Rich-poor gap and the risk of civil war

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Researchers from the University of Tübingen have found that the greater the disparity in wealth, the greater the risk of civil war. "If unequal division passes a certain level, the effects within a region are enormous," say Economic History specialists Professor Jörg Baten and Christina Mumme. Extremes of wealth inequality could explain the frequency of civil wars in Latin America and Africa in the past 200 years – and could be contributing to the current situation in eastern Europe. "The gap between rich and poor there has widened significantly in recent years. National and ethnic identities are often dug up to distract attention from discontent over income difference," Baten says.

The economic historians observe a steadily increasing rich-poor gap in many regions around the globe. In collaboration with Utrecht University in the Netherlands, they compiled a far-reaching study using the first data on the global development of wealth inequality over the past two centuries. The study showed that incomes in Europe and North America had come closer into line in the 1970s – but that since then, the gap between rich and poor has grown, particularly in eastern Europe and the United States.

"The current debate over rising inequality demonstrates just how central this phenomenon is for the perception of economic development and the survival of the forms of the market economy," says Baten. The researchers examined inequality both within regions and between regions, using the Gini coefficient. Zero represents the theoretically possible situation in which everyone has exactly the same income, and 1 represents complete inequality. Many countries have an inequality factor

of between 0.30 and 0.60 auf.

This study shows definitively that the three regions of western Europe, eastern Europe and North America have had a very slow decrease in inequality, and that incomes have moved closer together over a very long period of time. However, in the past 20 years, that trend has reversed, both in North America and in eastern Europe. "In western Europa, the rebound is in a small order of magnitude," says Baten. The Gini coefficient of [income inequality](#) in western Europe fell from values of 0.43 and 0.52 in the 19th century to 0.36 in 1980; then it rose by 2000 to 0.37.

Africa by contrast has experienced a long-term rise in unequal incomes, which was strongest from the 1960s to the 1980s. Since then, inequality has dropped back a little. In Latin America the gap between rich and poor has remained constantly great, while in Asia it has been consistently small – regardless of the actual size of the incomes. The Mideast has had two periods in which wealth was distributed particularly unequally – one prior to 1870 and the other in the 1960s and 70s. Here, too, there was a slightly greater concurrence of incomes in the 1980s.

If we assume that greater wealth inequality makes [civil war](#) more likely, then the trend in the US is set to become more controversial. "If this development continues for a long time, it could provide fertile ground for conflict," says Baten. He adds, however, that the outbreak of a civil war depends on a number of factors.

  More information: Jörg Baten and Christina Mumme, "Does Inequality Lead to Civil Wars? A Global Long-Term Study Using Anthropometric Indicators (1816-1999)" in: European Review of Political Economy 32 (December 2013), pp. 56-79.

Jan Luiten van Zanden, Jörg Baten, Péter Földvari, and Bas van

Leeuwen, "The Changing Shape of Global Inequality 1820-2000. Exploring a New Dataset" in: Review of Income and Wealth 60-2 (June 2014), pp. 279-297.

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