1998. The remaining 80 percent garnered only nine percent of the gain. (Thanks to social mobility, however, a lot of families moved into or out of the top 20 percent.)

The middle 20 percent of households enjoyed only a 10 percent increase in their net wealth during those 15 years, from $55,500 to $61,000. Americans at the bottom of the scale fared worst of all. In 1983, 15.5 percent of households had no net worth or were in debt. By 1989 that number had grown to 17.9 percent, and it remained virtually unchanged through 1998.

The share of all wealth owned by the top one percent of U.S. households grew quickly between 1983 and 1989, but then slowed in the years up to 1998. Overall, their share increased from 33.8 percent to 38.1 percent. (Wolff's data do not extend through the recent Wall Street downturn.) Even so, the number of millionaires jumped 54 percent during the 1990s, and the number of decamillionaires (those with net worth totaling $10 million or more) almost quadrupled.

It's not just corporate moguls and movie stars who prospered. Two-thirds of the top one percent are small-business owners.

Wolff sees a disturbing trend in the rise of Americans' indebtedness, which grew from 13 percent of household wealth in 1989 to 15 percent in 1998. Forget the usual suspects, credit card and other consumer debt. Bigger mortgages and home equity loans are the problem. Net home equity (the value of a house minus outstanding mortgages) dropped from 24 percent of total household assets in 1983 to 18 percent in 1998. "Middle class households, it appears, were spending down their net worth to maintain their living standards," Wolff writes.

Despite the stock market mania of the '90s, most Americans still have the lion's share of their wealth in real estate. (The home ownership rate rose three percentage points, to 66.3 percent, between 1983 and 1998.) Less than a third of households owned stock worth more than $10,000 in 1998.

Overall, median wealth grew a bit more slowly than median income during the 15-year period. It was up 11.1 percent, while income grew by 13.8 percent. Both measures point to the same conclusion, says Wolff: "The boom of the 1990s . . . bypassed most Americans. The rich have been the main beneficiaries."

Why Europe?

"The Fates of Human Societies: A Review of Recent Macrohistories" by Gale Stokes, in *The American Historical Review* (April 2001), 400 A St. S.E., Washington, D.C. 20003.

It's money, not politics, that makes our new globalized world go 'round, and that may explain why historians have been returning lately to an old question: Why Europe? Why, asks Stokes, did this "relatively small and backward" region suddenly burst upon the world scene in the 16th century and soon dominate it?

Two main schools of thought exist, according to the Rice University historian, while a third, very impressive body of ideas is developing.

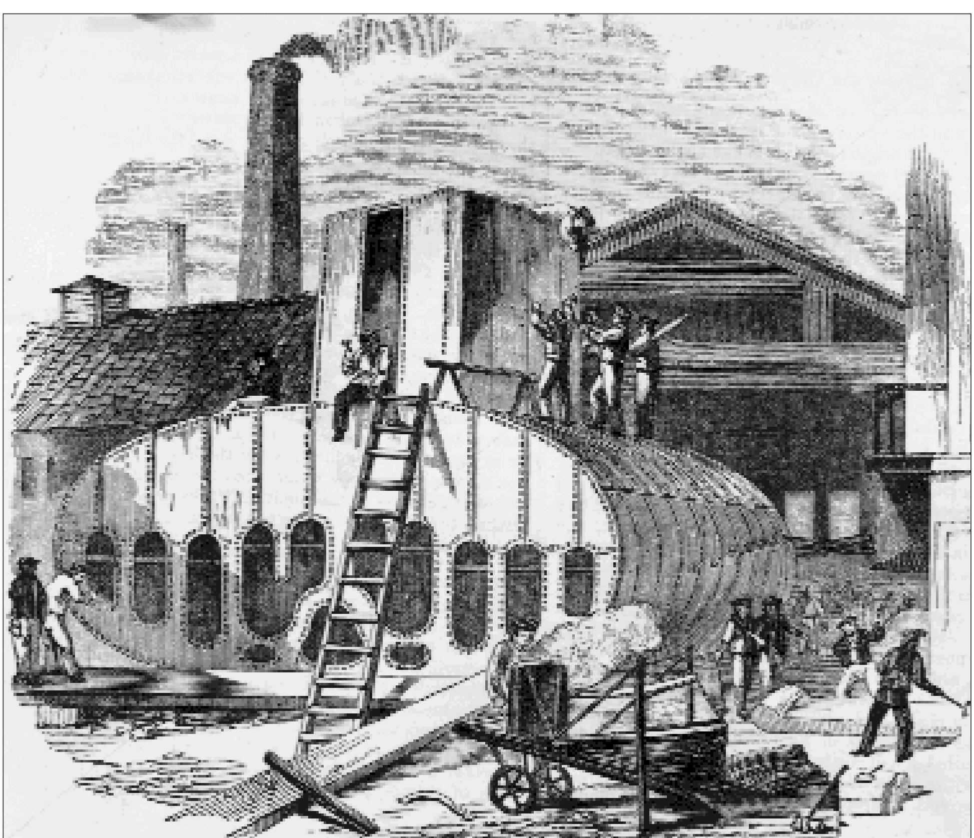
One school, led by Harvard University's David Landes, author of *The Wealth and Poverty of Nations* (1998), holds that some kind of European exceptionalism—individualism, the rise of unfettered science—is the best answer. Europe, says Landes, enjoyed the advantage of diverse cultures combined with a single unifying language: Latin. More important, it developed values, such as thrift and honesty, that favored economic development. Above all Europe was open to new knowledge, while its chief rival, China, was hobbled by what Stokes calls "a systematic resistance to learning from other cultures."

An opposing school of thought, which finds its best expression in Andre Gunder Frank's *ReOrient: Global Economy in the Asian Age* (1998), holds that, essentially, Europe got lucky. Frank and other scholars portray the last 1,000 years as an era dominated by the more advanced cultures and economies of Asia (mainly China), with the period of Western advantage brief—and likely to end soon. They see evidence in China of all the things said to distinguish precapitalist Europe, including vigorous markets and trade, technological innovation, and Ben Franklin-like sages who preached capitalist virtues. Even after Emperor Wang Yang-Ming famously pulled the plug on China's ambitious program of overseas exploration in 1433, prosperity continued. Europe didn't really get a leg up until about 1800, in this view, and then only because it was able to exploit the gold and silver wealth it had stumbled upon in the New World. Says Frank, "The Europeans bought themselves a seat, and then even a whole railway car, on the Asian train."

Historians in the emerging third school of thought tend to avoid invidious comparisons. In *China Transformed* (1997), for example, R. Bin Wong of the University of California, Irvine, argues that Europe's many states, its semi-autonomous social classes, and its independent church combined to give it great flexibility and other advantages in adapting to economic change. Yet Wong also argues, in Stokes's words, that "the Chinese state's concern for the welfare and moral education of the public, especially the poor, produced social policies that European states could not even imagine until recently."

Wong and his leading ally, historian Kenneth Pomeranz, author of *The Great Divergence* (2000), join Frank and others in pushing forward the moment when Europe gained an edge from the 16th century to about 1800, but they give a different reason: the invention of coal-fired steam power. This, too, owed something to accident: England's endowment of coal and iron deposits in proximity to each other. In the 18th century, China and Europe both felt the effects of ecological constraints, such as shortages of wood and declining soil fertility. Steam power, which led to industrialization, allowed Europe to escape the "Malthusian trap."

Stokes calls the Wong-Pomeranz arguments "powerful." But he thinks that the two historians' new "world history" has yet to take into account the uniquely European ideas—liberty, individualism, equality, popular sovereignty—that have done so much to shape the world since 1800.



Europe's edge? An 1843 engraving shows a steam boiler at the Clydestream boatworks in England.