

THE GREAT REAPER: THE UNIQUE EQUALIZER?

Walter SCHEIDEL, *The Great Leveler. Violence and the History of Inequality from the Stone Age to the Twenty-First Century* (Princeton and Oxford, Princeton University Press, 2017)

After Piketty's acclaimed historical opus¹ on inequality throughout the nineteenth, twentieth and twenty-first centuries, and Milanovic's thoughtful opus² on the paradox of a truly globalized approach of this phenomenon, is there anything to add to the history of world inequality? Certainly, Piketty warns us that his research is only a starting point for further research. His book focuses primarily on France, the United States and the United Kingdom during the last one hundred years. He also provides a glimpse of other OECD countries in recent decades. A few estimates of inequality before the Industrial Revolution serve mainly as food for thought. Milanovic adds to this a detailed study of the inverse relation between the evolution of national and world inequality. In both books, little is said with respect to two important topics: the evolution of inequality before the nineteenth century and the cause of its evolution through time (beyond the abstract $r > g$ formula), and notably of its episodes of massive compression during the middle of the twentieth century. Milanovic evokes the existence of endogenous Kuznes cycles of increase and decrease in inequality. Piketty insists on the role of the two world wars which led to a deep decline in the wealth of the richest, and led to the adoption of more progressive tax reforms. He also praises the "social democratic" moment after WWII with its high tax rates aimed at maintaining inequality at a historical low. However, he provides no precise estimates of the respective role played by wartime violence and progressive post-war policies in the historically dramatic decrease in inequality. At a time when inequality is once again flourishing, returning to its early twentieth century levels and with the potential to deeply endanger social cohesion, estimating the role of violence and progressive policies is of major public concern. Can we reverse the present trend without a new traumatic bloodshed?

¹ Thomas Piketty, 2014, *Capital in the Twenty-First Century* (Cambridge MA, Harvard University Press).

² Branko Milanovic, 2016, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge MA, Harvard University Press).

Walter Scheidel, a historian and specialist in the economic history of Roman antiquity, fills this gap in *the Great Leveler*, a book devoted to the global evolution in inequality and the causes of its episodes of decline. It is based on a secondary analysis of an impressive literature: the bibliography alone counts 35 pages. Its thesis is simple: deadly violence is the unique leveler of inequality. The four leveling horsemen of violence are mass mobilization warfare (part 2), transformative revolutions (part 3), state collapses (part 4) and deadly epidemics (part 5). In comparison to those four powerful horsemen, peacetime progressive reforms do little to decrease inequality (parts 6 and 7).

In order to discuss more thoroughly this pessimistic view regarding inequality, let us detail the main sections of the book. The first part opens with a useful global history of inequality, ranging from the behavior of apes, to Paleolithic hunter and gatherer societies, early empires and digitized economies. If we consider humans as an animal species, and we try to understand its essence through ethological comparison, we can see that early hominids were not doomed to equality. Somehow similar groups of apes were characterized with high levels of inequality regarding two main resources: food and females. However, through social and cultural norms of exchange, Paleolithic hunters and gatherers might have been a little less unequal than ape groups. Moreover, as shown by a comparison of the distribution of resources in graves, they were far more equal than Neolithic societies. The birth of agriculture, with the rise of private property in land and livestock and its hereditary transmission, boosted the levels of inequality. Inequality increased one step further under the first states and climaxed under the early empires (Egyptian, Roman, Chinese, Inca) where a minority of aristocrats owned the vast majority of land and related resources. In a few illuminating graphs (3.1, 3.4 and 3.5), the author summarizes very clearly the state of knowledge regarding the evolution of inequality in various regions (Europe, Latin America and the US). In Europe, after a first peak during the Roman Empire, inequality declined with its dismantlement and a wave of deadly epidemics, grew again under the feudal era, collapsed with the Black Death, was restored with the economic development of the modern and industrial period up to the summit of the early 20th century, followed by the “Great Compression” during the middle of the 20th century. Latin America followed a different calendar. Drops in inequality correspond to population losses following European colonization and 19th century wars of independence. Contrary to the US and Europe, it witnessed no mid-20th century

compression. This detailed and informed global survey of inequality uses episodes of compression as the puzzle to explain, and delineates four suspects for doing so: state collapse (fall of the Roman Empire), epidemics (Black Death), mass mobilization warfare and revolutions (the 20th century great compression).

The second part, which is the most developed in the book, is devoted to the role of wars in decreasing inequality. It starts with Japan under World War II as a case study (Chapter 4). Japan is all the more interesting as the military dictatorship's ideology was very far from egalitarianism. Nevertheless, the magnitude of the war effort led the Japanese military government to continually raise taxes almost every year from 1937 to 1945, leading to the doubling of the top tax rates [119]. Inflation, physical destruction (limited to the last year of the war) and a well-designed land reform during US occupation also contributed to the strong decrease in inequality (with the share of income of the top 1% dropping from 20% in 1938 to 7% in 1946). However, the main role was played by state regulation (notably tax increases) adopted in order to support a massive war effort involving up to one in seven Japanese males serving in the army.

In the following chapters, Scheidel confirms Piketty's intuition regarding the role of the two world wars in the 20th century great compression. Not all wars lead to a reduction in inequality: only those involving a massive mobilization with up to one-tenth of the male population serving in the army. Antic wars between Athens and Sparta serve as confirming cases [189-199]. Massive war mobilization in those two cities helps to explain the low level of economic inequality during this period. Argentina, which remained neutral during the two world wars, serves as a counterfactual example. Very distant from the main theaters of war, it did not enter the 20th century's great compression. On the contrary the share of income of the top 1% increased during World War II by 14 percentage points over its pre-war level [134]. It would be interesting to test whether the prediction holds true for other cases of mass mobilization warfare in the 20th century, including the Iran/Iraq conflict.

Part III is dedicated to the impact of revolutions on inequality. The Soviet revolution stands here as an ideal type of this violent outbreak. Collectivization of land without compensation just after the takeover of the Winter Palace, violent dekulakization in the 1930s, complete administration of the economy according to proletarian political priorities led to deaths, famines and despair but also to harmonization of conditions in poverty. This led to a drop in inequality with the Gini

inequality index falling from 0.36 before the first war to 0.27 in the 1960s. Similarly, Maoist China with its violent and deadly transformations, including land reform, the Great Leap Forward and the Cultural Revolution sharply weakened the level of inequality with a Gini coefficient dropping from 0.40 in the 1930s to 0.23 at the beginning of Deng Xiaoping's mandate. While the author does not discuss the advantages in kind from which benefited the new bureaucratic ruling class, it is quite plausible that, even taking the latter into account, levels of inequality remained substantially lower than in the Western world.

While the two main communist revolutions were both extremely violent and successful in transforming social order and flattening inequality, pre-communist revolutions, although violent, did little to distort the distribution of income. The author does recognize that the French Revolution led to a redistribution of land, but mainly from the clergy and the aristocracy to the urban bourgeoisie or the richest peasants. The author acknowledges that the bottom 40% did see its condition improved (with its share income increased from 10% to 18% between 1780 and 1831). However, compared to communist revolutions, the "process was far from transformative overall" [238]. This verdict is even truer for other revolts, rebellions and revolutions surveyed in this part of the book.

State collapse is the third horseman of leveling. In such circumstances, elites lose an efficient tool for protecting their wealth and domination. Private militias protect poorly against rival predation. Destruction and deaths produce scarcity in the labor force, leading to an increase in the price of labor. Two examples show the amplitude of state collapse on inequality: the fall of the Tang dynasty in China in the 9th century and the fall of the Roman Empire. In the latter case, an estimation based on the distribution of house sizes in Britain clearly shows the amplitude of the transformation. The Gini coefficient dropped back from 0.6 to 0.4 after the fall of the Roman Empire.

Finally, epidemics stand as the last violent device producing leveling. The 14th century plague, which killed up to half of the European population, is a good example of the unexpected consequences of mass death on inequality. The mechanism here is clearly Malthusian. The sharp decline in the population increased the scarcity of unskilled labor and raised its relative price. For instance, rural real wages in Britain almost tripled between the beginning of the 14th century and the mid-15th century [Figure 10.3: 303].

While this book, written by a progressive scholar, is far from adopting the classical conservative mantra of the perverse effect³, it ends up with a very pessimistic view of inequality. Reformist policies examined in the last part of the book do little to curve down inequality; the only effective device for doing so comes with high violence and a heavy death toll. Who could voice in favor of more equality after reading such book?

Before taking away this possibly lucid but quite despairing message, let us discuss some of its elements.

The first problem to be addressed is the measure of inequality in situations featuring a high death toll, as is the case during a world war or a plague. The author follows common and convenient practice of measuring inequality among survivors only. However, death is generally highly unequal; in such circumstances it has a much greater impact on lower classes than on the upper classes, the latter being less mobilized at the forefront of military action and better protected against deadly epidemics. Although empirically difficult to achieve, it would be necessary to account also, at least as a thought experiment, for the hedonic price of death, and possibly for the price of non-born generations. In such cases, the leveling effect of mass death might not be as important as conventional thinking suggests.

The over-estimation of violent equalization parallels an under-estimation of its non-violent moments. Indeed, the book's assessment of inequality is based on measures of income inequality which dropped massively during World War II. According to the World Inequality Database [<https://wid.world/>], the last conflict led to a decline in the income share of the top 1% from 20% to 14% in the United States, from 17% to 9% in France, from 16% to 10% in Germany, and from 17% to 12% in the United Kingdom. However, conflicts are not the only moment of compression. Hence, the decline in inequality continued during the three post-war decades at a slower but consistent rate. The income share of the top 1% fell from 16% (1950) to 10% (1976) in the United States, from 12% (1961) to 7% (1983) in France, from 13% (1961) to 10% (1983) in Germany, and from 12% (1949) to 6% (1976) in the United Kingdom. The leveling effect of the post-war decades is even more pronounced when we switch from income inequality to wealth inequality. The rates of decline both during the war and after the war are then seen to be quite similar. For instance, in the United Kingdom, the share of the top 1% in national wealth

³ Albert O. Hirschman, 1991, *The Rhetoric of Reaction: Perversity, Futility, Jeopardy* (Cambridge MA, Harvard University Press).

declined from 51% in 1940 to 46% in 1946 and continued its decline to 39% in 1952.

Similarly, the way the author discusses the case of Sweden, which did not participate to World War II, raises many questions. He relates the decline in inequality in this country to the war's violence as well. The proximity of the war front obliged this country to fund (through tax increases) massive war preparation. It is indeed possible that the devastating conflict helped to legitimize the contribution asked of wealthy households. However, this is not sufficient to account for the full decline of inequality during the war period, nor for similar declines in inequality before or after the war.

Therefore, the book—perhaps because it relies on cherry picked examples and lacks a systematic quantitative assessment of the evolution in inequality—overlooks non-violent (or less violent) leveling forces such as redistributive state policies, left partisanship, unionization, mass demonstrations such as France's May 1968, transformation of the population through education, migration, or birth control.

The book is right to emphasize that the most rapid episodes of compression are historically accompanied by violence. But it shifts too quickly to the idea that violence alone is the single factor, common to the four cases, leading to a substantial level of equalization. Before embracing such an idea, it would be preferable to better analyze the core mechanisms underlying the four horsemen of leveling. Such an analysis would be necessary not only in order to improve analytical clarity but also to examine whether those mechanisms could also work alone without violence. A) Behind the author's analysis of the plague, we have a Malthusian representation of the economy where, in periods of peace or growth, the share of unskilled workers grows relatively faster than the share of skilled (elite) workers, leading to a growing income between the two groups. This representation could seem dated, but skilled biased growth is the modern version of this theory. In such circumstances, only mass epidemics that predominantly kill unskilled workers could reverse the growing gap in relative earnings. B) Equalization during state collapses is mainly due to a collapse of the socialized mechanisms of property rights enforcement. This opens up the wealth of the upper classes to violent and rival appropriation. C) Social revolution equalizes through collectivization and/or redistribution of wealth from the upper classes to the lower classes. D) Finally, mass mobilization warfare cuts the wealth of the richest mainly through taxes in order to finance a massive war effort.

Despite many unfavorable historical examples, we could clearly envisage the two last mechanisms without bloodshed, but with policies such as land reform (following the Japanese example) and redistributive income tax (which the post-war decades proved to be effective). Massive investment in education and birth control could counter the Malthusian fate of the growing relative overproduction of unskilled workers. True, rival predation, occurring in times of state collapse, is inherently violent. However, in a period of global warming and growing immateriality, states could weaken the absolutism of ownership in order to include multiple stakeholders.

Such non-violent redistributive policies are theoretically possible. However, they will not be implemented without mass mobilization (such as the massive demonstrations that occur during a social revolution) and strong legitimacy (akin to the legitimacy of the financing of war efforts). These are the conditions required for the rich to abandon part of their privileges, and this also delineates the tragedy of our time. The decline in mass mobilization in favor of equality and the declining legitimacy of redistributive fiscal policy make it inherently difficult today to fight against the increase in inequality.