Unmaking inequality: a history of violence

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Fig. 1. Populations studied. Note: Circle indicates hunter-gatherers; star, horticulturalists; square, pastoralists; and triangle, agriculturalists.
Figure 2
Ancient Inequalities: Estimated Gini Coefficients, and the Inequality Possibility Frontiers

Note: The solid IPF line is constructed on the assumption that $s = PPP 300$. The Gini index is estimated Gini2.
Growing resource inequality in England and Wales

Share of the richest 1% in national net worth

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1700</td>
<td>39%</td>
</tr>
<tr>
<td>1740</td>
<td>44%</td>
</tr>
<tr>
<td>1810</td>
<td>55%</td>
</tr>
<tr>
<td>1875</td>
<td>61%</td>
</tr>
<tr>
<td>1911/13</td>
<td>69%</td>
</tr>
</tbody>
</table>

Figure 8.1 The Kuznets Curve
Income Share of Top 1 Percent of Households Remains Historically Large

Share of Total Pre-Tax Income Flowing to Top 1 Percent

Source: Piketty and Saez, based on IRS data

Center on Budget and Policy Priorities | cbpp.org
Income Inequality has increased in most countries over the past 30 years.

- **English-speaking countries**
  - Share of top 1 percent in income distribution, percent
  - United States
  - Australia
  - United Kingdom
  - Ireland
  - Canada
  - New Zealand

- **Continental European countries and Japan**
  - Share of top 1 percent in income distribution, percent
  - France
  - Germany
  - Netherlands
  - Switzerland
  - Japan

- **Nordic and Southern European countries**
  - Share of top 1 percent in income distribution, percent
  - Sweden
  - Spain
  - Portugal
  - Norway
  - Italy

- **Developing countries**
  - Share of top 1 percent in income distribution, percent
  - China
  - Indonesia
  - Singapore
  - South Africa
  - India
  - Mauritius
Top income shares, France, 1980-2007

Sources: The World Top Incomes Database. http://topincomes.g-mond.parisschoolofeconomics.eu/
Summary of the argument

Development tends to increase resource inequality
   Agrarianism; Industrialism

Violent shocks are the only factors capable of significantly reducing resource inequality (for a while)

Violence
   Mass-mobilization wars
   Transformative revolutions
   State collapse

Demographic contraction
   Pandemics

Other factors are exotic or ineffective (abolition of slavery, migration, financial crises)
Top income shares. Japan. 1886-2010
Sources: The World Top Incomes Database. http://topincomes.g-mond.parisschoolofeconomics.eu/
Moriguchi & Saez (2010); Alvaredo, Moriguchi & Saez (2012)

Top 1% income share
Top income shares. United Kingdom. 1937-2009
Sources: The World Top Incomes Database. http://topincomes.g-mond.parisschoolofeconomics.eu/
Atkinson (2007)

Top 1% income share-married couples & single adults
Figure 4.1 Share of total gross income of the top 0.05\%, 0.1\%, and 0.5\% in the UK, 1908–2000

Source: See Table 4.1, this volume.
Top income shares. France. 1916-2009

Sources: The World Top Incomes Database. http://topincomes.g-mond.parisschoolofeconomics.eu/
Annual Inheritance Flow as a Fraction of Disposable Income, France 1820–2008

- Economic flow (computed from national wealth estimates, mortality tables and observed age-wealth profiles)
- Fiscal flow (computed from observed bequest and gift tax data, including tax exempt assets)

Figure 3. Wealth Concentration at Death in Paris, 1807–1994
Figure 6.—Top 0.1% Income Shares in Japan, the United States, and France
Top Marginal Income Tax Rates, 1900–2011

Source: Piketty and Saez (2013, figure 1).
Only a **particular type of war** generally lowers inequality!

Requires **mass mobilization** that

- raises state demands on the rich (to pay for war)
- raises redistribution to the poor (army service, more general commitment to war effort)
- favors state centralization and growth (to organize war)
- disfavors elite entitlements (e.g. feudal rights)
- favors entitlements for the poor (e.g. property rights, protections)
Mass mobilization is a fairly modern phenomenon (especially since the French Revolution)

– but there are earlier historical antecedents
From the 5th to 3rd centuries BC, long-term inconclusive and symmetrical warfare between Warring States relying on ever-larger conscript infantry armies led to:

- suppression of hereditary nobility and feudal rights;
- direct taxation for war-making;
- periodic population registration;
- property rights for peasants;
- re-allocation of conquered land to conscripts;
- legal codification

>> lowering overall inequality
Only a particular type of war generally lowers inequality!

In the historically common environment of tributary empires, successful wars:

- raise inequality on the winning side (inflow of resources captured by elite >> rich get richer; inflow of captives/slaves >> more poor people)

- lower it on the losing/conquered side (in percentage terms, the rich stand to lose more from being defeated than the poor)

BUT: both groups become part of a larger system that is more unequal overall
**Ancient Rome** as the quintessential tributary empire

Annual income figures for ‘middling’ aristocrats reported in Roman sources:

- 100,000-600,000 sesterces (mid-first century BC; Cicero)

- 1,000,000 sesterces (late first century AD; Pliny the Younger)

- 6,000,000-9,000,000 sesterces (late fourth century AD; Olympiodorus)
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Other factors are exotic or ineffective (abolition of slavery, migration, financial crises)
Revolutions

Russia, China, Cuba, Cambodia...

**French Revolution:**
French inequality was high in 18\textsuperscript{th} century, fell 1790-1815 due to:

- Abolition of regressive tax (dime) & feudal rights (corvee, etc)
- Confiscation of church and aristocratic properties, acquired by people at different income levels >> share of land held by elite dropped from 42% in 1788 to 12% in 1802, share held by paysans rose from 30% to 42%
- Salaries of urban workers rose by 62% from late 1780s to c1800, against 28% rise of the price of wheat
- Inflation benefited tenants who paid rents in depreciated cash

>> overall decrease in income share of upper class

BUT: inequality again rises afterwards, esp. with industrialization from c1830
BUT: only transformative revolutions lower inequality

Civil wars as such do not lower inequality

Study of civil wars in 128 countries from 1960 to 2005 finds that inequality rises both during civil wars and especially right afterwards

Why? Because civil war:

• allows uncontrolled profiteering by small minority
• interferes with access to market for the poor
• interferes with state taxation and redistribution including social spending

(Bircan, Bruck and Vothknecht 2010)
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The impact of a massive exogenous mortality shock (plague) on real wages: the case of the Black Death (Pamuk 2007)
Daily wheat wages for unskilled rural laborers in Egypt, 260 BC – 1050 AD, in liters of wheat (Scheidel 2012)
Mean body height in Mediterranean and Central/Western Europe (Köpke and Baten 2005)
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Share of assets owned by richest 1% of adult men, United States

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<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1774</td>
<td>13.2%</td>
</tr>
<tr>
<td>1860</td>
<td>32.7%</td>
</tr>
<tr>
<td>1870</td>
<td>27%</td>
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(Civil War 1861-5, abolition of slavery)
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Financial crises only very temporarily reduce inequality (unless they are linked to major shocks such as wars: Germany, France after World War I)
Or are there built-in ‘checks’ – i.e., does rising inequality generate countervailing forces, such as violent internal resistance?

Large body of scholarship on whether **inequality is a cause of civil wars**:

- Earlier literature tended to confirm relationship
- Most comprehensive recent surveys fail to find clear relationship
- 2013 study of proxy feature (deprivation) again suggests strong relationship

**BUT:** remember that **civil wars per se do not lower inequality** and may actually raise it!
Where do we go from here?

The traditionally effective mechanisms

- mass-mobilization wars
- transformative revolutions
- major epidemics
- abolition of slavery

are no longer available to us today (– nor should we want them to be...)

Other types of events, such as civil wars and financial crises, do not solve the problem
History does not determine present or future actions and outcomes

*but*

it casts doubt on the prospects of policy measures that are not contextualized within these historically effective processes...

... especially in an environment of ongoing globalization