

# Inequality, Redistribution and Conflict

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# Does inequality lead to political violence?

- Incomes and assets such as land (LA)
- Class divides (peasant rebellions) and access to power decisions
- Horizontal inequality across ethnic, religious and other cultural characteristics (Stewart)
- Relative deprivation (Gurr)
- Levels of polarization (Esteban and Ray)
- Ethnic fragmentation (Easterly and Levine)
- Uneven access to political power (Cederman et al.)

# But...

- Inconclusive debate that inequality *causes* political violence
- Inequality exists in most societies; but only a handful of countries have experienced serious political violence
- Structures to translate grievances into wars:
  - collective mobilisation not sufficient without human, material and financial support
  - soldiers and arms cost money
  - convincing people to become soldiers is not an easy task
- Inequality unlikely to be sufficient to trigger war, but may be instrumental to the organisation of violence
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- Even when the rebel leaders are motivated by predation, the social groups they have mobilised may have sense of identity-based grievances

# Is it really about absolute inequality?

- Argument that inequality causes political violence depends on whether high (lower) levels of inequality automatically result in higher (lower) demand for redistribution
- Not the case when individual *preferences for redistribution* do not change
  - In societies with high levels of tolerance for inequality
  - When perceptions about inequality and absolute inequality values do not match
  - Levels of perceptions about social fairness and social justice

# Protests and redistributive beliefs in Latin America

**Dependent variable: individual participation in protests**

**Independent variable: agree whether government should implement strong policies to reduce inequality between rich and poor**

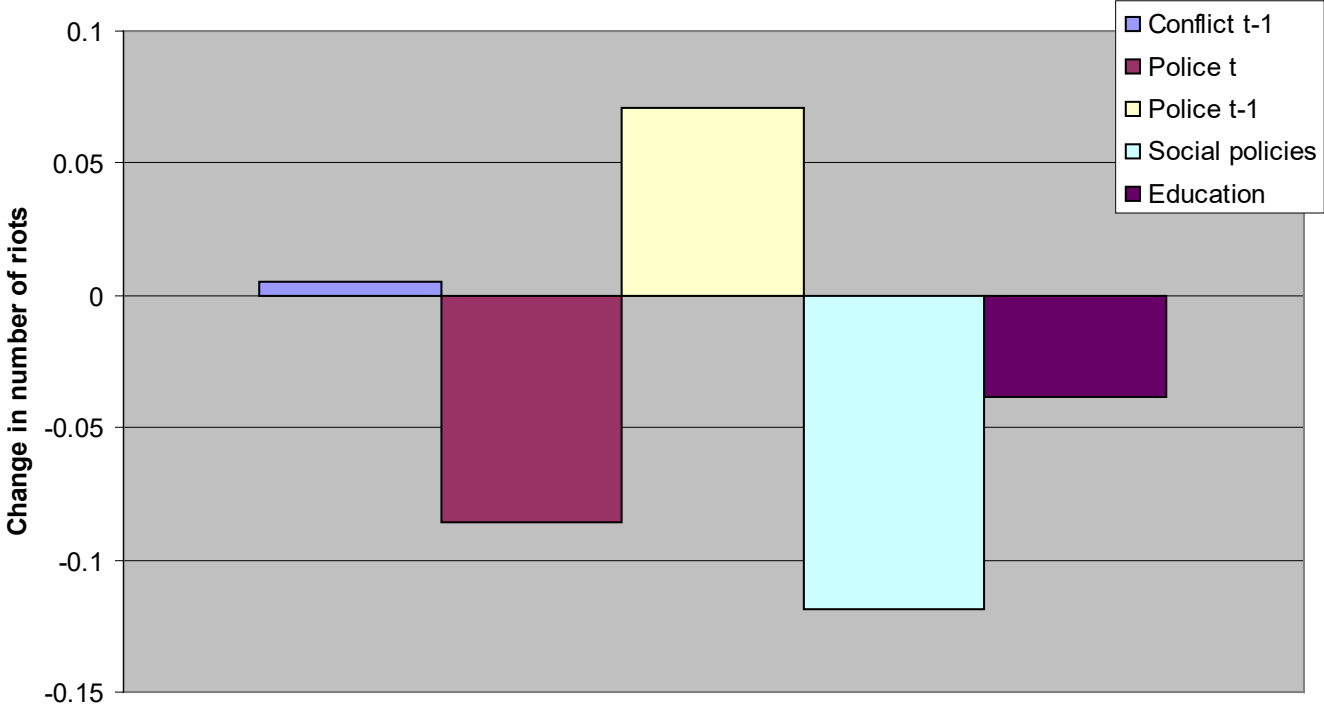
	<b>Baseline</b>	<b>Full model</b>	<b>Gini</b>	<b>Gini plus beliefs</b>
<b>Distributive beliefs</b>	1.194***	1.166***		1.164***
<b>Gini</b>			0.975	0.975
<b>Controls</b>	NO	YES	YES	YES
<b>Country FE</b>	NO	YES	YES	YES
<b>Year FE</b>	NO	YES	YES	YES
<b>Observations</b>	88,892	88,549	68,088	68,088

# What is the role redistribution?

- Because inequality may lead to violence, many have proposed redistribution as form of preventing large scale conflict in society:
- Bismarck: saw the *Sozialstaat* as a means to win the new German proletariat's loyalties and keep class struggle under control; origin of the European welfare state
- Acemoglu and Robinson (2000): most Western societies extended voting rights during the 19<sup>th</sup> century (which led to a large expansion in redistributive programs) as “strategic decisions by the political elite to prevent widespread social unrest and revolution”.
- Acemoglu and Robinson (2006) : the threat of social unrest leads to more redistribution by elites and democratic regimes

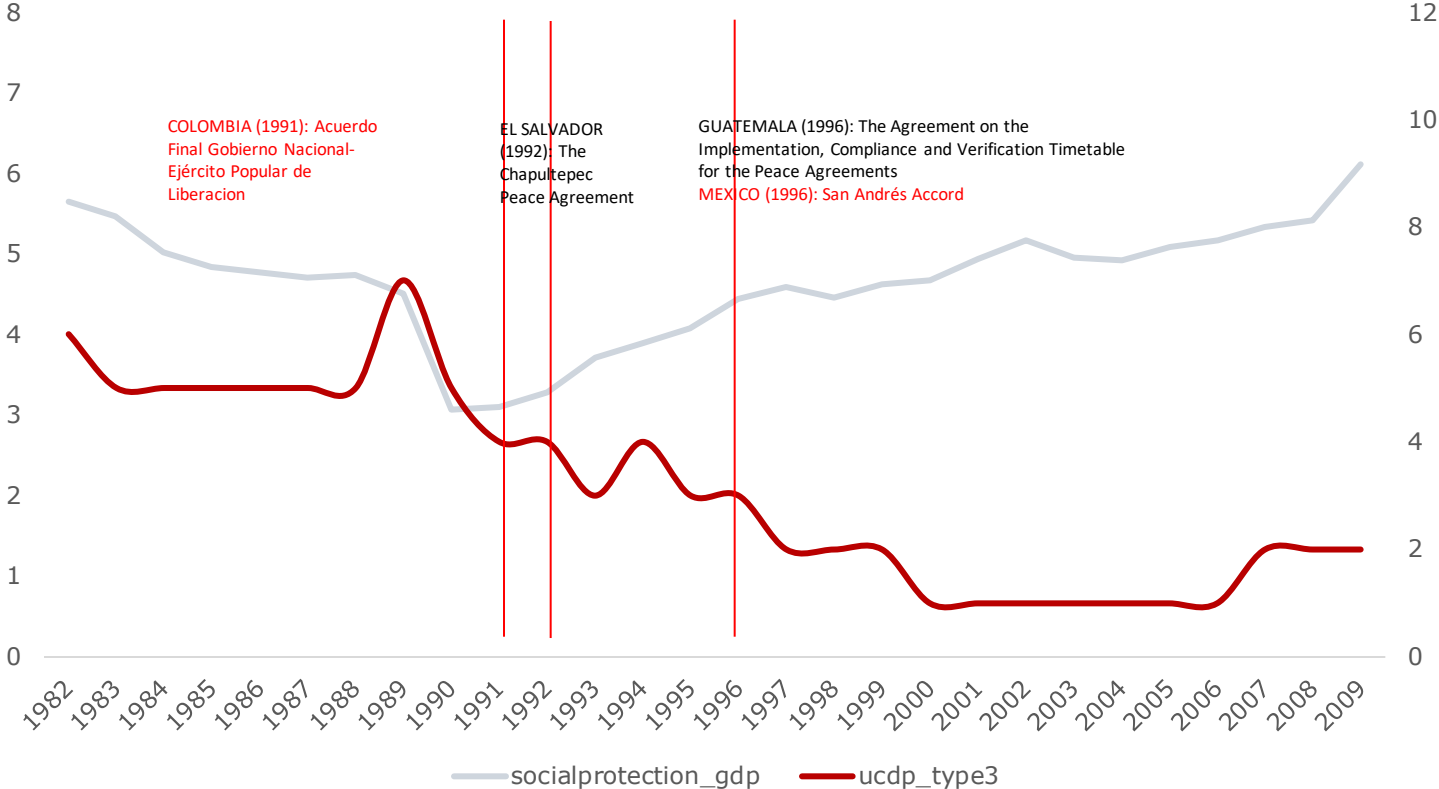
# Can government redistributive transfers be used to reduce riots? The case of India

Impact of 1% change of variable on riot incidence



# Government welfare transfers and violent conflict in Latin America

Political conflicts and social spending in Latin America 1982 - 2009



Source: Authors' calculations based on UCDP/PRIO, CEPALSTAT and SPEED database.  
 Note: The red vertical lines indicate the timing of major peace agreements.



# Mechanisms

- Reductions in absolute inequality
- More positive perceptions of inequality
- Better perceptions about government institutions and trust in state institutions
- Increased levels of social trust between citizens

# Potential advantages of government welfare programmes

- Address persistent vulnerabilities and reinforce forms of resilience
- Break cycles of poverty and violence (by providing alternative safety nets to armed groups and extra-legal activities)
- May help re-establish the social contract between state and citizens
- Limited rigorous evidence on the role of safety nets or income transfers in contexts of conflict and violence – particularly in contexts of weak state capacity
  - Examples so far are from settings where state institutions are fairly strong: India and LA
- But it could well be that redistribution may support the seeds of democracy in conflict-affected areas. Speculative at the moment...