in areas such as retail and finance as happened in Chile (chapter 12 by Jon Martínez Echezárraga).

The diversification of operations of the family business can also include the political sphere. In Colombia most major business families also entered politics (which included having relatives elected as the country's president) to increase their competitive advantage (chapter 7 by Carlos Dávila). Regional preferences by a particular regime (as happened during Francisco Franco's dictatorship in Spain) led to the rise of some families and the fall of others depending on their geographical origin. The end of the dictatorship permitted the reemergence of family businesses from areas neglected by Franco such as Catalonia (chapter 10 by Fernández Pérez and Pablo Díaz Morlán). The importance of close relations with the state makes the comparative study by Javier Vidal Olivares particularly useful for other scholars (chapter 2). Nuria Puig opens a new research agenda by studying the largely neglected philanthropic sector in Latin America and Spain (chapter 3). The chapters on Argentina, Peru, Mexico, and Colombia can be particularly useful as models for further research. The Spanish edition of this book won the 2016 Instituto Argentino de la Empresa Familiar Research Award (Argentina).

Marcelo Bucheli is associate professor of business administration at the University of Illinois at Urbana-Champaign. He has published on Latin American business history and the integration of history and management and organization theory.

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Global Inequality: A New Approach for the Age of Globalization. *By Branko Milanovic*. Cambridge, Mass.: Harvard University Press, 2016. ix + 299 pp. Figures, tables, references, notes, index. Cloth, $29.95. ISBN: 978-0-674-73713-6.

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Reviewed by Roni Hirsch

If times of plenty call forth declarations of the end of history and deepen our faith in secular growth, times of crisis are bound to raise the specter of an inherently cyclical economic system. Branko Milanovic's new book is thus a timely contribution to a growing literature on inequality, which he sees as fundamentally a cyclical phenomenon. He thus joins forces with a recent revision of Simon Kuznets's hypothesis, which predicted that the inequalities generated by capitalism will decline as the system matures. Instead, Milanovic proposes that inequality comes in waves, propelled by technological innovation. Even more groundbreaking is the book's adoption of a global perspective in which these cycles play out, replacing a narrower nation-state focus to reflect the way actual people experience inequality around the world. As inequality rises and falls, its expansion in one place underscores greater convergence in another. The book thus offers a comprehensive history of global haves and have-nots, and, with an eye to the future, asks whether a peaceful way exists today to reduce global inequality, or whether we must await another round of global violence.

The books' centerpiece is an immense original database eschewing national categories for a complete remapping of world inequality based on individual household income surveys between 1988 and 2011 (available for download on Milanovic's CUNY web page). It presents a truly global picture of inequality: Its percentiles, ventiles, and deciles of the world's population by income (adjusted to local cost of living) is compiled of people of all nations. The book offers plain English discussions of the data and explains the technical and substantive considerations that went into their compilation, making their story both accessible and compelling to a wide audience.

This data-driven global perspective does more than point to the realities of globalization—the free-flow of goods, capital, and regulations across borders—and the technical difficulties they pose for scientists and governments alike. It presents inequality as a two-dimensional problem, which we have so far dealt with primarily through one dimension: wealth distribution within the nation-state. Milanovic focuses on the way inequalities within countries interact with inequalities between them, at times compounding their effects, but at other times mitigating them. Which is more significant, he asks, in determining individuals' fate: their class affiliation or geographical position? The book offers a metric for calculating individuals' citizenship and class "rents." For example, a person born in the United States will, on average, earn 9,200 percent more than the average person born in Congo, the poorest country in Milanovic's set. Using Congo as the unit of comparison the data can be used to compare any place and class on the globe (p. 133).

One of the book's most illuminating findings shows how globalization, and especially the recent financial crisis, has contributed to the increased (relative) gains of the global "middle class," at the expense of those at the top 20 percent of the world's population. The financial crisis was not a *global* crisis at all, but rather the opposite. This becomes clear once we shift our perspective from the lower-middle classes of rich countries, who were badly hurt, to this new, emergent class, located primarily in India, China, and other fast-developing

Asian countries (but still earning only $1,000–$2,000 a year) (p. 31). Geographical convergence, however, does not take away from the spectacular absolute gains at the very top of the distribution, whose share of global income has doubled. The two phenomena, claims Milanovic, "one that may be considered hopeful, and the other perhaps ominous" are "the most significant development of the high globalization era" (p. 45).

To understand where inequality is headed, Milanovic draws on multiple historical studies to describe its cycles and some of their causes. He distinguishes between malign forces like war, famine, and disease, and benign forces, like social programs, education, and low-skill-biased technology. The latter, he argues, exists only in growing economies, and both are best seen as economic factors rather than external shocks and frictions (pp. 53–56). War, in particular, is the result of unsustainable inequality and the search for new markets. In the same vein, welfare-promoting policy measures, like those that followed World War II, can be seen as internal adjustments, made by the economic system (p. 96). The idea of a Kuznets wave means that we cannot rely on "economic" equalizers to necessarily be peaceful, constructive, or under our control, and that global unrest is a direct result of extreme inequality.

Milanovic presses us to accept a large degree of technological determinism and its compounded social effects—wealth concentration, increased "skill-rents," rising capital returns, and colonialism and globalization—moving history from intolerably high peaks of inequality to periods of greater convergence, often at the cost of great destruction. This analysis will inform his concluding discussions on the prospects of continued convergence. His predictions at the book's closing chapters suggest that both geographical convergence and internal divergence will likely continue in the next decades. Pushed by continued growth in Asia (especially outside of China) and the decline in the "countervailing power of the middle class" in rich countries, these trends threaten to destabilize national governments and breed populism, nativism, and plutocracy around the world (p. 197).

Milanovic's book is thus extremely helpful in understanding how inequalities interact on a global scale and what kind of moral and political dilemmas they raise, especially regarding the rights of migrants and the viability of "capitalist democracy." In light of these concerns, more could be said about environmental sustainability and unequal exposure to the earth's degradation, particularly because growth is named as the main driver of global convergence (p. 232). Similarly, though it is featured prominently in the story of global income convergence, the causes and impact of the financial crisis and the substantial role of financial intermediation in shaping the global income distribution remain underexplored. Nonetheless, the book is eye opening on the possible merits of greater cosmopolitanism and international cooperation in addressing what is in essence a global emergency. It will be particularly valuable to anyone interested in the practical lessons of historical analysis and the application of economic history to the forecasting of geopolitical trends.

Roni Hirsch is a PhD candidate in political science at the University of California, Los Angeles, and a research fellow at the Center for the History of Political Economy at Duke University. She is currently completing a dissertation project entitled "Risky Business: What the Rise of Finance Can Teach Us about Justice."

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Currency Politics: The Political Economy of Exchange Rate Policy. *By Jeffry A. Frieden*. Princeton and Oxford: Princeton University Press, 2015. x + 301 pp. Figures, tables, references, index. Cloth, $22.95. ISBN: 978-0-691-17384-9
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Reviewed by Ron Michener

Jeffry Frieden has written a thoughtful book investigating the political economy of exchange rate policies. Frieden's expertise is self-evident, and the book is well written, despite arguments and evidence that are complex and potentially intimidating. Frieden frequently applies modern economic theories of exchange rate determination, which—although Frieden does a good job of summarizing the most salient points for nonspecialists—require very close reading. This is indisputably a book written by a sophisticated, technically trained academic for others of the same tribe. Lin-Manuel Miranda will not be adapting it for Broadway.

The book explores how the choice of exchange rate regime affects a nation's different economic interests asymmetrically, the asymmetric effects being most evident and politically controversial in countries integrated into regional and world economies, countries that experience substantial trade and capital flows. In such countries, exchange rate policies become an important political issue pitting interest groups against one another. Producers of traded goods, driven by concern for their competitiveness in international and domestic markets, exert pressure for a low real exchange rate, while producers of nontraded goods and consumers prefer a high real exchange rate that maximizes the purchasing power of domestic consumers. The real exchange rate is not directly controlled by the government, but because adjustment to purchasing power parity