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Wealth Inequality in the Lon Run

Sonia Schifano

Guido Alfani

This paper provides an overview of long-term changes in wealth inequality, measured as marketable net wealth. It reports two popular measures: the Gini index and the share of the richest 10%. The chapter makes good use of current databases such as the World Inequality Database (WID), but expands considerably the time series for a range of countries by building upon the most recent research and by producing new estimates. For five Western countries (France, Great Britain, Italy, Sweden and the U.S.) it has been possible to provide estimates of inequality levels covering the entire period from 1820 to 2010. However, for other Western countries as well as for other world areas much work is needed before we can properly assess long-term trends in wealth inequality. The only non-western country for which it proved possible to reconstruct a time series beginning before 1900 is Japan (from 1870). Our data confirm the general picture of creeping inequality growth during the 19th century, inequality decline from the onset of World War I (1914) until the 1960s, and in many (but not all) countries a new tendency towards inequality growth from the 1970s. An overview of possible explanations for such trends is provided. Particular attention is given to the correlation of wealth inequality with per-capita GDP, which is found to be quite weak and not always positive. Hence this chapter suggests that growth in wealth inequality may not simply be considered a side effect of economic growth, confirming what has been argued by recent literature on preindustrial times.