

New Data on the Roots of Inequality Reveal Key Role of Wealth Inheritance

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A new study to appear in *Science* reveals the key role of wealth inheritance in sustaining economic inequality in the very long run. A team of 26 anthropologists, statisticians, and economists based at the Santa Fe Institute amassed an unprecedented data set allowing 43 estimates of the extent of inheritance of wealth within families and the degree of wealth inequality in small scale societies ranging from egalitarian hunter gatherers to hierarchical farmers and herders in Africa, Asia, Europe and Latin America. They found that differences in wealth inheritance and inequality among these populations depend on the technologies that produce a people's livelihoods.

Hunter-gatherers rely on their wits, their social connections and their strength, to make a living and in these economies wealth inheritance is modest and the level of economic inequality is on a par with the most egalitarian of modern democratic economies (those of Nordic Europe). Among foragers, for example, a father's hunting skill is only weakly related to that of his sons. But in herding and farming populations, in which wealth takes the form of readily inherited livestock and land, the offspring of the top ten percent in the wealth distribution are 20 times more likely to attain that status than the offspring of the poorest tenth. These societies exhibit levels of wealth inheritance and of inequality rivaling the most unequal national economies in the world today.

The data show, however, that the extent of wealth inheritance and inequality depend not only on whether the main form of wealth is material (as among farmers and herders), but also on institutions, such as the extent of individual ownership of property as well as norms such as sharing information and other valuable resources.

The authors note that wealth in the emergent knowledge-based economy of today in some ways resembles that of hunter-gatherers in that it is less readily passed from parent to child than, say, a factory or plantation. This does not however mean that our new information-driven Internet Age will necessarily assure equality. Whether the greater importance of networks and knowledge, together with the lesser importance of material wealth, will weaken the link between parental and next generation wealth and thus provide opportunities for a more egalitarian society, the authors conclude, will depend on the institutions and norms prevailing in a society.

The study is unusual in bringing the tools of economics to the lives of people living in traditional societies where value often lies more in social connections, health and family status than in the forms of material wealth stressed by economists. It also brings rigorous quantification in a large comparative data set to the field of socio-cultural anthropology which is typically more descriptive of particular societies.

The research is part of the on-going Persistent Inequality project of the Behavioral Sciences Program at the Santa Fe Institute and is coordinated by Monique Borgerhoff Mulder, an evolutionary anthropologist at the University of California at Davis and Samuel Bowles, an economist at the Santa Fe Institute. Financial support is provided by the Cowan Endowment to the Santa Fe Institute, the Russell Sage Foundation and the NSF.

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