

Abstract

This paper analyses the distributive impacts of violent conflicts, which is in contrast to previous literature that has focused on the other direction. We use cross-country panel data for the time period 1960-2005 to estimate war-related changes in income inequality. Our results indicate rising levels of inequality during war and especially in the early period of post-war reconstruction. However, we find that this rise in income inequality is not permanent. While inequality peaks around five years after the end of a conflict, it declines again to pre-war levels within the end of the first post-war period. Lagged effects of conflict and only subsequent adjustments of redistributive policies in the period of post-war reconstruction seem to be valid explanations for these patterns of inequality. A series of alternative specifications confirms the main findings of the analysis.

Keywords: Conflict, Inequality, Reconstruction, Income distribution

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