What Tames Inequality? Violence and Mayhem

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How many billionaires does it take to match the net worth of half of the world's population? In 2016, the richest eight people on the planet owned as much private net wealth as the poorer half of humanity, more than 3.5 billion people. If they decided to go on a field trip together, these fortunates would fit into a minivan. Three years earlier, 85 billionaires were needed to clear that threshold, calling for a more commodious double-decker bus, as Oxfam noted at the time. And not so long ago, in 2010, no fewer than 388 of them had to pool their resources to offset the assets of the global other half, a turnout that would have required a small convoy of vehicles or filled up a typical Boeing 777 or Airbus A340.

These trends have been greeted with growing anxiety in recent years. In 2013, President Barack Obama elevated rising inequality to a "defining challenge ... making sure our economy works for every working American." Two years earlier, the multibillionaire investor Warren Buffett had complained that he and his "mega-rich friends" did not pay enough taxes. In the Democratic Party primaries for the 2016 presidential election, Sen. Bernie Sanders's relentless denunciation of the "billionaire class" roused large crowds and elicited millions of small donations from grass-roots supporters. Even the leadership of the People's Republic of China has publicly acknowledged the issue by endorsing a report on how to reform the system of income distribution.

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Scholars have fueled and fanned the flames of this discussion. Most famously, within 18 months of its publication, in 2013, *Capital in the Twenty-First Century,* Thomas Piketty's 700-page academic tome on inequality, had sold 1.5 million copies and risen to the top of *The New York Times* nonfiction hardcover best-seller list. Branko Milanovic, Peter H. Lindert, Jeffrey G. Williamson, James K. Galbraith, and others have also written about inequality's causes and implications. What has been lacking is a deep-historical view, going back even to the Paleolithic. For all its methodological complexities, that long view suggests an uncomfortable but clear truth: Good intentions and policy prescriptions aside, vast inequality has been leveled only by violence and mayhem.

Inequality is not created by multibillionaires alone. The richest 1 percent of the world's households now hold a little more than half of global private net wealth. Inclusion of the assets that some of them conceal in offshore accounts would skew the distribution even further. These disparities are not caused simply by the huge differences in average income between advanced and developing economies. Similar imbalances exist within societies. The wealthiest 20 Americans currently own as much as the bottom half of their country's households taken together, and the top 1 percent of incomes account for about a fifth of the national total. In recent decades, income and wealth have become more unevenly distributed not just in North America, but also in Europe, the former Soviet bloc, China, India, and elsewhere. And to those who have, more will be given. In the United States, the best-earning 1 percent of the top 1 percent (that is, those in the highest-.01-percent income bracket) raised their share to almost six times what it had been in the 1970s even as the top tenth of that group (the top 0.1 percent) quadrupled it. The remainder averaged gains of about three-quarters — nothing to frown at, but a far cry from the advances in the highest tiers.

Soviet youth march in Berlin, 1951.

Mondadori Portfolio via Getty Images

The "1 percent" may be a convenient moniker, but it also serves to obscure the degree of wealth concentration in even fewer hands. In the 1850s, the writer Nathaniel Parker Willis coined the term "Upper Ten Thousand" to describe New York high society. We may now be in need of a variant, the "Upper Ten-Thousandth," to do justice to those who contribute the most to widening inequality. And even within this rarefied group, those at the very top continue to outdistance all others. The largest American fortune currently equals about 1 million times the average annual household income, a multiple 20 times larger than it was in 1982. Even so, the United States may be losing out to China, now said to be home to an even greater number of dollar billionaires despite its considerably smaller nominal GDP.

So have the rich simply kept getting richer? Not quite. For all the much-maligned rapacity of the "billionaire class" or, more broadly, the "1 percent," American top-income shares only very recently caught up with those reached back in 1929, and assets are less heavily concentrated now than they were then. In England on the eve of the First World War, the richest tenth of households held a staggering 92 percent of all private wealth; today their share is a little more than half.

Consider the far-longer pedigree of high inequality. Two thousand years ago, the largest Roman private fortunes equaled about 1.5 million times the average annual per-capita GDP in the empire, roughly the same ratio as for Bill Gates and the average American today. For all we can tell, even the overall degree of Roman income inequality was not very different from that in the United States. Yet by the time of Pope Gregory the Great, around 600 AD, grand estates had disappeared, and what little was left of the Roman aristocracy relied on papal handouts to keep it afloat.

Sometimes, as on that occasion, inequality declined because although many became poorer, the rich simply had more to lose. In other cases, workers became better off while returns on capital fell. A famous example is Western Europe after the Black Death, where real wages doubled or tripled and laborers dined on meat and beer while landlords struggled to keep up appearances.

Before we go further, though, we must address a fundamental question: Why does all this matter?

The Princeton philosopher Harry Frankfurt opens his booklet *On Inequality* by disagreeing with Obama's assessment: "Our most fundamental challenge is not the fact that the incomes of Americans are widely unequal. It is, rather, the fact that too many of our people are poor."

Poverty, to be sure, is a moving target: Someone who counts as poor in the United States might not seem so in central Africa. Sometimes poverty is even defined as a function of inequality — in the United Kingdom, the official poverty line is set as a fraction of median income — although absolute standards are more common, such as the threshold of $1.90 in 2011 prices used by the World Bank in reference to the cost of a basket of consumer goods in America. Nobody would disagree that poverty, however defined, is undesirable. The challenge lies in demonstrating that inequality in income and wealth has negative effects on our lives, rather than the poverty or the great fortunes with which inequality may be associated.

Somalis flee fighting between Islamist and government forces, 2012.

Mohamed Abdiwahab, AFP, Getty Images

The most hard-nosed approach concentrates on inequality's effect on economic growth. A number of studies argue that higher levels of inequality are associated with lower rates of growth. For instance, less inequality in disposable income has been found to lead not only to faster growth but also to longer growth phases. Inequality appears to be particularly harmful to growth in developed economies. There is even some support for the much-debated thesis that high levels of inequality among American households contributed to the credit bubble that helped trigger the Great Recession of 2008, as lower-income households drew on readily available credit (in part produced by wealth accumulation at the top) to borrow for the sake of keeping up with the consumption patterns of more-affluent groups. Under more-restrictive conditions of lending, by contrast, wealth inequality is thought to put low-income groups at a disadvantage by blocking their access to credit.

Among developed countries, higher inequality is associated, too, with less economic mobility across generations. Because parental income and wealth are strong indicators of educational attainment as well as earnings, inequality tends to perpetuate itself over time, and all the more so the higher it is. The disequalizing consequences of residential segregation by income are a related issue. In metropolitan regions in the United States since the 1970s, population growth in high- and low-income areas alongside shrinking middle-income areas has led to increasing polarization. Affluent neighborhoods in particular have become more isolated, a development likely to precipitate concentration of resources, including locally funded public services, which in turn affects the life chances of children and impedes intergenerational mobility.

In developing countries, at least some kinds of income inequality increase the likelihood of internal conflict and civil war. High-income societies contend with less extreme but still serious consequences. In the United States, inequality has been said to act on the political process by making it easier for the wealthy to exert influence, although in this case we may wonder whether it is the presence of very large fortunes rather than inequality per se that accounts for this phenomenon. Some studies find that high levels of inequality are correlated with lower levels of self-reported happiness.

L et's agree, then, that the rising tide of inequality raises grave concerns. Yet proposals designed to stem or reverse it tend to show little awareness of history. Inequality has either grown or held fairly steady for much of recorded history, and significant reductions have been rare. We can trace this pattern all the way back to the last Ice Age, when hunter-gatherers found the time and means to bury some individuals much more lavishly than others.

But it was food production in the subsequent Holocene — farming and herding — that created wealth on an entirely novel scale, and growing and persistent inequality to go with it. The domestication of plants and animals made it possible to accumulate and preserve productive resources. Social norms evolved to define rights to those assets, including the ability to pass them on to future generations. Under these conditions, the distribution of income and wealth came to be shaped by a variety of experiences. Health, marital strategies and reproductive success, consumption and investment choices, bumper harvests, and plagues of locusts and rinderpest determined fortunes from one generation to the next. Adding up over time, the consequences of luck and effort favored unequal outcomes in the long term.

A medical worker takes part in Ebola training near Washington, 2016

Paul J. Richardson, AFP, Getty images

Domestication of food sources also domesticated people. The formation of states as a highly competitive form of organization established steep hierarchies of power and coercive force that skewed access to income and wealth. Political inequality reinforced and amplified economic inequality. For most of the agrarian period, the state enriched the few at the expense of the many. Gains from pay and benefactions for public service often paled next to those from corruption, extortion, and plunder. When more-benign institutions promoted more-vigorous economic development, most notably in the emergent West, they continued to sustain high inequality. Urbanization, commercialization, innovation of the financial sector, trade on an increasingly global scale, and, finally, industrialization generated rich returns for holders of capital. As rents from the naked exercise of power declined, choking off a traditional source of elite enrichment, more-secure property rights and state commitments strengthened the protection of hereditary private wealth. Even as economic structures, social norms, and political systems changed, income and wealth inequality remained high or found new ways to grow.

Across a wide range of societies and different levels of development, stability favored economic inequality. This was as true of Pharaonic Egypt as it was of Victorian England, as true of the Roman Empire as of the United States.

Only violent shocks were capable of compressing distribution of income and wealth, narrowing the gap between rich and poor. Throughout recorded history, the most powerful leveling invariably resulted from the most powerful shocks. These shocks can be categorized into four kinds of violent ruptures: mass-mobilization warfare, transformative revolution, state failure, and lethal pandemics. I call these the Four Horsemen of Leveling. Just like their biblical counterparts, they went forth to "take peace from the earth" and "kill with sword, and with hunger, and with death, and with the beasts of the earth." Sometimes acting individually and sometimes in concert with one another, they produced outcomes that to contemporaries often seemed nothing short of apocalyptic. Hundreds of millions perished in their wake. And by the time the dust had settled, the gap between the haves and the have-nots had shrunk, sometimes drastically.

For war to level disparities in income and wealth, it needed to penetrate society as a whole, to mobilize people and resources on a scale that was often feasible only in modern nation-states. This explains why the two world wars were among the greatest levelers in history. The physical destruction wrought by industrial-scale warfare, confiscatory taxation, government intervention in the economy, inflation, disruption to global flows of goods and capital, and other factors all combined to wipe out elites' wealth and redistribute resources. They also served as a uniquely powerful catalyst for policy changes with equalizing effects: increased franchises, wider unionization, and an expanded welfare state. The shocks of the world wars led to what is known as the Great Compression, the attenuation of inequalities in income and wealth across developed countries. Concentrated in the period from 1914 to 1945, it took several more decades to run its course.

The world wars spawned the second major leveling force, transformative revolution. Internal conflicts have not normally reduced inequality: Peasant revolts and urban risings were common in premodern history but usually failed, and civil war in developing countries tends to render the income distribution more unequal rather than less. Violent societal restructuring needs to be exceptionally intense if it is to reconfigure access to material resources. Like mass-mobilization warfare, this was primarily a phenomenon of the 20th century. Communists who expropriated, redistributed, and then often collectivized leveled inequality on a huge scale. The most transformative of these revolutions — Stalin's Soviet Republic, China's Maoist revolution, and the Khmer Rouge overthrow of the Cambodian government among them — were accompanied by extraordinary violence, in the end matching the world wars in terms of body count and human misery. Far less bloody ruptures such as the French Revolution had leveled on a correspondingly smaller scale.

The most powerful leveling resulted from warfare, revolution, state failure, and lethal pandemics.

Violence can also destroy states altogether. State failure or systems collapse used to be a particularly reliable means of leveling. For most of history, the rich were positioned either at or near the top of the political-power hierarchy or were connected to those who were. Moreover, states provided a measure of protection, however modest by modern standards, for economic activity beyond the subsistence level. When states unraveled, these positions, connections, and protections came under pressure or were altogether lost. Although everybody might suffer when states unraveled, the rich simply had much more to lose. Declining or collapsing elite income and wealth compressed the overall distribution of resources. This has happened for as long as there have been states. The earliest known examples reach back 4,000 years to the end of Old Kingdom Egypt and the Akkadian empire in Mesopotamia. Even today, the experience of Somalia suggests that this once potent equalizing force has not completely disappeared.

Mass wars and revolutions did not act solely on the societies directly involved in those events: The world wars and exposure to Communist challengers also influenced economic conditions, social expectations, and policy making among bystanders. These ripple effects further broadened the effects of leveling rooted in violent conflict.

The human-caused violence of the first three Horsemen is shocking. But it has long had competition in the natural world. Plague, smallpox, and measles ravaged whole continents more forcefully than even the largest armies or most fervent revolutionaries could hope to. In agrarian societies, the loss of a sizable share of the population, sometimes a third or more, from microbes made labor scarce and raised its price relative to that of fixed assets and other nonhuman capital, which generally remained intact. As a result, workers gained and landlords and employers lost as real wages rose and rents fell.

But what of land reform, democracy, education, and technological change? None of them reliably lessen inequality, and they can all, arguably, make it even wider. There is no repertoire of benign means of compression that has ever achieved results that are even remotely comparable to those produced by the Four Horsemen.

Yet shocks abate. When states failed, others sooner or later took their place. Demographic contractions were reversed after plagues subsided, and renewed population growth gradually returned the balance of labor and capital to previous levels. The world wars were relatively short, and their aftereffects have faded over time. Top tax rates and union density are down, globalization is up, Communism is gone, the Cold War is over, and the risk of World War III has receded. All of this makes the recent resurgence of inequality easier to understand. The traditional violent levelers currently lie dormant and are unlikely to return in the foreseeable future. No similarly potent alternative mechanisms of equalization have emerged.

Are we helpless, then, within these daunting historical patterns, unequal to the task of disrupting them? Are we to resign ourselves to the inadequacy of our best and most benevolent efforts and the inevitability of deepening inequality, even as we brace ourselves for whatever cataclysm might next disrupt it?

Quite possibly. But the past does not predict the future. There is always hope that our very recognition of deep-historical trends might be enough to help us begin to circumvent them, to throw a stick into the spokes of this societal engine and reason our way out of it.

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