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Inequality: A World-Historical Perspective

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Abstract

This paper theorizes inequality as a complex set of interactions that have unfolded over space and time as a world historical phenomenon. The underlying assumption of many studies, but also the constraining institutional reality of even how relevant data are collected, is that the nation-state constitutes the crucial and only possible unit of analysis. For example, many social scientists devote considerable attention to the impact of national institutions on distributional outcomes. While recognizing the great value of the insights produced under such an assumption, the proposed paper explores how shifting the unit of analysis from the nation-state to the world as a whole serves to generate more productive hypotheses about the past and future of inequality – not only at a global, but also national or local scales. The paper argues that processes of "creative destruction", unfolding through institutions embedded in time and space, produce a constant drive towards inequality that results, not in discrete nationally-bounded distributions, but in a multiple and overlapping matrix of distributional arrays – a global income distribution that is both systemic and historical.

Keywords

Social Inequality; Social Stratification; Social Mobility

Bio

Patricio Korzeniewicz is Chair and Professor of the Department of Sociology at the University of Maryland (College Park, Maryland, USA). His book Unveiling Inequality (NY, 2009), co-written with Timothy P. Moran, won the 2010 Best Book Award of the Political Economy of the World-System section of the American Sociological Association. His current research focuses on global patterns of income inequality, social stratification and mobility.

Why a World Historical Unit of Analysis?

The assumption that inequality and stratification across the world are shaped primarily by forces operating within nations is so fundamental and deeply rooted in the social sciences, that the choice of nations as the privileged unit of analysis is seldom questioned.

What is an appropriate unit of analysis? For Max Weber (1996 [1905]), one that contains within its boundaries the social processes that are relevant for understanding the phenomenon under investigation. But much of the work on inequality and stratification in the contemporary social sciences, rather than making a theoretically-informed choice of the relevant boundaries, naturalizes nations as the spaces that contain most of the fundamental processes relevant to the subject.

Drawing on a different tradition, we argue that greater critical thought should be given to what should constitute an appropriate unit of analysis: for the study of stratification and inequality, the appropriate unit of analysis is global and historical.[1]

A foundational text of the modern social sciences, Adam Smith's *The Wealth of Nations*, serves to illustrate the importance of choosing an appropriate unit of analysis. In several passages of *The Wealth of Nations*, Smith discusses wealth disparities within and between town and country, in ways that echo discussions of such disparities within and between wealthy and poor nations today. Rather than following the existing common sense to explain the wealth of towns and the poverty of the country in the late eighteenth century as the outcome of processes occurring independently within each of these bounded territories, *The Wealth of Nations* chooses an alternative unit of analysis, one that encompasses both sets of spaces (town and country).

In Smith's account, the citizens of towns historically used corporate association to regulate production and trade in ways that restricted competition from the country.[2] As a result of such arrangements, in their dealings with the country ("and in these latter dealings consists the whole trade which supports and enriches every town") town-dwellers were "great gainers" able to "purchase, with a smaller quantity of their labor, the produce of a greater quantity of the labor of the country" (Smith 1976 [1776]:I, 139-140). In this account, the wealth of towns and the poverty of the country become inextricably related, as it was largely to regulate and shape the flows (e.g. of goods, capital and people) constituting this very relation that territorial boundaries between town and country were constructed and enforced.

While such arrangements tended to raise the wages that town employers had to pay, "in recompense, they were enabled to sell their own just as much dearer; so that so far it was as broad as long, as they say; and in the dealings of the different classes within the town with one

[1] Many of the arguments in this chapter draw heavily from my collaborative work with Scott Albrecht, Timothy P. Moran, and Corey Payne.

[2] "The inhabitants of a town, being collected into one place, can easily combine together. The most insignificant trades carried on in towns have accordingly, in some place or another, been incorporated; and even where they have never been incorporated, yet the corporation spirit, the jealousy of strangers, the aversion to take apprentices, or to communicate the secret of their trade, generally prevail in them, and often teach them, by voluntary associations and agreements, to prevent that free competition which they cannot prohibit by byelaws" (Smith 1976 [1776]:I, 141).

another, none of them were losers by these regulations" (Smith 1976 [1776]:I, 139). What Smith thereby describes is a process of selective exclusion: through institutional arrangements establishing a social compact that restricted entry to markets, town dwellers attained a virtuous combination of growth, political autonomy and relative equity that simultaneously transferred competitive pressures to the countryside.

Adam Smith provides important insights into the crucial role played by opportunity hoarding in shaping the relative prevalence of wealth and scarcity in town and country. But these insights would have been missed if his unit of analysis in *The Wealth of Nations* had failed to encompass both sets of spaces (towns and country) and their interaction in his narrative. For example, Smith could have attributed the wealth of towns to the individual effort, frugality and/or values of their citizens – thereby explaining the relative poverty of rural peoples as the consequence of insufficient achievement in each or any of these dimensions. But his account avoided such a naturalization of town/country boundaries, and emphasized instead the relational processes (including the creation and enforcement of the boundaries demarcating "town" and "country") that in his account play a central role in explaining the uneven distribution of wealth across these spaces.

Similarly, Korzeniewicz and Moran (2009) argue that accounts of contemporary inequality and stratification that assume the nation-state to constitute the fundamental unit of analysis – and moreover, as is most often the case, restrict their observations to wealthy nations – are bound to miss key processes that shape these phenomena even within the wealthy populations they study.[3] The key processes shaping social inequality and stratification have unfolded globally and over a long period of time – and the study of these phenomena requires a world-historical perspective.[4] Such a perspective reveals that the institutional arrangements shaping inequality within- and between-countries have always been simultaneously national and global; that the most significant patterns of social mobility involve challenges to existing patterns of inequality between nations; and that ascribed criteria continue to play a fundamental role in sustaining inequality at a global level. Our understanding of each of these issues changes dramatically once such relationships are taken into account – and this can only be done by broadening the scope of our analysis to the world as a whole.

How different are our accounts of inequality and stratification when looking at these processes and outcomes from a global rather than a national perspective? What constitutes social mobility when seen from the world as a whole? Who has the relative ability to access different routes to social mobility, and to what extent, over time?

Shifting the unit of analysis in this manner produces an alternative perspective on inequality and stratification. Rather than being nationally bounded, institutional arrangements constitute relational mechanisms of regulation, operating within countries while simultaneously shaping interactions and flows between them. Depicting such a conclusion empirically is not easy, as the

[3] Charles Tilly (1999:36) notes that focusing on inequality as a relational outcome tends to produce resistance in the social sciences. Korzeniewicz and Moran (2009) argue that such a relational account can only be constructed by embedding it in time and space.

[4] This insight has been the methodological heart of what Terence K. Hopkins and Immanuel Wallerstein (1982) eventually came to call a world-systems approach.

data necessary to construct such a depiction are not readily available. An empirically precise model, extended over time and space in a true world-historical perspective, will require the creation of data on a global (not national) scale, data that heretofore do not exist. In the absence of such data, the following is merely an illustration of what such mapping might look like.

Korzeniewicz and Moran (2009) took 85 countries having decile-level income distribution data (the percentage, or share, of income accruing to each 1/10 of the population) available circa 2007, and calculated for each decile its average income – for example, the income share accruing to the richest 10 percent of the United States (USA10) is almost 28 per cent, translating into an average income for the decile of $127,500 based on the GNI per capita for the United States in 2007. These 850 country deciles were ranked from poor to rich to establish world deciles (that is, each with 10 per cent of the sampled population), their boundaries, and their composition. For example, the first box at the top of Figure 1 represents the richest 10 per cent of our world sample, country deciles with an average income above $27,894 (in US dollars). Although the population size of a decile is equivalent, each world decile contains different numbers of country deciles because countries have different national populations (the large number of deciles in the richest two world deciles thus reflects the small populations in that part of the world).

(Figure 1 about here).

As can be seen in Figure 1, virtually all the deciles of high-income nations are contained within the wealthiest two world deciles, illustrating why studies of mobility and stratification that focus solely on such countries are bound to produce a very narrow interpretation of these phenomena. As we will see later, what stands as mobility in these studies, for example moving up the occupational ladder, is recast from a global perspective into movement within what in fact constitutes a world elite (i.e. movement *within* the richest 20 per cent of the world). More significant mobility, as noted below, entails the jumping of borders to secure a more dramatic improvement in income. Producing a better account of global stratification and world inequality to identify such patterns of mobility requires a different (world-historical) approach to the collection and interpretation of social-scientific data.[5]

Global Patterns of Social Mobility

Much of the existing literature on social mobility focuses on how the latter is shaped primarily by (1) changes (up or down) in the relative position of individuals or groups within national income distributions. But from a global perspective, there have been two main paths to social mobility involving (2) changes in the relative position of nations within the international income distribution; and (3) shifts in the relative location of individuals and/or groups within the global distribution of income attained by "jumping" categorical locations.

[5] Pursuing such an effort, Korzeniewicz and Albrecht (2012) have mapped changes in global occupational stratification between 1982 and 2009 by drawing on the wage data available through the periodical publications of the Union Bank of Switzerland (UBS; 1971-2009).

Although studies of socio-economic mobility in wealthy nations generally assume that their conclusions are universally relevant, these conclusions are drawn from the limited range of interactions taking place among and within relatively wealthy strata in the world (mainly, the two top world income deciles in Figure 1). Such a narrow focus provides a very partial perspective on mobility patterns. To make a historical parallel, it would be as if we were to assume that a study of individual trajectories in the French or British nobility in the fifteenth century served to represent the overall character of social stratification and mobility at the time. Taking the world as the relevant unit of analysis allows us to reassess the three main paths that in fact have characterized social mobility.

Path A: Within-Country Mobility. This is the most apparent path of mobility. Through this path, for example, individuals and/or groups change their relative standing within national income distributions through the upgrading or devaluation of human capital (most importantly, skills and education). Cast more broadly as evidence for the gradual displacement of ascription by achievement as the primary criterion shaping social stratification, the pursuit of this strategy at an individual level has been the principal focus in the study of mobility by much of the social sciences over the 20th century.

Studies focusing on intergenerational mobility in wealthy countries end up measuring movement at the very top of the global income distribution, the ninth and tenth deciles of Figure 2. In 2005, the median earnings for a high school graduate in the United States was over \$31,500, while the same figure for someone with a Bachelor's degree or higher was over \$56,000 (US Census Bureau 2006). Shifting from one income to the other certainly represents a major attainment for individuals and/or groups making such a transition: within the United States, this educational attainment would imply a move from USA4 to USA8. But even such a major within-country transition represents, in Figure 1, a more limited movement in global stratification, as both the \$31,500 and \$56,000 earnings are contained within global income decile 10.

On the other hand, global mobility through educational attainment is today more significant (1) the higher the level of within-country inequality, and (2) particularly in middle-income nations. After all, restricted access to education is precisely one of the principal mechanisms through which high levels of inequality were reproduced in some nations throughout the twentieth century. In a country such as Brazil, where levels of inequality are extremely high, and less than ten percent of the population has a college degree, a shift for an individual or group similar to the one described for the United States, would probably entail a movement from BRA5 or BRA6 to BRA10, translating into a shift from global decile 7 to global decile 9. From the point of view of relative standing in global stratification, the returns to education in such high-inequality, middle-income nations are even more considerable than in wealthy nations.

Complicating this path to mobility, however, are significant obstacles. Most importantly, the relative returns to any given level of human capital and/or educational attainment undergo significant change over time. For example, attaining a primary school education was a standard of high educational achievement in the late nineteenth century, but is not considered as a high marker of human capital attainment today. Computer literacy virtually did not exist forty years ago, but is certainly a crucial skill today. Particularly in poorer nations, efforts at capturing the returns associated with enhanced human capital and greater educational attainment often involve engaging in a race whose finishing posts are constantly being moved forward.

In much of the prevailing mainstream literature, changes in the differential returns to skilled and unskilled labor and in who has access to such opportunities, are fundamental in understanding social stratification and mobility. These changing returns are, indeed, one of the fundamental axes around which inequality has been constituted historically. But what is often missing in the mainstream literature, and what a world-historical perspective leads us to focus on, are the changing ways in which "skill" has been constructed over time as a criterion through which to differentially distribute returns to various populations.

Such a perspective helps understand, for example, why certain criteria (e.g. "literacy", "elementary education", "secondary education", "computer skills") serve to claim (or justify) higher returns in one period but not later on in time, why some jobs are perceived as "unskilled" in some countries but "skilled" in others, or why new production processes might be read as "deskilling" in some countries but as "upgrading" in others. A world-historical perspective, in other words, highlights that the "human capital" criteria that underpin inequality are themselves an outcome of institutional arrangements linked to Schumpeterian processes of creative destruction.

For the most part, the "skilled" within any particular distributional array are constituted by those who are involved in the more "creative" end of the processes of creative destruction described by Schumpeter (1942). Deskilling and the creation of the unskilled is precisely the outcome of constant "destruction," and processes of construction of categorical inequality are linked precisely to the criteria that are used at any given historical moment to assort populations into the "skilled" and "unskilled" categories (for example, "unskilled" today refers for the most part to those activities, once considered "skilled," that are now carried out by populations in or from outside the top two global income deciles of Figure 1). Historically, entry into skilled positions has been constrained by the regulation of competition (e.g. as in the towns described by Adam Smith). The use of ascriptive criteria to sort populations and thereby construct what is "skilled" or "unskilled" (e.g. town and country, but also women and men, blacks or whites, poor nations or rich nations) has been constitutive of the very creation and reproduction of inequality.

While the strategies reviewed above focus on mobility at an individual level, within-country mobility has included the various forms of collective action (e.g. social movements, corporate organization) and political mobilization (e.g. from electoral participation to lobbying to revolutions) through which various actors have sought to enhance their command over resources within national boundaries – what Hirschman (1970) described as the exercise of voice.[6]

[6] "To resort to voice, rather than exit, is for the customer or member to make an attempt at changing the practices, policies, and outputs of the firm from which one buys or of the organization to which one belongs. Voice is here defined as any attempt at all to change, rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management directly in charge, through appeal to a higher authority with the intention of forcing a change in management, or through various types of actions and protests, including those that are meant to mobilize public opinion" (Hirschman 1970:30).

But from a world-historical perspective, the impact of these strategies has always been complicated: the success of claims by one actor (e.g. organized labor in wealthy countries) might go hand-in hand with the exclusion of others (e.g. immigrants from poorer countries). Thus, one and the same process (e.g. the pursuit of a more equitable distribution of resources by welfare states in wealthy countries) can have very different outcomes depending on whether we examine its impact solely within the boundaries of individual nation states or the world as a whole.

Path B: Between-Country Mobility. The second path to mobility in global social stratification has entailed the pursuit of national economic growth. China and India today embody much of the optimism on the potential rewards of such a path. As frequently noted, if the current rate of growth of these two countries remain as high as they have been over the past decade, they would eventually change the face of global stratification. Historically, there has always been mobility of individual nations, such as in the cases of Sweden in the late nineteenth century, Japan in the immediate post-World War II era, or South Korea in the 1970s and 1980s. But in the past, the upward mobility of individual nations took place within a setting in which systemic inequality continued or became even more pronounced. The larger size of China and India makes the story different than before, as their effective mobility, even if limited to these two individual cases, would imply a shift in the logic that has prevailed until now in the world-economy.

But such a road of national economic growth has not been easily accessible to vast parts of the world, and success stories have been the exception rather than the rule for most of the world's population. For most of the past two centuries, the path of social mobility through national economic growth has failed to deliver its promise. Even in the case of Mexico, tied as it has been for the past fifteen years to a free trade agreement with Canada and the United States, economic growth has not been sufficiently high to allow a single country decile to catch up relative to the United States.

As in the case of educational attainment, this is again a situation in which the goal posts are constantly being moved forward. It is, at bottom, what Schumpeter's notion of creative destruction is all about. Constant processes of innovation historically have ensured the eventual obsolescence of whatever prevailing standards characterized a particular moment in time – e.g. standards of education or productive technologies. In a country such as Mexico, this might mean running very fast to simply stand still – if not fall further behind. For the past two centuries, this has been the most prevalent story for most countries in the world. The development and implementation of growth panaceas (Japan in the 1970s, South Korea in the 1980s, or China today) seldom have provided a replicable model for success, and in fact have been part and parcel of the constant creation of obsolescence.

Path C. Jumping Categorical Inequality. We thus arrive at the single most immediate and effective means of global social mobility for some discrete populations in most countries of the world: migration. Given the crucial role of nationality in shaping global stratification, "jumping" categories by moving from a poorer country to a wealthier one has served historically as a highly effective strategy of mobility (see Figure 2 below).

(Figure 2 about here).

Figure 2 returns to our global stratification sample to highlight certain patterns of international migration. The figure used 2007 data to stylistically present the relative global standing of country deciles of six nations from Figure 1 that have considerable migration flows among them: Guatemala, Mexico and the United States in one side of the figure, Bolivia; Argentina and Spain on the other. Mexico is a receiving country for migrants from Guatemala, and a sending country to the United States; just as Argentina is a receiving country for migrants from Bolivia, and a sending country of migrants to Spain. The main point of the figure is to illustrate how global stratification produces strong incentives for migration for individuals and/or groups of people in relatively poorer countries. In the case of Guatemala, for example, in 2007, anyone belonging to the poorest seven deciles would be engaging in upward mobility by gaining access to the average income of the second poorest decile in Mexico. In the case of Mexico, the incentives are even more striking, as all but the wealthiest decile would find upward mobility in gaining access to the average income of the second poorest USA decile.

Like the other example, in Bolivia, anyone belonging to the poorest eight deciles would be engaging in upward mobility by gaining access to the average income of the second poorest decile in Argentina. In the case of Argentina relative to a wealthier country (2007 Spain), the incentives again are even more striking, as all but the wealthiest decile of Argentina, in 2007, would have found upward mobility in gaining access to the average income of the second poorest decile in Spain[7] (and of course, the reversal of some migration flows between Spain and Argentina over the last ten years, as unemployment in Spain increased, further illustrate the extent to which such flows are contingent on the evolution of income differentials). Such disparities help explain why economic migrants often are willing to abandon a professional status in their country of origin to work in relatively more menial positions in their country of destination – once again underlining the contingent meaning of "skill" and "human capital".

Of course, migration is not merely the product of differentials in income incentives. Engaging in migration requires access to manifold resources – from those needed to meet the costs of transportation and entry into a foreign country, to those involving social networks that can facilitate access to housing and jobs – and these resources are not equally available to all populations within a given country. Even in the presence (or absence) of strong income incentives, decisions to migrate are also based upon broader considerations regarding security, safety, well-being and personal attachments. However, Albrecht and Korzeniewicz (2015) and Korzeniewicz and Albrecht (2016) indicate that even when taking into account such broader considerations, income differentials remain the most significant variable accounting for global patterns in migration flows.

The two previous paths of mobility, the upgrading of human capital and the pursuit of national economic growth, both require a long time to generate their intended returns, and are fraught by a high degree of uncertainty whether such returns will be available as expected. By contrast, the

[7] Using purchasing power parity (PPP) adjusted data alters these findings only slightly. For Mexico, all country deciles below MEX8 (instead of MEX9) are upwardly mobile to USA2. For Guatemala, the results are the same. For Argentina, all country deciles below ARG7 (instead of ARG9) are upwardly mobile into ESP2. For Bolivia, all country deciles below BOL7 (instead of BOL8) are upwardly mobile into ARG2.

third path of mobility in global stratification, migration, while often requiring a high level of courageous determination, tends to offer much more immediate and certain returns (although a different type of uncertainty might be precisely what calls for high doses of courageous determination, particularly for undocumented migrants). Thus, while academics might remain convinced that national borders provide the appropriate boundaries for understanding social mobility, migrants, in their crossing of such borders, reveal the boundaries of stratification to be global.

Mechanisms of institutionalized selective exclusion had a direct impact on trends in inequality, helping reduce inequality within-countries, while restricting migration and thereby enhancing inequality between-countries. Thus, the decline in inequality experienced in several wealthy countries earlier in the twentieth century was to a large extent the consequence of the introduction of wage-setting institutions across those countries that in effect limited competition in their labor markets.[8] True, much of the literature emphasizes the importance of macroeconomic trends that enhanced the demand for unskilled labor (thereby reducing wage differentials), unionization or favorable state policies. But the introduction of restrictive international migration policies was the *sine qua non* for the operation of each of these variables (e.g. Williamson 1991)[9].

Such an interpretation, in fact, dovetails with *The Wealth of Nations'* account of the evolution of town/country wealth differentials. For Smith, the effectiveness of the institutional barriers imposed by towns on the mobility of populations from the country was demonstrated by deepening inequalities between town and country. But over the long run, for Smith, these inequalities – and low prices and wages in the country – would inevitably generate incentives for employers in towns to defect from the existing institutional compact to take advantage of greater profit opportunities outside town boundaries. This would initiate the demise of the corporate association of towns.

As in Smith's town-country scenario, growing income disparities between nations over time themselves have generated strong incentives (e.g. drastically lower wages in poor countries) for "outsourcing" skilled and unskilled jobs to peripheral countries in a "market bypass" that in effect overcomes twentieth century constraints on labor flows. Rising world inequality becomes a driving force as well for migration, and the latter holds the promise of providing a quick path for overcoming the gap between wealth and poverty. In this sense, migration embodies social mobility. A truly free flow of people across the world, in fact, would provide the fastest means for thoroughly transforming the equilibria that have characterized global stratification for the past two hundred years.

[8] These institutions also provided opportunities for (some but not other) rural populations to rapidly enhance their incomes by moving to urban areas, thereby contributing further to declines in within-country inequality in wealthier nations.

[9] Williamson (1991:17), for example, argues that declining inequality in industrialized countries after the 1930s was chiefly the outcome of pre-fiscal forces altering returns to skilled and unskilled sectors of the labour force in favour of the latter, and indicates that key to these forces was "an erosion in the premium on […] skills, and [a] relative increase in unskilled labour scarcity".

The Transformation of Global Inequality

When focusing only on wealthy nations, as is the practice of most of the social sciences, their institutional arrangements appear, as those of Adam Smith's towns, to be characterized primarily by inclusion; and likewise, economic growth and markets seem to constitute virtuous spheres where gain is fundamentally an outcome of effort. From such a perspective, success appears to be the outcome of individual achievement, as measured by universal criteria, in spheres (e.g. education, labor markets) characterized by relatively unrestricted access.

But as in Smith's town and country, the possibility that such virtuosity is associated with processes of selective exclusion can only be considered when we shift our unit of analysis to encompass the world as a whole. Such a shift reveals that the prevalence of what appear to be "achieved" characteristics in today's wealthy nations is predicated upon processes operating between-nations that hide away how "virtuous" institutional arrangements simultaneously entail privileges based on exclusion and "ascription."[10]

In fact, from the perspective we advance in this paper, ascriptive criteria centred on national identity even today continue to be the fundamental basis of stratification and inequality in the contemporary world. From such a perspective, the current uneven distribution of income and wealth in the world today would unlikely exist in the absence of the institutional arrangements that limit access to markets and political rights on the basis of national borders. In this sense, while it is not the case that the populations of wealthy nations have attained their privileges by making much of the rest of the world poor, we contend that the relative privileges characterizing high-income nations (constituting no more than 14 per cent of the world's population) historically required the existence of institutional arrangements ensuring the exclusion of the vast majority of others from access to opportunity.

As in the past, the persistence of such categorical inequality is justified by appealing to images and forms of constructing identity that appear as natural rather than as the social artefacts they are. In this sense, the idea of nationhood as a "natural" category has become as deeply embedded in common sense (thereby allowing such ideas to often go as unchallenged) as the notion of, say, white supremacy was in the nineteenth century.

Unveiling Inequality (Korzeniewicz and Moran 2009) discusses how current challenges to world inequality have taken two forms: increased migration (both documented and undocumented), and the rise of (mainly) China and (more recently) India. Such challenges would not have surprised Adam Smith. For Smith, as indicated above, the political organization of town dwellers allowed them to get, through selective exclusion, significant competitive advantages vis-à-vis rural inhabitants. But over time, the very success of these arrangements in generating advantages eventually led to their erosion. The accumulation of stock in towns, for example, eventually led to growing competition among stockholders, and hence declining profits. Eventually, according to Smith (1976 [1776]:I, 143) these competitive pressures "forces out stock to the country, where, by creating a new demand for country labor, it necessarily

[10] Of course, not all is exclusion. Institutions of high inequality exclude important sectors of the population of other nations from some markets, but seek to include them in others (for example, such as the one constituted by intellectual property).

raises its wages". By reintroducing competition among those who hitherto had been protected from such pressures, mechanisms of selective exclusion between town and country began to break down.

A la Smith, the very growth of between-country inequality through most of the last two centuries has become a driving force for the migration of labor and capital. Growing income disparities between nations over time have generated strong incentives (e.g. drastically lower wages in poor countries) for both the migration of workers to higher-wage markets and the "outsourcing" of skilled and unskilled jobs to peripheral countries. Both trends exercise a "market bypass" that in effect overcomes the twentieth century institutional constraints on labor flows that characterized the development of the low inequality pattern through most of the twentieth century. Such are the processes at hand in the recent decline of between-country inequalities (although the extent of this decline is under debate).

Between-country inequality always has been characterized by the mobility of individual nations. But in the past, as we show, the upward mobility of individual nations took place within a setting whereby systemic inequality continued or became even more pronounced. The large populations of China and India make today's story different than before, as their effective mobility, even if limited to any one of those two countries, implies a potentially dramatic shift in patterns of between-country inequality.

The extent of this transformation is illustrated by the changing contours of global social stratification. Figure 3 below shows the percental distribution of the world population according to income levels (calculated on the basis of national income data) in 1980 and 2011. In 1980, this distribution had a clear trimodal distribution, with the world population divided into low-, middle- and high-income clusters (or peripheral, semi peripheral and core nations), with most of the world population falling into the lower end of the spectrum.

(Figure 3 about here).

Now compare how the distribution of the world population changed by 2011 as a consequence, primarily, of the rapid growth of China (and to a lesser extent, India). What used to be a trimodal distribution has now become clearly bimodal. The upward movement of wages and incomes in China, discussed earlier, is transforming not only the relative standing of various occupations, but broader patterns of global social stratification as well.

The world-historical interpretation advanced here differs from that which prevails among many contemporary observers, for whom the decline in between-country inequality is normatively interpreted to be either (1) merely a consequence of the gradual diffusion of modernization/industrialization/markets to areas of the world-economy that had remained traditional and/or autarchic; and/or (2) an effort by world elites to enhance their privilege through the expansion of markets and exploitative arrangements. From a world-historical perspective, much more is at play. Were the trends of the late 20th and early 21st centuries to continue in a sustained way, between-country inequality could eventually break out of the logic that shaped global stratification for well over a century: the use of institutional arrangements, embedded in national identities, that selectively excluded the vast majority of the world population from access to opportunity.

But such an outcome is not certain, and there are powerful interests resisting such a transformation. How else to understand the current upsurge of nationalist and/or xenophobic political movements in many wealthy nations across the world? These movements demonstrate the political capital to be gained in wealthy nations by portraying the inclusion of the poorer populations of the world (in their migration flows or their competitive challenges) as a threat. Thus, the effort in wealthy nations to secure and strengthen their borders, to re-establish protected markets, to reconstruct the "golden age" of the mid-twentieth century. Is this not an effort to reassert the privileges of some through "institutional arrangements ensuring the exclusion of the vast majority of others from access to opportunity"?

Conclusion

Since the emergence of the social sciences, and in their subsequent development, inequality and stratification have been conceived primarily as processes that occur within national boundaries. Such a focus has produced a number of influential overarching narratives. One such narrative is that the relative well-being of people is shaped most fundamentally by the capacity of home-grown institutions to promote economic growth and/or equity. Another, that people over time have become more stratified by their relative achievement and effort rather than by the characteristics with which they are born. A third one, a corollary of the other two, is that upward social mobility is fundamentally the outcome of the adoption of better domestic institutions by countries, and/or the acquisition of greater human capital by individuals. Looking at the unfolding of social inequality in the world as a whole over a long period of time – in other words, from a world-historical perspective – calls into question these narratives.

Moreover, shifting the relevant unit of analysis from the nation-state to the world-system, changes our understanding of what some would call the "relevant positions" from which to assess current tensions associated with "globalization" and inequality.[11] As argued in this chapter, from a global perspective there are indeed trade-offs: the same institutional mechanisms through which inequality historically has been reduced within some nations often have accentuated the selective exclusion of populations from poorer countries, thereby enhancing inequality between nations.

We are thus facing similar dilemma as those that characterized the expansion of world markets in the late nineteenth century. The latter was another period of uncertainty, in which the growth of markets generated both a constituency for globalization but a protective reaction as well. Current patterns of social stratification, mobility and inequality might be transformed in the future as a consequence of the very opportunities generated by the growth of between-country inequalities through much of the twentieth century – similarly to the way in which Adam Smith discussed how the unequal development of town and country generated the very market forces

[11] Rawls (1971:8) indicates that his theory of justice applies to a national society conceived "as a closed system isolated from other societies". The world-systems perspective adopted in this chapter provides an alternative understanding (particularly insofar equal citizenship is not forthcoming globally as Rawls assumes it is at a national level).

that would eventually bring such inequality to an end. On the other hand, the interests challenged by such a transformation might engage in the type of protective reaction experienced in the early part of the twentieth century to roll back such challenges (although the size of India and China, together with their linkages to other countries in Asia and elsewhere, might contribute to producing very different outcomes than those of the twentieth century). Deciding where to stand when facing these choices will involve difficult decisions for progressive forces across the Western world, but it is important to note that having to make such choices is itself a sign of the relative privilege such forces have hitherto enjoyed.

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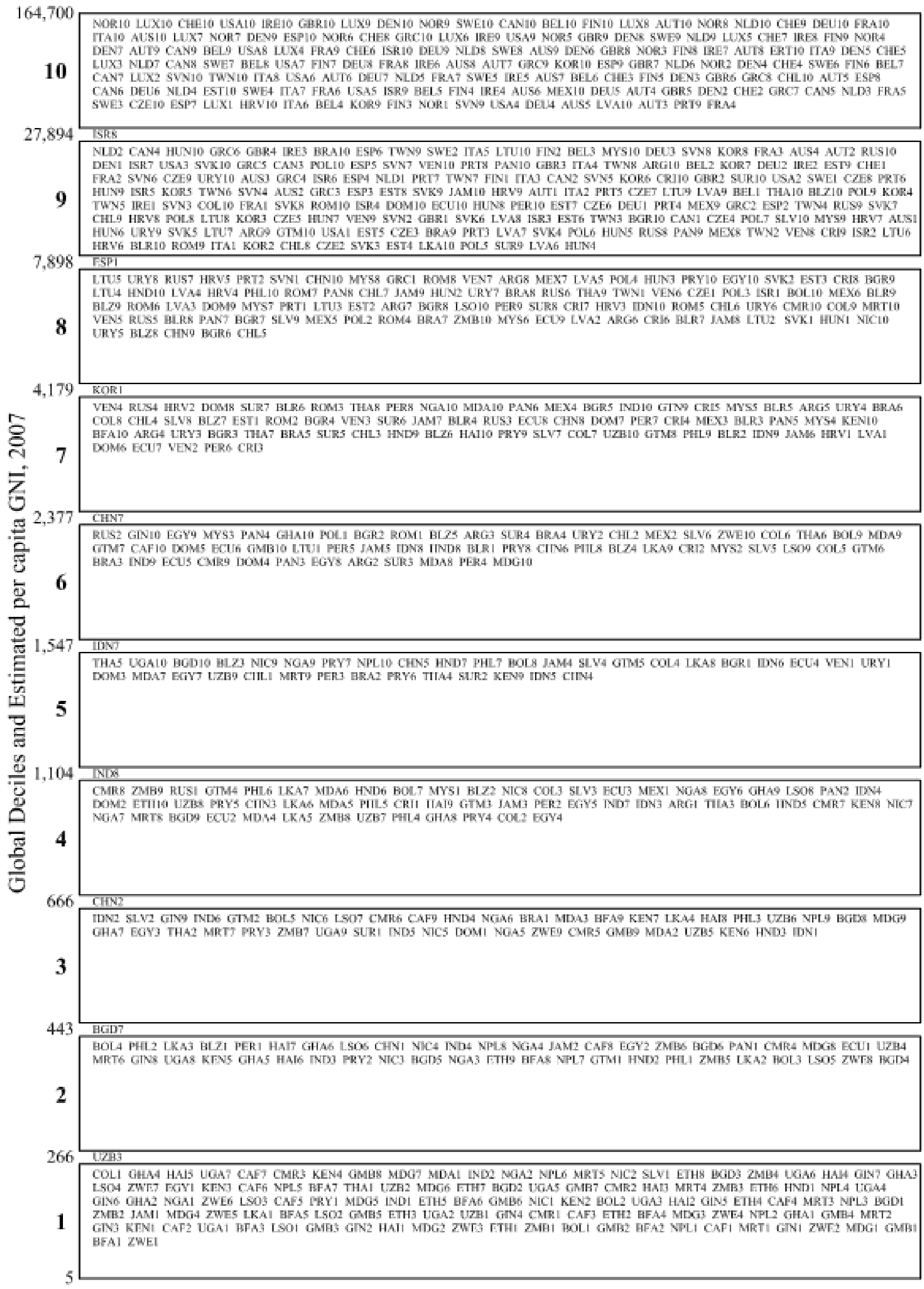
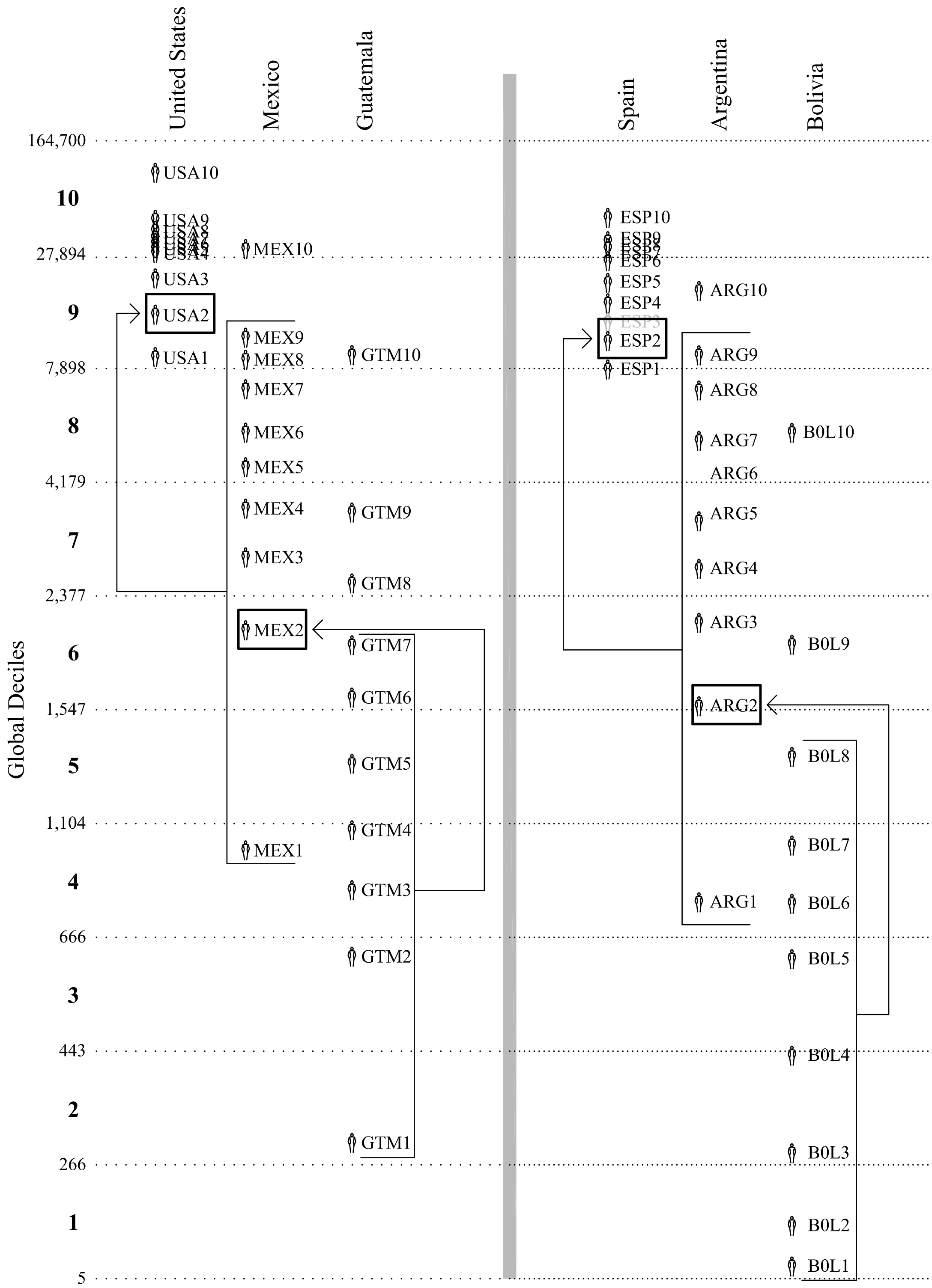
Figure 1: Global Stratification, 850 Country Deciles Ranked from Rich to Poor

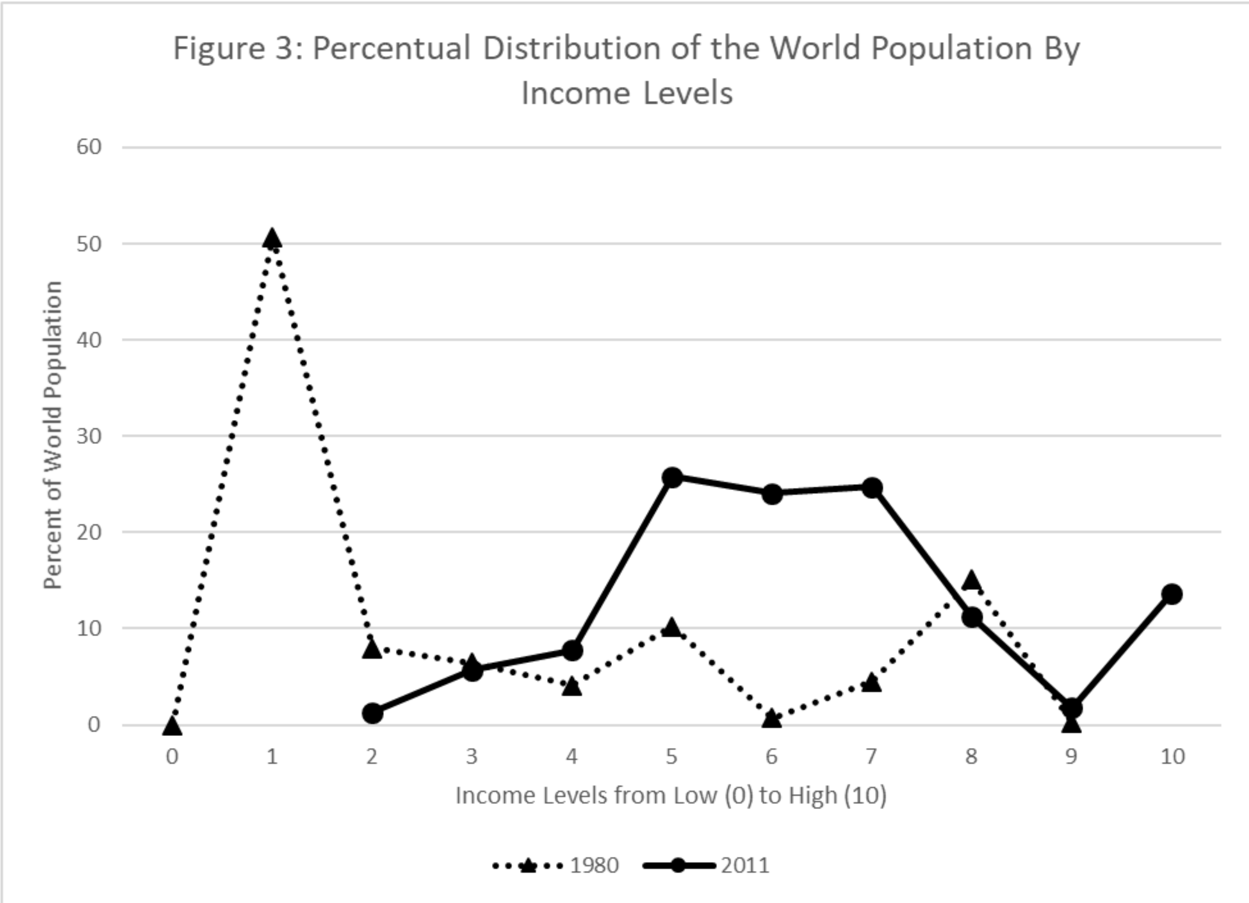


Source: Korzeniewicz and Moran (2009:92)

Figure 2: Migration as Global Social Mobility



Source: Korzeniewicz and Moran (2009:109)



Source: Calculated on the basis of data in World Bank (2013)