

The long-run tendency for wealth to concentrate in a few hands

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In recent years, long-term trends in economic inequality have attracted growing attention from social scientists, which also reflects civil society's increasing awareness of the deepening economic disparities. In this context, particular attention has been paid to the share of the total income or wealth earned/owned by the top of the distribution – usually the top 1%, 5% or 10% among individuals or households. The share of the top richest is both interesting per se (as it is informative of “how rich” the better-off are), and as an indicator of the overall trends in economic inequality.

New time series of wealth concentration (spanning the twentieth and at least part of the nineteenth century) have recently been produced for a variety of countries by scholars like Thomas Piketty. These works have increased considerably our knowledge of the time changes in wealth inequality and in the share of the top rich, adding to pre-existing studies that had covered a few countries or areas only, particularly Britain and the U.S.

Even more recently, comparable data for the preindustrial period has become available. To a significant degree, this is the result of the activities of the ERC-funded project *EINITE – Economic Inequality across Italy and Europe, 1300-1800*. This project has collected, systematically and with a uniform methodology, information about long-term trends in wealth inequality and in the share of the top rich for many ancient Italian states as well as for a few other areas of Europe, from Catalonia to the Low Countries. These works, which whenever possible cover the entire period since circa 1300 to 1800, allow us to extend the series of the share of wealth owned by the top rich by about five centuries.

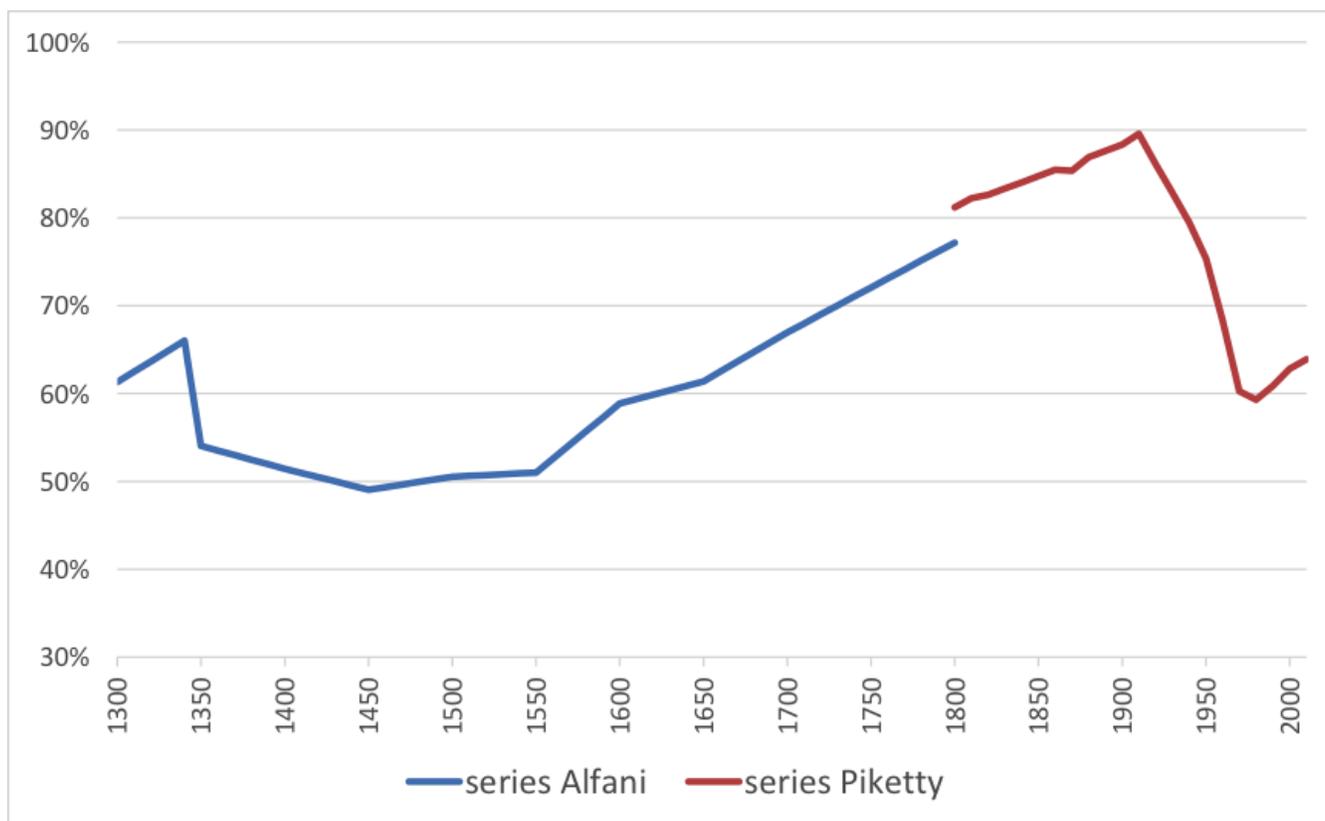
The available evidence suggests that overall, during the entirety of the early modern period (ca. 1500-1800) the rich tended to become both more prevalent and more distanced from the other strata of society. The only period during which the opposite process took place were the late Middle Ages, and particularly the century or so following the [Black Death](#) epidemic of 1347-52. For example, around 1500 in Italy the rich (defined as those households owning at least 10 times the wealth of the median household) were about 3-5 per cent of the total population. By 1800, their

prevalence had doubled. In the same span of time, the share of wealth held by the top 10 per cent had grown from about 45-55 per cent to about 70-80 per cent.

The information provided for the late medieval and early modern periods also places in a somewhat different perspective recent findings about how the conditions of the rich have changed in the last two centuries. There seems, indeed, to be very solid ground to argue that the tendency for wealth to concentrate in a few hands in nineteenth century Europe was in fact only the final part of a much longer process, which had started around 1450.

In particular, the share of the wealth owned by the top 10 per cent which I reconstructed for 1800 seems to have approached the European average at 1810, a figure recently placed by Piketty at slightly over 80 per cent (see Figure 1). The increase in economic disparities continued until the eve of World War I, when the top 10 per cent among the rich owned about 90 per cent of the overall wealth. The two world wars, as well as the shocks which occurred in-between, determined a sharp contraction in the share of wealth owned by the richest part of the population. The trend changed again from the 1980s, and the share of the top 10 per cent has increased significantly in the last decades, going back to about the same levels that seem to have characterised Western Europe on the eve of the Black Death (i.e. about 65 per cent).

Figure 1. The share of wealth of the top 10% rich in Europe, 1300-2010



Source: Alfani, *The top rich in Europe in the long run of history* Vox 15 January 2017

The time series presented in my paper are relevant to current debates on very long-term changes in economic inequality and in the relative position of the rich. Indeed, they suggest that in the last seven centuries of European history the general tendency has been for inequality to increase, without any trace of a “spontaneous” reduction in inequality levels of the kind hypothesised by Simon Kuznets about 60 years ago.

This is surely a point on which more research is needed (if we are to correctly assess the causes and implications of

the very long-run tendency for wealth to concentrate in a few hands). However, the only two phases of significant inequality decline in the last seven centuries seem to have had little of spontaneous. On the contrary, they have been triggered by some of the main shocks recorded in human history: the Black Death in the fourteenth century and the two world wars in the twentieth. We can only hope that for the future, the tendency for inequality to grow can be contained without the occurrence of other large-scale catastrophes.

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Notes:

- This blog post is mostly based on the author's paper [The rich in historical perspective. Evidence for preindustrial Europe \(ca. 1300-1800\)](#), IGIER Working Paper No. 571, presented at the 2017 Economic History Society Conference in Royal Holloway (London)
- The post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.
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