The subject matter and the objective of the class

The objective of the class is to review the knowledge accumulated in a field that is remarkably little studied. No, it is not modern income and wealth inequality that was shunned for years by the mainstream economics! Even less well studied is inequality in historical societies starting from those at the beginning of the Common Era to the World War I.

This class is dedicated to a chronologically-driven review of inequality in these societies with a methodological introduction that addresses both the technical needs of general inequality analysis and specific methodological advances useful for the study of ancient and pre-industrial societies.

As we reach the Industrial Revolution, the knowledge of income and wealth inequality and the discussion of its possible economic and political effects becomes “denser”. It still falls short of what is desirable, and surely of what will be achieved in the next ten or twenty years. So the class will pay special attention to the effects of the Industrial Revolution on inequality as well, in an extension of the same theme, to the topic of “maldistribution” of income that played an important role in the theories of imperialism in the first decades of the 20th century.

But the class is not a mere review of the evidence. As we study each historical period, it will be shown how key economic discussions regarding the period are heavily dependent on evolution of inter-personal inequality. To give a few examples: level of income inequality in the Roman Empire has a direct implication for the famous debate between “modernists” and “primitivists”; reaction to the Black Death and the rising real wage (and thus to lower inequality) in medieval Europe is often linked with the forces that led to the “Little Divergence” and ultimately to the Industrial Revolution; low inequality in North American settler colonies is linked to the development of democracy; and high inequality in advanced Western nations to the outbreak of the First World War. We shall thus aim to put income and wealth inequality at the economic and political center-stage, where it really belongs.
The class ends by putting together what we know about historical within-national inequalities and GDP per capita growth into global inequality, again prior to World War I, thus ending at the point where both my other class (“Theories of within national-inequalities’ from Pareto to the Kuznets waves”) begins.

Note that the class does not cover inequality in pre-historical societies for which evidence is minimal, or is based on inferences from archaeological sources or study of contemporary societies that have minimal contact with the modern world. The class will thus not cover inequalities in hunter-gatherer, pastoralist or early sedentary (agricultural) societies.

A important note on chronology. While any chronological classification is necessarily arbitrary, and as I use here quite a few loaded terms (“pre-modern”, “pre-industrial”, “historical societies”), it may be useful to define explicitly the temporal benchmarks applied.

“Historical” is a truncated historical because the class starts with the Roman Empire (as is conventionally dated from Augustus’s death, year 11) and is thus Mediterranean-centric. Societies between year 11 and the next dividing point, the fall of Constantinople (1453), will be termed “ancient”. After that point I use the term of “pre-industrial”. Although Byzantine Empire was largely a feudal society and thus straddles the terrain between “ancient” and “pre-industrial”, the fall of Constantinople is a useful marker because it coincides (perhaps not wholly unrelatedly) with the acceleration of the Commercial Revolution in Western Europe and both the “Little Divergence” and “Big Divergence”. The next marker is the Industrial Revolution, loosely dated to coincide with the end of Napoleonic wars (1815). From that point onward we speak of “modern” societies. This also coincides with much more abundant data for non-European parts of the world. It could be expected that this overwhelmingly European-centric chronology may, in time, be modified to become more global. But the extent of empirical evidence that we possess now makes it, I believe, sensible for the time being. The end-marker is the outbreak of World War I, a very global event indeed.

Grade

Each student will make one half-an-hour (including Q & A) presentation in class. He/she will choose a historical event or episode (including from the modern era) and will discuss it focusing on how it was affected or in turn affected income or wealth inequality. For example, if you choose Civil Rights movement in the United States, you should cover the issues of race inequality (e.g., the key question could be, did Civil Rights movement lead to a decrease in race inequality; if you choose Russian Revolution, the discussion may be whether Russia was very unequal country at the turn of the last century etc.) A review of literature from a given area is fine too.

The final exam will be a take-home exam. It will consist of two or three essay questions. The grading weights will be as follows: class participation 30%, presentation 30%, final exam 40%.

The amount of required readings (denoted by letter R; to be added later) is not huge (approximately two readings per week). In my opinion, it is better to read paper after they have been introduced in class. The references given here are an (incomplete) bibliography rather than articles or books that you are expected to read for this class—for otherwise you would be stuck with it for several years at least!
Part I. What is economic (income/consumption) inequality and how do we measure it in pre-modern times?

Objective: Review the methodology used in general inequality studies plus the one appropriate for pre-industrial societies that did not have household surveys, national account data or fiscal sources.

a. Absolute or relative inequality? Income or consumption? Per capita or per equivalent adult?


b. Gini coefficient, Lorenz curve, Lorenz dominance, first-order stochastic dominance


c. Sources of inequality data and methodology for the pre-modern period: social tables and Inequality Possibility Frontier

Social tables


Inequality Possibility Frontier


Wages


Angus Maddison, *The contours…*. Critique of the wage approach.
Part II. Income and wealth inequality in pre-industrial societies

a. Inequality in ancient (pre Commercial revolution) societies: Rome, Byzantium

Objective: Focus on Roman income inequality for which the data are plentiful. Was slavery (and thus cheap labor and high inequality) the main reason Rome could not develop technologically? The debate between “modernists” and “primitivists”. The peculiar features of Roman “vertical” slavery.

General


Angus Maddison (2008), Contours of the World Economy, 1-2003 AD, Oxford: Oxford University Press. (Chapter 1; part on Rome.)


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**b. Inequality in medieval Europe and the Middle East**

Objective: The role of the plagues in reducing population, increasing wages, and lowering inequality. Did European (Northern Italian/Low Countries’) inequality start rising from around 1500 with the Commercial Revolution? Was there an early Kuznets curve? Do societies chart a rise and fall driven by high inequality and eventually political control and introduction of “noninclusive” institutions enabled by high inequality (as implied by van Bavel). The role of factor markets and “embeddedness” of institutions.

**General**


See review: B Milanovic, “A theory of the rise and fall of economic leadership”


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Italy, France and the Low Countries


**Ottoman Empire**


Iberian Peninsula


British Isles


Part III. Income and wealth inequality in modern societies

a. Inequality and the Industrial Revolution: from the Napoleonic wars to World War I

Objective: Why did observers notice increasing poverty and inequality in industrially more developed areas? The effect of the Industrial Revolution in England on wages and inequality. The emergence of first social tables and national income accounting. Did different endowments play a big role in making some colonies more unequal than the others? Acemoglu-Johnson-Robinson vs. Allen-Murphy-Schneider.

General


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a. Inequality in advanced economies


b. Inequality in the “Third World” and colonized societies

Objective: how unequal were colonized societies? The gap between colonizers and natives. Was Latin America unequal before the Spanish conquest, did it become unequal then, or only after independence?
Asia


Latin America


Africa


c. “Maldistribution of income”, imperialism and the First World War

Was “maldistribution” of income (Hobson’s term) responsible for low domestic aggregate demand, search for new foreign markets, struggle for territories and ultimately imperialism and war?

General

Lenin, Vladimir I. (1916), Imperialism, the highest stage of capitalism. Available at https://www.marxists.org/archive/lenin/works/1916/imp-hsc/.


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Thomas Hauner, Branko Milanovic and Suresh Naidu, “Inequality, foreign investment and imperialism”, draft, May 20117.


Part IV. Global inequality from the Napoleonic Wars to the First World War

Objective: how the first technological revolution created the world of high inequalities, both domestically and more importantly, between nations. How the preponderant role of “class” (within-
national inequality) was over the 19th century replaced by the role of location (“between national inequality”). The rise of “labor aristocracy” in advanced countries.

Milanovic, *Global inequality: A new approach for the age of globalization*, Chapter III


