

Inequality Declined:

Why Industrialization Was the Great Equalizer (Once You Measure the Right Thing)

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Abstract

A widely-held view, propelled by the post-2008 inequality literature, holds that two centuries of industrial capitalism have produced ever-greater disparities between rich and poor. This view is true of one specific measure: the dispersion of nominal wealth and pre-tax income. It is false, often spectacularly so, of every measure that more closely tracks human welfare. Variance in life expectancy at birth across countries has fallen from a peak near twelve years in the mid-twentieth century to about seven. The elite-versus-labourer height gap in Britain has collapsed from roughly nine centimeters in 1800 to under two today. Infant mortality varied by a factor of fifteen across countries in 1950; it varies by a factor of three now. Consumption inequality in the United States, by the careful measurement of [Meyer and Sullivan \(2023\)](#) and [Aguiar and Bils \(2015\)](#), has barely budged in forty years. And the items that fill a billionaire’s day—phone, search engine, streaming service, antibiotic, refrigerated food, climate-controlled shelter, automobile, commercial airline seat—are essentially the same as those that fill a median American’s day, an astonishing convergence relative to the gulf between an eighteenth-century aristocrat and a peasant. This report argues that, properly measured, industrialization has been the most powerful equalizing force in human history, and that the popular perception to the contrary rests on a category error about what “inequality” should mean.

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1 Introduction

There is a puzzle in the public conversation about inequality. On the one hand, almost every direct measure of human welfare—life expectancy, nutrition, height, infant mortality, literacy, leisure, access to electricity and clean water, the variety and quality of consumer goods—shows unambiguous and historically unprecedented improvement over the industrial era. On the other hand, a substantial body of popular and scholarly opinion holds that “inequality” has risen sharply, often catastrophically, over the same period.¹

These two claims are not, strictly, contradictory. It is possible for *mean* welfare to rise while *dispersion* of welfare also rises. But the literature reaches its starker conclusions by measuring something quite specific: the dispersion of pre-tax money income, or the dispersion of mark-to-market net wealth. Both are measures of claims on future resources. Neither is a measure of human welfare. And when one looks at the dispersion of welfare itself—of the things we ultimately care about—the picture is reversed. Industrialization has been the most powerful *equalizing* force ever observed.

This report makes that case in five steps. section 2 explains why wealth and pre-tax income are poor proxies for welfare inequality, and why measurement choices in the most widely cited series exaggerate the trend even on their own terms. section 3 examines consumption inequality, which is closer to welfare, and shows that it has been roughly stable or only slightly increasing in the United States since 1980—a tiny fraction of the rise in income inequality. section 4 turns to the direct welfare metrics that are the core empirical contribution: variance in life expectancy, height, infant mortality, and literacy, all of which have collapsed. section 5 makes the qualitative argument that the *consumption baskets* of the rich and the median have converged to a remarkable degree: a billionaire today eats food largely indistinguishable from a middle-class supermarket basket, watches the same Netflix shows, uses the same iPhone, runs the same operating system, and is treated with the same antibiotics by doctors trained at the same medical schools. section 6 provides the baseline comparison: how unequal life actually was when an aristocrat lived in a different material world from a peasant. section 7 asks why the popular perception nevertheless runs the other way.

The thesis is not that everything is wonderful, that within-country trends are uniformly favorable, or that the very recent uptick in U.S. mortality disparities should be ignored. [Case and Deaton \(2017\)](#) and [Chetty et al. \(2016\)](#) document real and important regressions. But the long arc, and the right comparison—against pre-industrial baselines, across the actual welfare measures, and including the millions in poor countries whose lives have been transformed—is overwhelmingly compressive. Industrialization is the great equal-

¹The leading statement of this view is [Piketty \(2014\)](#); popular variants saturate political discourse on both the left and the populist right.

izer, and the headline-grabbing wealth Gini is the wrong place to look.

2 The Wrong Metric: Wealth and Income

2.1 Wealth is the dispersion of claims, not of consumption

A common claim, drawn from [Saez and Zucman \(2016\)](#) and similar work, is that the wealth share of the top 0.1% in the United States has risen from about 7% in 1978 to about 20% in recent years. Whatever one makes of the precise numbers, the conceptual issue is that wealth is a *stock*: it is the capitalized present value of expected future income streams. Asset prices fluctuate with interest rates, expectations, and accounting conventions; a falling discount rate mechanically raises wealth inequality by inflating the present value of long-duration cash flows, which are concentrated at the top.²

Figure 1 sketches the conceptual stack from wealth down to welfare. At each downward step the measure becomes a closer proxy for what we actually care about. Welfare inequality is the dispersion of realized capabilities, health, and life; wealth inequality is the dispersion of balance-sheet entries.

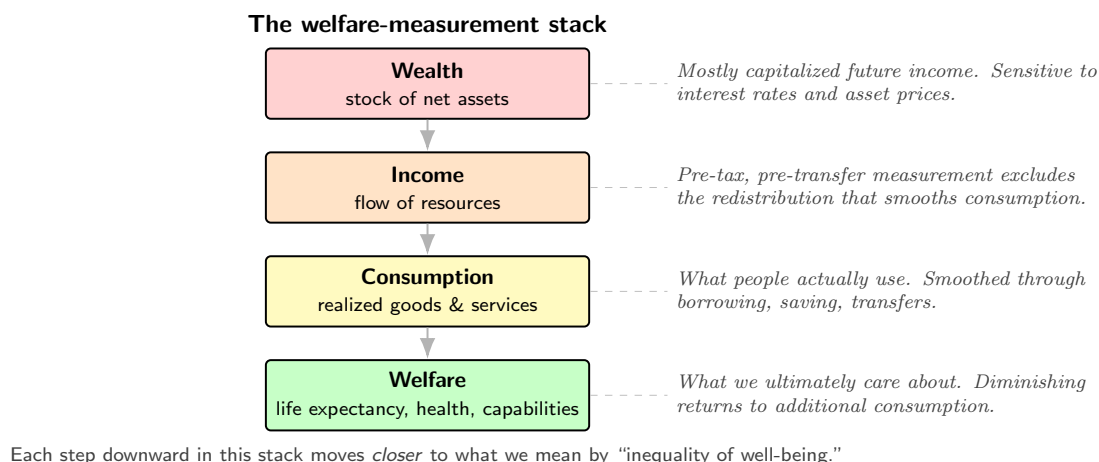


Figure 1: The welfare-measurement stack. Each downward step is closer to what we mean by inequality of well-being.

2.2 Income inequality, measured carefully, has risen far less

Even on the narrower question of income, the most widely cited series substantially overstate the trend. [Auten and Splinter \(2024\)](#) replicate the Piketty–Saez series using IRS tax data corrected for changes in tax-unit definitions, deferred compensation, and

²If a billionaire’s stake in a hundred-year-duration asset doubles when long rates fall, this is a change in dispersion of *claims*, not in dispersion of present consumption.

the post-1986 shift of business income into the personal tax base. After also accounting for transfers and the tax system, they find that the top-1% share of after-tax-and-transfer income has risen by roughly 2 percentage points since 1960, not 8–10. Pre-tax money income, in their accounting, has also risen far less than the Piketty–Saez headline suggests.

Figure 2 shows the comparison. The pre-tax Piketty–Saez inequality measure rises about 60% from 1980 to 2022. The Auten–Splinter post-tax-and-transfer measure rises about 11%. Consumption inequality, in two leading careful series, is essentially flat—a result we examine next.

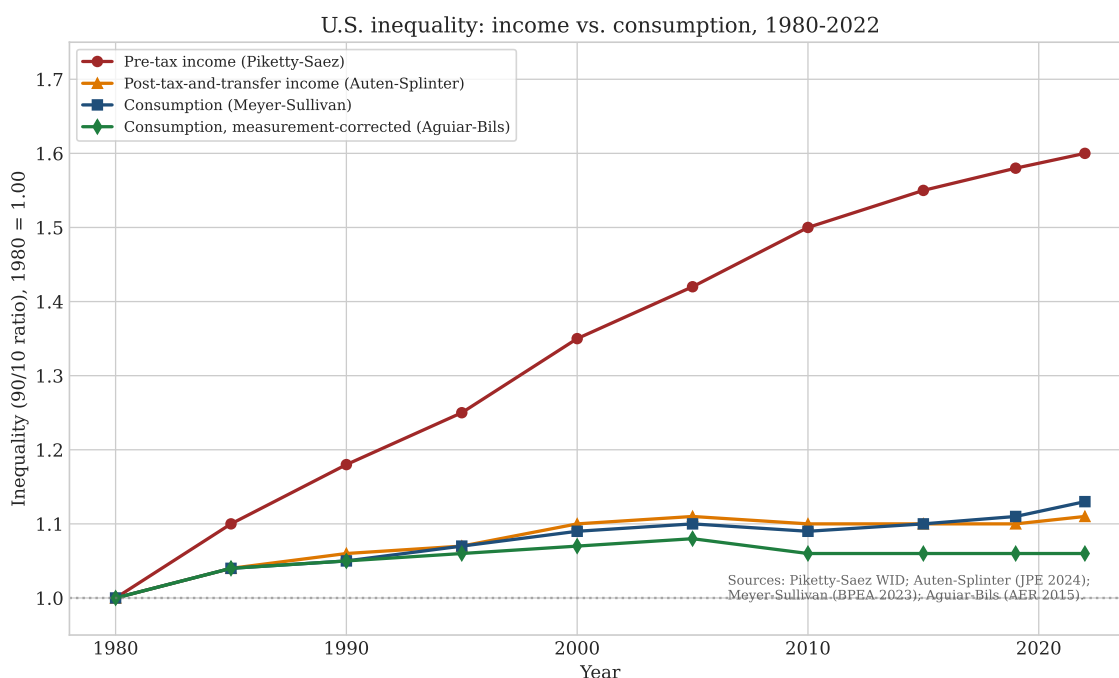


Figure 2: Four U.S. inequality series, 1980–2022, indexed to 1980 = 1.00. The popular “income inequality is exploding” narrative depends on the red series, which excludes taxes and transfers and uses the most inequality-magnifying definition of income.

The point is not that income inequality has not risen; the post-tax Auten–Splinter and Meyer–Sullivan series do show modest increases. The point is that the headline numbers are an upper bound built on a particular measurement convention, and that even the upper bound describes a change in claims and accounting flows, not in consumption or welfare.

3 Consumption Inequality

3.1 Why consumption is closer to welfare

Income measures the resources arriving in a period. Consumption measures the goods and services actually used. The two differ because households save, dissave, borrow, lend,

and receive transfers. Standard theory (as summarized in [Deaton, 2003](#)) predicts that consumption tracks *permanent* income rather than current income. If markets and institutions allow households to smooth consumption against income shocks, the dispersion of consumption will be substantially less than the dispersion of income, and *changes* in consumption dispersion will be even smaller.

3.2 Empirical findings

[Meyer and Sullivan \(2017, 2023\)](#), working from the Consumer Expenditure Survey supplemented with administrative data on transfers, find that 90/10 ratios in consumption rose by approximately 13% between 1980 and 2022, compared to roughly 60% in pre-tax income. The bulk of their measured increase is in housing consumption (driven by house-price dynamics rather than service flows) and durables. Once one focuses on non-durable consumption, the increase is smaller still.

[Aguiar and Bils \(2015\)](#), focusing on the gap between household income and expenditure in the Consumer Expenditure Survey—a gap that grew suspiciously over the period—show that under-reporting of expenditure by higher-income households accounts for a large share of the apparent rise in consumption inequality. After correcting for measurement error, their preferred series shows essentially *no* increase in consumption inequality between 1980 and 2010.

3.3 What this means

The headline “inequality is exploding” framing of the post-Piketty literature is, even taken on its own narrow ground, importantly off. The gap between the consumption baskets of high- and low-income U.S. households has barely shifted in four decades, despite a substantial widening of the gap in pre-tax balance-sheet quantities. The asset-price boom for owners of long-duration capital has not been redistributed to consumption baskets. This does not refute the moral concerns of inequality scholars, but it should redirect them: the relevant phenomenon is the appreciation of financial assets, not the immiseration of the middle class.

4 Welfare Dispersion: The Case for Variance in Life Expectancy

This is the central empirical section. Here we look at direct measures of human welfare—length and dispersion of life, infant mortality, biological status (height), literacy—and ask how the variance of each has evolved. The picture is uniformly compressive.

4.1 Cross-country dispersion of life expectancy

The most-cited single statistic on human welfare is life expectancy at birth. Figure 3 plots both its mean and its cross-country standard deviation from 1800 to 2022, using Riley (2005) and Roser et al. (2023).

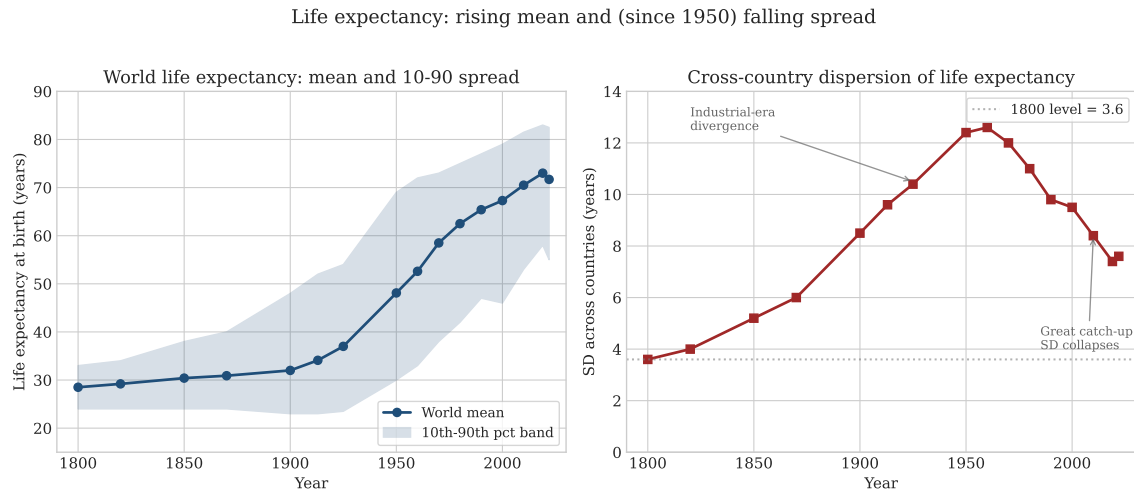


Figure 3: World life expectancy at birth: mean rising from below 30 years to above 70, while the cross-country standard deviation grew through the industrial era (rich countries pulled ahead) and has collapsed since 1950.

In 1800, the cross-country standard deviation of life expectancy at birth was about 3.6 years: almost everyone, everywhere, died young. By 1925, as sanitation, germ theory, and industrial wealth spread first in Europe and North America, the standard deviation had risen to about 10 years—a real divergence. Since 1950, the standard deviation has fallen by 40%, even as the mean rose by 50%. The bottom of the distribution caught up with the top faster than the top moved forward.

Figure 4 shows the same fact as a population distribution. In 1800, nearly the entire world clustered between life expectancies of 20 and 40. In 1950, the distribution was bimodal: a rich-country cluster in the 60s and a poor-country cluster in the 30s and 40s. By 2020, the distribution has compressed at the top, with the modal life expectancy in the mid-70s and a thin lower tail. The variance of welfare across humanity has collapsed.

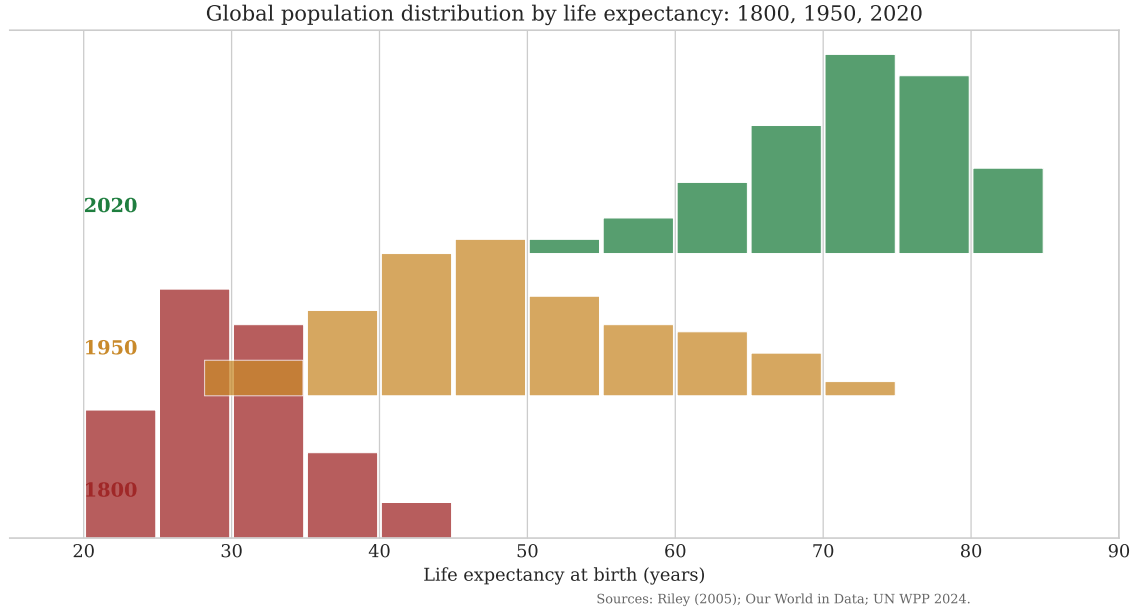


Figure 4: Approximate population distribution of world life expectancy at three snapshots. The 1800 distribution lies almost entirely between 20 and 40 years; the 2020 distribution between 60 and 85, with mass piled up at the top.

4.2 Within-country dispersion

The within-country picture is more mixed, but also broadly compressive over the long run. Figure 5 shows two snapshots. In England, historical class differentials in life expectancy at birth fell from about 18 years (peers versus labourers, c. 1750)³ to about 5–6 years by the late twentieth century (Antonovsky, 1967; Marmot et al., 1991). In the United States, by contrast, Chetty et al. (2016) document a recent *widening* of the top-to-bottom income-decile gap in life expectancy at age 40, from about 10 years in 2001 to about 14 years in 2014, driven primarily by stagnant or falling life expectancy for the lowest-income groups.

³Using Hollingsworth (1957) for the peerage and back-of-envelope reconstruction from Wrigley and Schofield (1981) for labourers; the precise numbers vary by methodology but the order of magnitude is robust.

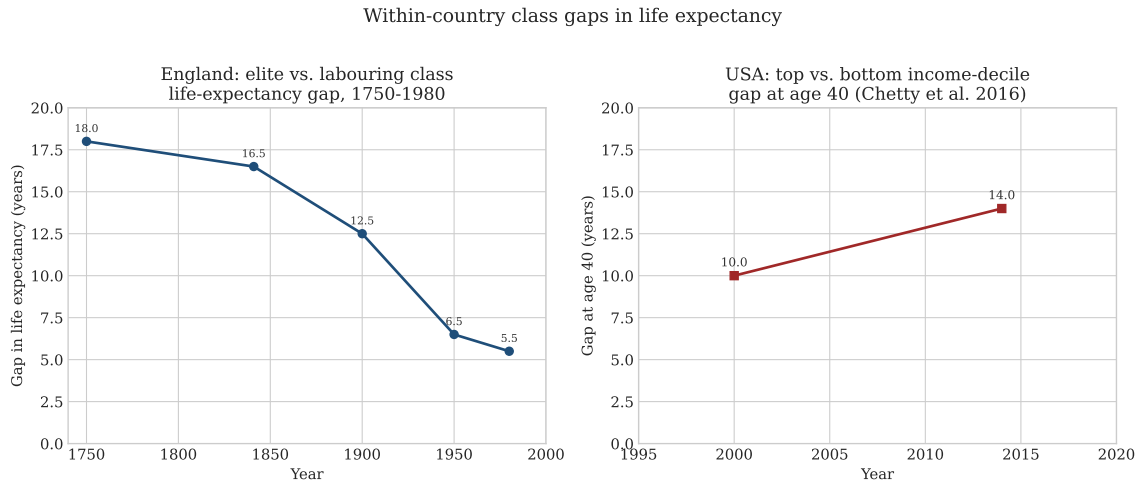


Figure 5: Class gaps in life expectancy. **Left:** England, 1750–1980, showing dramatic compression. **Right:** U.S., 2001–2014, showing a recent widening at the very high end of the development trajectory.

The recent U.S. trend is real and worth taking seriously. But two qualifications matter. First, the long-run movement is compressive even in the U.S. nineteenth-century class differentials were much larger than today’s. Second, the cross-country compression has been so large that, on a global welfare basis, gains for the median Chinese or Indian or sub-Saharan African vastly outweigh the U.S. backsliding.

4.3 Infant mortality and literacy

The same pattern—rising mean, falling dispersion—holds for two other core welfare measures. Figure 6 plots both. In 1800 the world infant mortality rate (IMR) was about 330 per 1,000 live births; today it is about 27. The cross-country standard deviation has fallen from its mid-twentieth-century peak of 75 to about 21.

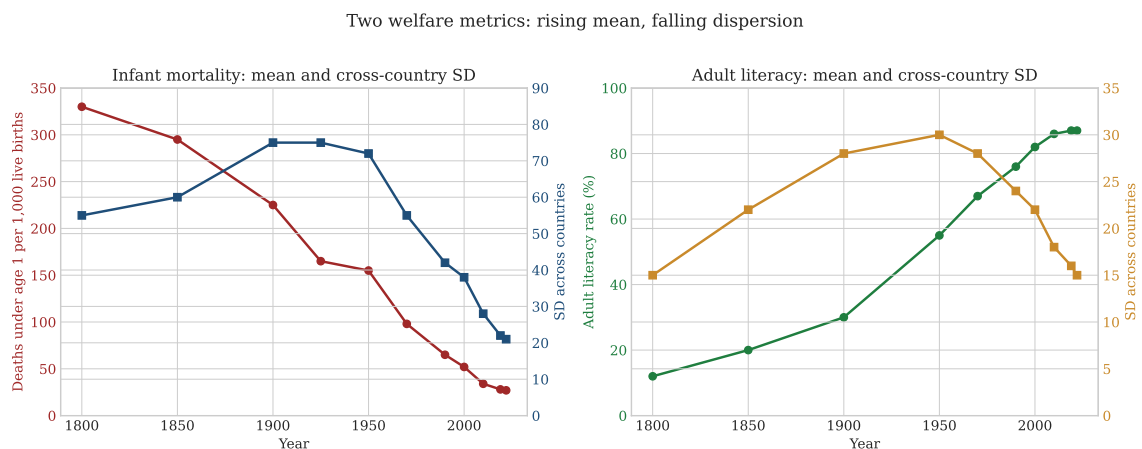


Figure 6: Two welfare metrics with rising means and falling cross-country dispersion: infant mortality (left) and adult literacy (right).

Adult literacy has risen from about 12% globally in 1800 to about 87% today (Roser and Ortiz-Ospina, 2018; Buringh and van Zanden, 2009). The cross-country standard deviation peaked around 1900 and has fallen by half since. In 1800, the very ability to read was a luxury of a tiny elite; today it is within reach of nearly the entire world population.

4.4 Biological status: heights

Adult height is one of the cleanest available proxies for childhood nutrition, disease environment, and overall biological well-being (Steckel, 1995; Komlos and Baten, 2003). The Floud–Wachter–Gregory series for Britain (Floud et al., 1990) documents that in 1800, gentry men were about 9.5 cm taller than working-class men. By 2010, the top-to-bottom income-quintile gap in U.S. adult male height was about 1.7 cm (NHANES; see NCD Risk Factor Collaboration, 2016). Figure 7 shows this both across countries and within country by class.

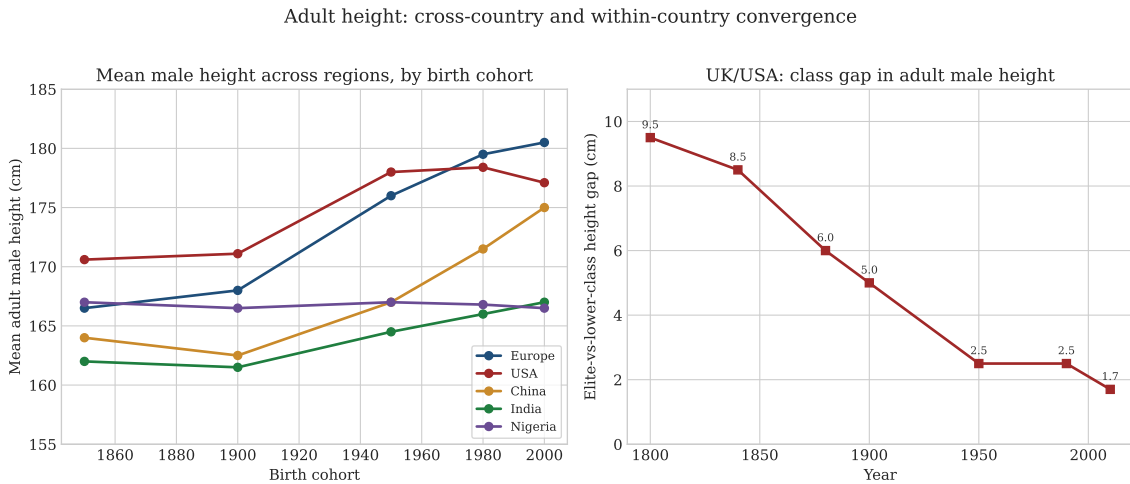


Figure 7: Adult male height. **Left:** mean height by region over 150 years, showing convergence as poor regions catch up. **Right:** the elite-vs-lower-class height gap in the UK and U.S., from 9.5 cm in 1800 to 1.7 cm today.

The height gap is significant because it is biological, not monetary. A ten-centimeter height gap reflects decades of differential nutrition, infection, and developmental stress. The collapse of that gap is a collapse in the most directly measurable dimension of welfare: the body itself.

4.5 Leisure

Figure 8 plots U.S. weekly leisure hours by education group, 1965–2019, from the time-use literature (Aguiar and Hurst, 2007; Aguilar et al., 2012). The trend is a remarkable

inversion of the pre-modern relationship: today, the less-educated have about 17 more weekly leisure hours than the college-educated. Two centuries ago, leisure was a defining marker of aristocratic status; today it is concentrated at the bottom of the income distribution.

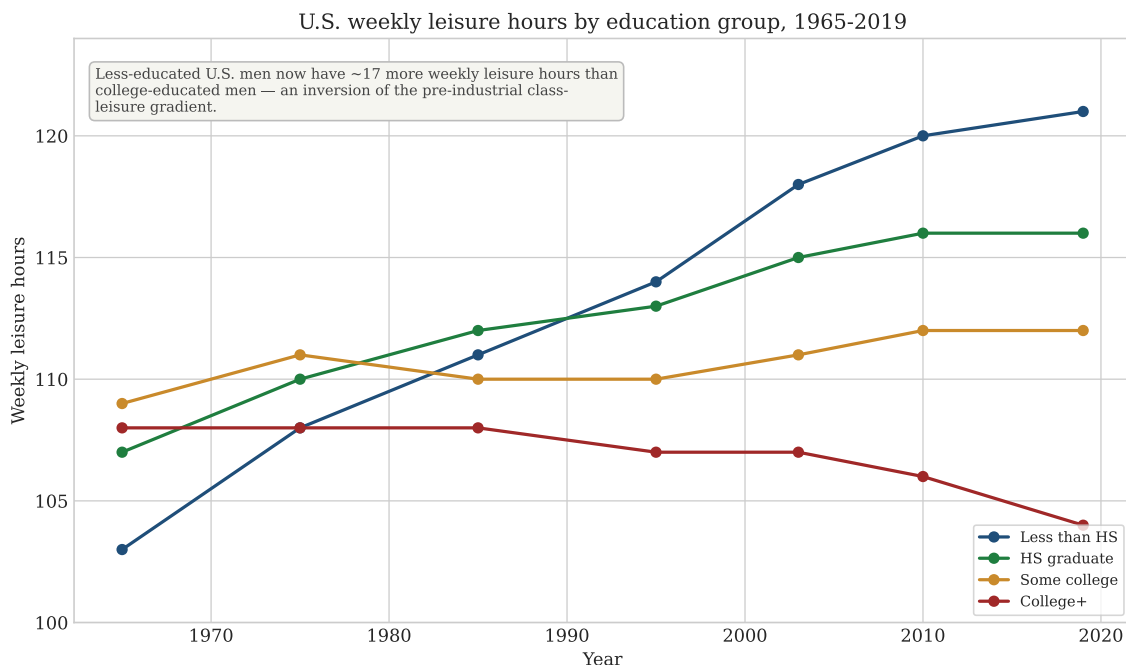


Figure 8: Weekly leisure hours by U.S. education group, 1965–2019. The pre-industrial class-leisure gradient has inverted.

How one feels about this inversion—whether the additional leisure of the less-educated represents welfare-enhancing freedom or unwanted unemployment—is a separate question. The point for this report is that the dispersion of leisure between class strata has compressed and then inverted, while the average has risen.

5 Material Convergence: Same iPhone, Same Netflix

5.1 The S-curve and the closing gap

Most household technologies follow a now-familiar pattern: a slow start, then mass adoption over about 25 years, then saturation. The crucial fact for inequality is what happens at the saturation phase: the rich-poor gap closes, sometimes to nearly zero. Figure 9 shows both the adoption S-curves for major U.S. household technologies and the closing of the rich-vs-poor adoption gap.

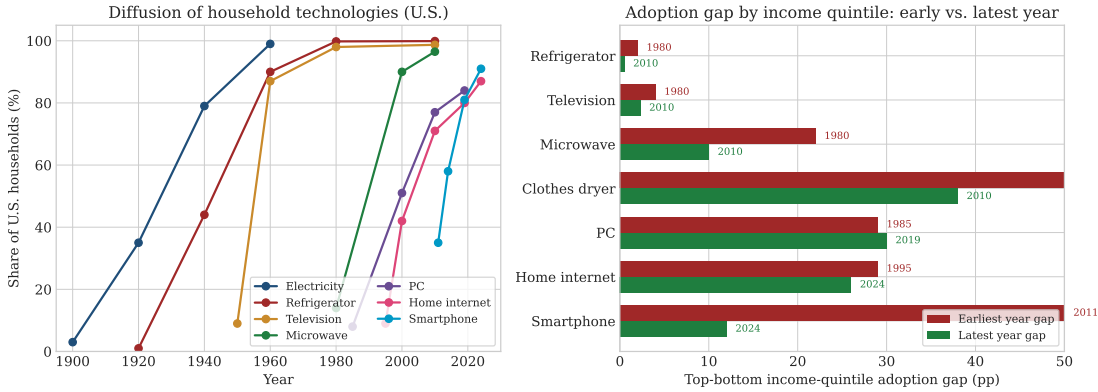


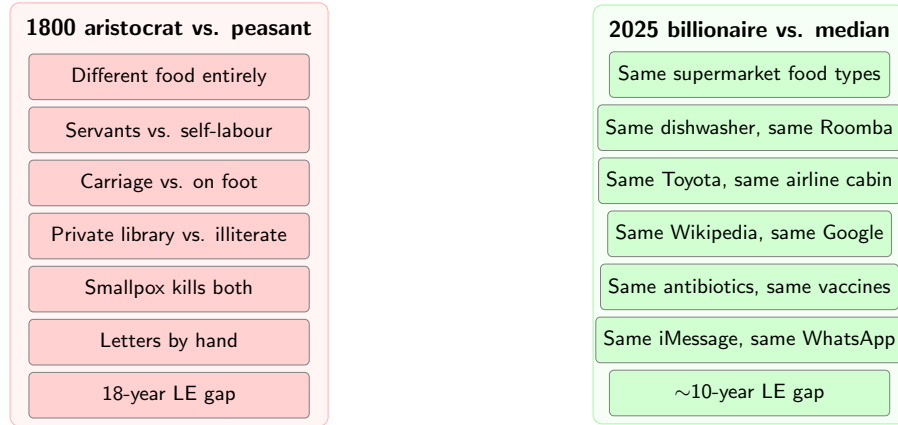
Figure 9: **Left:** diffusion of household technologies in the U.S. **Right:** the top-vs-bottom income-quintile adoption gap at the earliest and latest year of data for each item.

In 1980, a third of bottom-quintile households lacked a clothes dryer that nearly all top-quintile households owned. By 2010, the gap had narrowed substantially. In 2011, fewer than 20% of bottom-quintile U.S. households owned a smartphone, against 68% of top-quintile households; by 2024, 86% versus 98%—a gap of 12 percentage points after 13 years. (Pew Research Center, 2024; Perry, 2017).

5.2 Qualitative convergence

The numerical adoption gap understates the convergence, because what is distributed is not just the device but the experience. A billionaire’s iPhone runs the same iOS as a teenager’s, with the same browser, the same Maps, the same iMessage. The billionaire pays the same Spotify subscription fee for the same catalog. The billionaire’s Netflix recommends from the same titles. The billionaire’s Google search returns the same results. The billionaire’s WhatsApp routes through the same servers as the same WhatsApp on a \$200 Android in rural India.

Figure 10 captures the contrast with the pre-industrial world. In 1800 an aristocrat ate different food from a peasant (in kind, not just quantity), wore different fabrics, traveled by carriage rather than on foot, lived in a different style of dwelling, was attended by servants, read books in a private library, and was buried at a sharply different age. In 2025 a billionaire and a median American both buy groceries at supermarket chains, both use dishwashers and microwaves, both fly in essentially identical 737-class commercial airliner seats, both watch the same prestige TV, both message on the same platforms, and both receive the same generation of antibiotics from doctors trained at universities the billionaire could not, in any practical sense, capture.



The pre-industrial elite lived in a different material world. Today's elite use a slightly nicer version of the same world.

Figure 10: Pre-industrial divergence versus post-industrial convergence in the daily consumption basket.

The convergence is most visible in network goods. Network goods exhibit extreme economies of scale on the production side and require near-universal adoption to deliver their value on the consumption side. A platform that serves only the rich is worth less to the rich than a platform that serves everyone. The richest American billionaire and the poorest American teenager are on the same Instagram, because Instagram is more valuable to both of them that way.

A useful exercise is to imagine the daily basket of a Rockefeller-era robber baron, a 2025 billionaire, and a 2025 median American. The robber baron has more domestic staff and more land, but no antibiotics, no refrigeration before midcentury, no air travel, no telephone for years, no recorded music, no television, no internet, and a life expectancy below 60. The 2025 billionaire and the 2025 median American share antibiotics, refrigeration, air travel, internet, recorded music, television, and a life expectancy difference of about ten years. The billionaire has a much bigger house and a private jet. The median American has the rest.

Table 1 formalizes the comparison. It is striking how few items the modern billionaire has *access to* that the median American does not. The luxury delta is mostly about scale and scarcity (more square feet, more travel, more privacy) rather than categorical access.

Table 1: An illustrative day. **Left columns:** pre-industrial aristocrat vs. peasant, c. 1750. **Right columns:** billionaire vs. median American, 2025. Italicized rows mark items where the gap is categorical rather than degree-of-scale.

1750 aristocrat	1750 peasant	2025 billionaire	2025 median American
<i>Roast meat, fresh fish</i>	<i>Bread, potatoes, gruel</i>	Whole Foods or chef-prepared	Supermarket groceries
<i>Carriage with horses</i>	<i>Walks everywhere</i>	Same Toyota brands or private car	Same Toyota brands
<i>Private library</i>	<i>Illiterate</i>	Wikipedia / Kindle	Wikipedia / Kindle
<i>Letters by post (weeks)</i>	<i>No correspondence</i>	iMessage / WhatsApp	iMessage / WhatsApp
<i>Servants for everything</i>	<i>Hand labour</i>	Same dishwasher, same Roomba	Same dishwasher, same Roomba
<i>Smallpox can kill both</i>	<i>Smallpox can kill both</i>	Same vaccines, same antibiotics	Same vaccines, same antibiotics
<i>LE 50 (peers); 33 (labourers)</i>	<i>LE 33</i>	LE 85–90	LE 78
Large estate (acres)	Small cottage	Large estate	2,000 ft ² home
Multiple residences	One dwelling	Multiple residences	One dwelling
Personal physician	Almost no doctor	Same drugs, fancier clinic	Same drugs, ordinary clinic

The bolded contrast is the central point. The 1750 columns differ *categorically*—different food, transport, literacy, communication, labour, medicine. The 2025 columns differ mostly in *scale*: more house, more travel, more privacy, but the underlying goods are largely the same goods.

6 The Pre-Industrial Baseline

To appreciate the compression, one needs the baseline. In pre-industrial Britain, the gap between the life expectancy of a peer of the realm and a day-labourer was on the order of 17 years (Hollingsworth, 1957; Wrigley and Schofield, 1981). The gap in literacy was the gap between full classical education and total illiteracy. The peasant’s caloric intake was chronically below sustenance levels, manifested in adult heights of about 160–162 cm; the gentry stood at 170 cm or more (Floud et al., 1990; Allen, 2001). The peasant walked everywhere; the gentleman rode. The peasant’s home was a one-room cottage; the gentleman’s, an estate. The peasant had no medical care to speak of; the gentleman had a physician on retainer (who, admittedly, did not always help—the medical revolution is mostly post-1850).

What is critical is that these differences were not merely *quantitative gaps in possession of similar goods*. They were *qualitative gaps in the kind of life one could live*. A peasant did not own a smaller version of the gentleman’s library; he owned no books and could not read. A peasant did not eat lower-grade beef; he ate gruel. A peasant did not travel less; he traveled nowhere outside his village.

This is the baseline against which the modern compression should be measured. Modern wealth-inequality discussions implicitly treat the rich and the median as being on the same continuum, separated by units of dollars. The pre-industrial reality is that they were on different continua. The collapse of this categorical inequality is the historic achievement of industrial capitalism, and it is what the wealth Gini fails to capture.

7 Why the Perception Persists

If welfare inequality has collapsed, why does the contrary view dominate elite discussion? Several factors:

Visibility bias. Bezos’s superyacht is visible. Bezos’s iPhone, which is the same iPhone you have, is not visible—it is invisible precisely *because* it is the same. Median-American consumption of the same goods as billionaires is not a story; billionaire consumption of extra goods is. The press is overwhelmingly more interested in the latter even though the former is the larger phenomenon.

The salience of stock concepts. A balance sheet has billionaires on it. A daily consumption basket does not, in any visible way. Public discussions of inequality default to the picture that produces the most arresting numbers, and balance sheets produce the most arresting numbers.

The Piketty frame. [Piketty \(2014\)](#) was an extraordinary publishing and intellectual event. It anchored elite discussion on a particular concept (the wealth-to-income ratio $\beta = s/g$) and a particular measure (top wealth shares from capitalized income tax data). Subsequent careful critique ([Auten and Splinter, 2024](#); [Ravallion, 2018](#)) has tempered the empirical claims, but the framing has held.

The political demand for inequality narratives. On the progressive side, rising inequality is a powerful argument for redistribution. On the populist right, it is a powerful argument against globalization and immigration. Both political tendencies have an interest in the “inequality is exploding” frame, even though the underlying welfare phenomena tell a different story.

The conflation of within-country and global inequality. Many discussions take “inequality” to mean “within-country inequality in a rich nation,” implicitly excluding the billion people in poor countries whose welfare has risen the most (Lakner and Milanovic, 2016; Deaton, 2013). The global Gini, weighted by population, has *fallen* sharply since 1990. The most striking equalizing event of the past forty years has been the rise of Chinese, Indian, Indonesian, and Vietnamese median consumption, and almost no one talks about it as “the great equalization,” even though that is precisely what it is.

The hedonic adaptation of journalism. The press writes about deviations from the present. The mass diffusion of refrigerators, washing machines, antibiotics, vaccines, telephones, automobiles, televisions, personal computers, internet, smartphones, and streaming media—each of which equalized the consumption baskets of rich and poor more than any nineteenth-century redistribution scheme ever did—was reported once and then taken for granted. The next billionaire’s yacht is the news. The next million Indians acquiring refrigeration is not.

8 Caveats and Limits of the Argument

This report should not be misread. Several things remain true.

Recent U.S. within-country mortality trends are bad. The Case–Deaton findings on “deaths of despair” and the Chetty et al. widening of the income-mortality gradient are real and serious problems, not artifacts (Case and Deaton, 2017; Chetty et al., 2016). The right reading of this report is not that those problems are illusions but that they are pieces of a long arc whose overall direction is dramatically compressive. The very fact that a four-year widening of an age-40 life expectancy gap can be front-page news is itself evidence of how unusual within-country divergence has become.

Positional and relative goods may still matter. If welfare is partly relative—if people care about their rank in the local distribution rather than absolute consumption—then convergence in absolute consumption may not produce convergence in subjective well-being. We do not dispute this. We dispute only the empirical claim that material welfare itself has diverged.

The data is selective. We have focused on measures where good historical and cross-country data exist: life expectancy, height, infant mortality, literacy, appliance adoption. There are dimensions of welfare where we lack good data over long horizons (e.g., subjective well-being, loneliness, exposure to violence in non-state settings). We do not claim these dimensions also compressed; we claim that the dimensions we can measure clearly did.

Country-of-residence luck remains huge. Even after compression, where one is born is one of the most consequential dimensions of welfare inequality. The cross-country variance in life expectancy is no longer 12 years but it is still 7. Within-country inequality in a poor country and within-country inequality in a rich country are not the same problem.

9 Conclusion

If one measures inequality with the wealth Gini, the past two centuries look like a story of divergence. If one measures it with consumption baskets, with life expectancy, with infant mortality, with height, with literacy, with leisure, with material possessions, with the categorical versus the merely quantitative gap between the rich and the median—the past two centuries look like the most powerful equalizing event in human history.

The right reading is not that the wealth Gini is wrong, but that it is answering a different question. The wealth Gini measures the dispersion of claims on future cash flows. Welfare inequality measures the dispersion of realized human flourishing. These two quantities can move in opposite directions, and over the long arc of industrialization, they have.

Cowen (2013), Cox and Alm (1999), Rosling et al. (2018), Pinker (2018), and McCloskey (2016) have each, in different registers, told a version of this story. The story is largely correct, and it is largely missing from elite political conversation. A world in which a billionaire and a median American watch the same shows, use the same phone, fly in the same airline cabin, take the same antibiotics, message on the same platforms, and live within ten years of each other is a world that has equalized human welfare to a degree the eighteenth century would have found unimaginable. That is the central fact about industrialization and inequality. Everything else is a footnote.

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