

Famine and Wealth Inequality: Evidence from China

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Abstract

Conflict and fragility such as famines, civil wars are persistent and still seen in many developing and middle-income countries today. Such extreme events have direct consequences on its people and economy in the short run. However, less is known about its persistent impact in future especially the long run. This paper examines the long-run direct and persistent impact of such extreme events on wealth inequality. In this paper, we consider the impact of Chinese Great Famine (1959-61), the biggest famine in human history, on wealth inequality in present China more than 5 decades afterward. Considering a unique individual-level wealth data and using province-by-cohort level variation in the famine intensity as a quasi-experiment, we find that those who are born during the famine period and exposed to the famine possess lower wealth. Our findings suggest that the consequences of fragile and extreme events (such as famine in our case) not only cause a deterioration in the short-term economic and social outcomes, but such events could also cause substantial future economic inequality in the long-run.

Keywords: Wealth Inequality, Famine, China

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