his studies and research and with which he shows the progress of global income in the last 20 years for each rung in the distribution of income. The visual rendering shows that the income of the few super-rich in the world has surged upwards, following a curve like an elephant's trunk. In support of his theory, if we look at inequality between countries at 'global level', this has in effect decreased, whereas inequality has instead increased in countries where "liberal" capitalism reigns supreme. While the global gap has narrowed, the transfer of wealth and prosperity from the western to the eastern middle classes has in fact increased inequality in our part of the world.

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