



Written by [Selwyn Duke](#) on June 22, 2023

Increasing World Economic Equality Means Decreasing Life Quality — for Westerners

Increasing worldwide sports competition over the last 60 years has made it harder for Westerners to dominate the rankings in athletics. Likewise, points out a former World Bank research economist, increased competition in wealth creation — which he frames as diminishing inequality — means it will become harder for Westerners to dominate the wealth rankings as their *relative* purchasing power decreases.

Moreover, says City University of New York professor Branko Milanović, he sees this as “a rather good outcome.”



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“Inequality in individual countries has been generally, in the last 30 years, up,’ [Milanović said] in an interview with *Fortune* about his findings,” [related Fortune](#) on Friday. “But global inequality at the same time has been going down. So these two things are not contradictory. Simply, global inequality depends on rates of growth of different countries.”

To add clarity, an elaboration upon the sports analogy is instructive. Consider that U.S. teams won eight of the first 10 [Little League World Series events](#) (counting only years in which notable numbers of foreign squads were allowed to compete) — but only 20 of the last 55. Americans went from a winning percentage of 80 down to 36 not because its athletes got worse; rather, as other peoples got more involved in baseball, and could devote more resources to developing talent, their players improved markedly (easier when you have more unrealized potential to tap, too). So although American youth baseball likely improved as well, our boys still took home fewer trophies.

The same phenomenon is occurring in the wealth department, though, as mentioned earlier, Milanović frames this in terms of “equality.” He “measures inequality using the Gini coefficient, in which zero is perfect equality and 100 is total inequality,” *Fortune* explains. “The world’s score was 60.1 in 2018, the most recent year for which data is available, down from 61.8 five years prior in 2013. The global Gini coefficient for each year is usually only calculated a few years later, because it requires over 130 countries’ individual income distributions.”

East Is East and West Is West, and the Twain Are Meeting — in Wealth Parity

As with the baseball example I used, where the foreign teams eroding Western dominance are mainly from Taiwan and Japan, China’s last two decades’ rise largely accounts for the erosion in the West’s wealth dominance. After all, 1.4 billion people’s burgeoning wallets will greatly change the world equation.

Consequently, there “are now more rich people in Asia than there were two decades ago,” writes *Fortune*. “For the rich or middle class in North America and Europe, this means less purchasing power on a global scale. Especially for the Western middle class, luxuries like international travel or state-of-the-art tech will become increasingly unaffordable.”



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“In his essay, Milanović gives the example of a worker in Germany no longer being able to take a luxurious four-week tour of Thailand, and instead opting for a shorter or cheaper vacation,” *Fortune* continues. “This is because as more people become wealthy globally, some people are displaced from the global middle or upper-middle class....”

In other words, the reason I could get a hotel room in Morocco for four dollars a night and eat a fine breakfast in India for 68 cents 35 years ago is because people’s labor, goods, and property could be had in these places relatively cheaply. As these foreigners become wealthier, however — become more like the West economically, that is — this increasingly ceases being the case.

Milanović calls this “very good news,” *Fortune* further relates. ““There is no reason why for two centuries, people from the West should’ve been at the top,’ he said. ‘Now they will not be at the top, and ... I see it as a rather good outcome.’”

This statement caused great controversy, and Milanović told me via email that *Fortune’s* [title](#) was “misleading.” He didn’t make clear (as of this writing), however, the spirit behind his statement. Does he mean it’s good that the world standard of living is rising on average and, hence, poverty is declining? Does he mean he views it as some sort of justice, a comeuppance, when Westerners are “taken down a notch”? Is it both?

I’d like to give Milanović the benefit of the doubt. He did, however, certainly give *Fortune* the rope they hanged him with. That is, while it just might’ve been a manner of speaking (and, in fairness, English isn’t the professor’s native tongue), there’s a very *good* reason “people from the West should’ve been at the top”: Westerners birthed the Industrial Revolution and embraced healthy, wealth-producing market systems before anyone else did. And China (and others) has been closing the wealth gap the last 20 years because not long before then it *dispensed with Marxist economics and followed suit*. It’s no mystery.

One mistake Milanović certainly does make is to focus on equality (in fact, he’s billed a foremost expert “on global inequality”). Note that he has not, as of this writing, answered my question about whether he believes “that, in *principle*, equality should be one’s focus (as opposed to, for example, in the matter of economics, encouraging the prerequisites for wealth creation).”

Yet as I’ve [oft illustrated](#) with my [tennis-centers analogy](#), equality is an irrelevant measure. To further illustrate the point, imagine you had only one sentence to relate Milanović’s findings to an extraterrestrial. Would you say, “Man’s worldwide wealth inequality has decreased” or “Man is on average wealthier than ever, and fewer people than ever are living in poverty”?

The first one could leave the little green man scratching even his over-sized head: “Are the Earthlings more ‘equal’ because the richer ones have, possibly, become poorer?” The second sentence relates far more about the actual situation.

Or imagine you’d tutored a couple’s eight kids for a period of time and, when asked by Mom how they’re doing, responded, “They’re more equal than ever!” Mom might wonder, “Is this a dodge? Are they all equal in abject failure?!”

Such descriptions are lacking because *equality tells us nothing about quality*. You can have equality in privation; misery; illness; stupidity; ignorance; or agonizing, debilitating pain.

But it’s not just the imprecision; Equality Dogma can be deadly. When incessantly focusing on “equality” as we do, many will fancy it a good unto itself and then sometimes seek to achieve it by



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stifling or even thwarting the successful. Statist societies ranging from Marxist to garden-variety statist have done this — and still do.

In fact, if you gave an immensely powerful artificial intelligence entity the instruction to secure economic equality as quickly as possible, it very well might destroy all the extant wealth. It's easier to destroy than create, after all — and this would fulfill the task.

The moral: In economics, equality is the obsession of the envious; widespread wealth creation is the focus of the wise.



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