CHANGES IN WEALTH INEQUALITY IN THE MODERN EURO-AMERICAN CIVILIZATION

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ABSTRACT

This article aims to analyze changes in wealth inequality in the modern Euro-American civilization (EAC). The research object includes the USA, Western Europe, Latvia, Ukraine, and Russia. A tool for measuring and comparing wealth inequality is through statistical deciles: the top 10% (including the top 1%), the middle 40%, and the bottom 50% of the population. The time points used for diachronic analysis are: 1995 and 2021. The data source is the World Inequality Database. The results of this study show that in different parts of the modern EAC, there are different trends of changes in wealth inequality: from rapid concentrating to deconcentrating. The USA and Russia are vivid examples of similar (rapidly increasing) wealth inequality, with a very strong wealth concentration, although the average per adult national wealth in the USA is 4-5 times higher than in Russia. Latvia and Ukraine represent an intermediate option between Western Europe and the USA / Russia, which differ from each other in the cultural dimensions of Hofstede. The authors see the multipolarity of the modern EAC, split into the original, European, civilization and two peripheral ones – American and Russian, which are similar in terms of wealth inequality in society, but different in cultural values.

Keywords: wealth inequality; wealth concentration; statistical deciles; diachronic analysis; Euro-American civilization (EAC); multipolarity

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INTRODUCTION

The relevance of a systemic and relatively long-term study of changes in economic inequality is determined by the need for researchers and policymakers to distinguish between two completely different types of inequality: inequality in labor income (income inequality) and inequality in income from capital (wealth inequality). At all times and in all societies, the second type of economic inequality has been larger than the first one. Piketty (2014), however, puts forward the assumption that within the modern Euro-American civilization (EAC), wealth concentration began to increase again (as it had already in the 18th–19th centuries). Investigating how to aggregate wealth-to-income ratios evolve in the long run (1700–2010) in the top eight developed economies, Piketty and Zucman (2014) concluded that 'capital is back'.

This study aims to analyze changes in wealth inequality in the modern EAC, or Western civilization (Ankerl, 2000). The authors chose five parts of the EAC as the research object, from West to East: USA, Western Europe, Latvia, Ukraine, and Russia. The selection of only five parts of the EAC is a limitation of the study. Latvia and Ukraine represent Eastern Europe (which is the focus of the Journal) and are geographically intermediate options between the 'original core' of the EAC (Western Europe) and the right 'peripheral wing' (Russia). Therefore, the authors selected 2 separate Eastern European countries, Latvia and Ukraine. Both are post-Soviet countries, but only Latvia is a member of the EU as of 2004. For example, Lithuania and Belarus or other countries of Eastern Europe could have also been selected, but the article explores the EAC on the example of its five parts, which are selected by the authors and limit the study. Regardless, the key parts that determine the 'face' of the modern EAC are the USA, Western Europe, and Russia, but not Latvia, Ukraine, Poland, Czech Republic, etc.

Despite the generally accepted opposition in scientific literature to Russia and the West (Europe) (Danilevskiy, 1869 [2004]; Tsygankov, 2006; Reeskens, 2022), Russia still belongs to the EAC or Western civilization, at least in logic 'from the contrary,' which is to say that Russia also cannot be ranked among other modern civilizations, such as Chinese, Bharati or Arabo-Muslim (Ankerl, 2000). Following Huntington and other researchers, if Russia is not suitable for the EAC, then it can be added to Slavic / Orthodox civilization (Huntington, 1993, 1996), which is the eastern flank of Europe (Bova, 2003), or it can be singled out it as a separate Russian civilization (Huntington, 1993, 1996; Dugin, 1997; Reeskens, 2022). The authors believe that an empirical study of changes in wealth inequality using a five-part example of the Euro-American macro-civilization will contribute to understanding both the trends of wealth inequality in the modern EAC and the structure of the EAC itself.

The authors put forward the following hypothesis: changes in wealth inequality in the modern EAC are neither homogeneous nor unidirectional, and 'capital is back' is far from being true for all parts of the EAC. Such heterogeneity of changes in wealth inequality indicates the presence of significant economic differences, in addition to political, cultural, and other differences within the modern EAC (Huntington, 1993, 1996; Haynes, 2021; Reeskens, 2022)).

As a tool for measuring and comparing wealth inequality, the authors use statistical deciles of the population that are broken down into the top 10% (including the top 1%), the middle 40%, and the bottom 50%. The time point extremes for diachronic analysis are 1995 and 2021. The source of empirical information is data provided by the World Inequality Database (Paris School of Economics, 2022). Within this study, the authors investigate the dynamics of wealth inequality over the past 26 years. During this process, wealth concentration / deconcentration under the influence of the forces of concentration and dispersion (Fujita & Thisse, 2002; Kim, 2008; Galle et al., 2017), depending on which forces dominate, occurs in various parts of the modern EAC. According to Piketty, "the concentration of capital ownership (wealth concentration) seems to have begun to increase again at the beginning of the 21st century" (Piketty, 2014: 335). Empirical verification of this assumption using the example of five parts of the Euro-American macro-civilization is the main scientific and practical task of this study.

LITERATURE REVIEW

Today economic inequality in its various manifestations, both income inequality and wealth inequality, is one of the key research topics both in the scientific academic space (Kim, 2008; Piketty, 2014; Piketty & Zucman, 2014; Bourguignon, 2015; Hung, 2021; Flaherty & Rogowski, 2021 and many others) and in the wider media space. An example is the Institute for Policy Studies' (Washington DC, USA) ongoing project since 2011 'Inequality.org,' which has been tracking inequality-related news and views for nearly two decades (Institute for Policy Studies, 2022).

According to the results of empirical studies, inequality – both income inequality and wealth inequality – has been on the rise worldwide for several decades (Flaherty & Rogowski, 2021). Despite a common understanding of global trends in economic inequality research, there are also conceptual disagreements in the international scientific space. In particular, there is no agreement among researchers about whether the possession of hereditary capital or the desire for high labor incomes through education and talent is more significant and competitive in the modern EAC.

Piketty believes that "different generations of the 20th century had different relations with savings and capital. The Baby Boomers (those born after World War II – *the authors' note*) had to achieve everything themselves, as well as those who were born at the beginning of the century and in the interwar period and survived two wars. Those born in the last third of the century are facing a growing importance of inheritance and in this respect are close to the generations of the 19th and 21st centuries" (Piketty, 2014: 405). In contrast to this statement, modern scientific literature often holds the idea that the development of a new information and creative economy stimulates the most talented people to significantly increase the productivity of their work (INSEAD et al., 2019; Leikuma-Rimicane et al., 2021). Creativity and talent, versus tangible assets, are considered as the most productive form of capital (talent capital – Tao et al., 2017), as well as the way from the 'old' to the 'new' economy (Dubina et al., 2019). Critics of the talent economy say that much of the talent is value trading, not value creation (e.g., Martin, 2014). Piketty argues that the idea of talent "is often used to justify extreme inequality and to defend those who have succeeded, but it does not take into account the losers and does not attempt to determine whether this very convenient principle actually explains the observed change" (Piketty, 2014: 99).

If we look at the changes in wealth inequality in the modern EAC through a historical perspective, then, according to Piketty, wealth concentration in all European countries at the beginning of the 20th century was much higher than today (Piketty, 2014). Throughout the 20th century, the key phenomenon in the field of economic inequality in the EAC has been a large reduction of inequality (primarily the 'rentiers collapse' – Piketty, 2014) as a result of the two world wars between 1914 and 1945 and relative stability thereafter. Stability has led to the restoration of the positions of rentiers in social stratification and an increase in the importance of hereditary capital in the 21st century: once again, 'capital is back' (Piketty & Zucman, 2014).

Piketty suggests that today there are 'two worlds': 'rentiers societies' with pronounced wealth concentration, and 'top managers societies,' with pronounced income concentration. In reality, both of these processes can occur in parallel in the same society, defining its social landscape (Piketty, 2014). Thus, in the 21st century, they may well complement each other and not replace one another, which may lead to a new world in which inequality will be even larger than in the above two worlds combined (Piketty, 2014). Piketty believes that the 'natural' structure of inequality leads to the predominance of rentiers over managers: "When growth rates are low and the return on capital significantly exceeds it, wealth concentration will inevitably tend to a level at which high incomes from inherited capital greatly outnumber high labor incomes" (Piketty, 2014: 409).

Since the 1970s, inequality has risen markedly in rich countries, especially in the USA. During the 2000s-2010s, wealth concentration in the USA returned to the record levels of the 1910s-1920s, even slightly exceeding them (Piketty, 2014). For example, the three wealthiest individuals in the USA now own more wealth than the entire bottom half of the American population (Institute for Policy Studies, 2017). In Russia, the situation with wealth concentration is described in much the same way as the situation in the USA: "Russia is one of the world leaders in terms of concentration of both current income and accumulated wealth in the hands of the 'top' of the population, especially 1% or even smaller subgroups" (Mareeva, 2021: 41).

The reduction in inequality over the past century has been the result of wars and the economic and political upheavals they caused, rather than a gradual, coherent and smooth evolution (Piketty, 2014). It is not surprising that the shocks experienced by capital, especially private capital, between 1914 and 1945 led to a reduction in the share of the top decile (and to an even greater extent the top centile), ultimately leading to a sizable reduction of income inequality. In this regard, there is an assumption that when a certain critical level of wealth concentration is reached, large-scale geopolitical conflicts aimed at the 'remaking of the world' inevitably occur, as suggested by the fundamental work by Huntington "The Clash of Civilizations and the Remaking of World" (Huntington, 1996). Although the authors admit the controversy of such an assumption, the consequences of wars for wealth inequality are quite clear: "the 'rentiers collapse' in 1914–1945 is an obvious fact of history" (Piketty, 2014: 276).

Based on the above scientific analysis regarding the extremely high level of wealth concentration in the USA and Russia, these two nodes of the modern EAC can be assumed to have similarities in their economic and social structures but differ fundamentally in their ideological and value aspects (Reeskens, 2022). According to Inozemtsev, people's internal motives and individual goals are much more different in their non-economic internal motives and individual goals as compared to those economic incentives and aspirations that united them before (Inozemtsev, 2001).

Hofstede's cultural dimensions (Hofstede, 2022a) are an example of such non-economic factors. The following table presents the indicators of cultural dimensions in selected parts of the EAC.

Table 1: Cultural dimensions in Latvia, Russia, Ukraine and the USA, scores from 0 to 100

Cultural dimensions	Latvia	Russia	Ukraine	USA
Power Distance	44	93	92	40
Individualism	70	39	23	91
Masculinity	9	36	25	62
Uncertainty Avoidance	63	95	95	46
Long Term Orientation	69	81	86	26
Indulgence	13	20	14	68

Note: database of cultural dimensions by Hofstede does not include Western Europe as a whole, but only the countries separately.

Source: elaborated by the authors using the data of the database of cultural dimensions (Hofstede, 2022b).

As can be seen from the data in Table 1, both Russia and Ukraine, unlike the USA and Latvia, have extremely high power distances (93 and 92, respectively). It means that people in Russia and Ukraine accept a hierarchical order in which everybody has a place, and which needs no further justification (Hofstede, 2022b). At the same time, Russia, and especially Ukraine, have a low level of Individualism, unlike Latvia, and the USA. Thus, Russia and Ukraine are predominantly collectivist societies, which represent a preference for a tightly knit framework in society in which individuals can expect their relatives or members of a particular group to look after them in exchange for unquestioning loyalty. People's self-image in collectivist societies is defined in terms of 'we' instead 'I,' as it is defined in individualist ones (Hofstede, 2022a). Unlike Latvia, and especially the USA, Russia and Ukraine also have an extremely high level of uncertainty avoidance, as well as a high level of long-term orientation, meaning that Russia and Ukraine: (1) maintain rigid codes of belief and behaviour, and are intolerant of unorthodox behaviour and ideas; and (2) take a more pragmatic approach, encouraging thrift and putting efforts into education as ways to prepare for the future (Hofstede, 2022b). As far as the indulgence indicator is concerned, the USA differs quite a bit from Latvia, Russia, and Ukraine with its relative freedom in terms of gratification of basic and natural human drives related to enjoying life and having fun (Hofstede, 2022b). These internal cultural differences must be taken into consideration when analyzing Euro-American macro-civilization; indeed, Western Europe, if it were included in Hofstede database as a single region, would also show cultural specificities different from both the USA on one hand and Russia / Ukraine on the other.

CONCEPTUAL FRAMEWORK

In the framework of this study, the authors conceptually rely on the paradigm of 'two worlds' – both in the economy and in culture. According to Huntington, even when there are no wars, there is a willingness to think in the paradigm of 'two worlds' (Huntington, 1993, 1996). As the literature review has shown, 'two worlds' (the 'rentiers world' and the 'top managers world') are present in Piketty's (2014) analysis of economic inequality, while the 'two worlds' (West and East) are also constantly present in publications related to civilizational issues (Huntington, 1993, 1996; Ankerl, 2000; Inozemtsev, 2001; Pew Research Center, 2018). Working in the framework of the paradigm of 'two worlds,' the only suitable research method is a comparative analysis of statistical or sociological data. In fact, the only task of empirical research within this article is to compare the structure and dynamics of wealth inequality in societies that are widely separated in geographical space and differ in cultural dimensions (Table 1), but belong to the same Euro-American macro-civilization.

Following Piketty, the division into statistical groups of the population (the top 10%, the middle 40%, and the bottom 50%) was adopted by the authors in this study because there has never been a clear or sudden demarcation of the world of the 'masses' and the world of 'elites' (Piketty, 2014). This does not mean that, for example, the bottom 50% of the population in the USA is as poor as the bottom 50% of the population in Russia, and the top 10% of the population in the USA is as rich as 10% of the population in Russia. The key word here is 'most', i.e. bottom 50% of the poorest population (both in the USA and in Russia) and top 10% of the richest population (both in the USA and in Russia). At the same time, the study will also consider the average level of per adult national wealth in the analyzed parts of the EAC. The authors consider such a statistical division of the population into percentage groups of the richest, the most average, and the poorest in the structure of the population of each particular country to be the only proper way to compare the structure of wealth inequality in time and space.

In every society, however, the top decile of wealth owners is a separate world (Piketty, 2014). It consists both of people whose wealth is only 2-3 times higher than the average, and of those whose resources exceed the average level by several dozen times. "Therefore, it is useful to divide the top decile into two subgroups: on the one hand, the top centile ('dominant class'), and on the other, next nine centiles ('wealthy class')" (Piketty, 2014: 251). According to the authors, the share of wealth (or income) owned by the top 10% or top 1% of the population of a particular society is an indicator that allows one to adequately assess inequality in a society and compare societies with each other. This is because it considers not only the presence of very large wealth (or large incomes), but also the share of the population that is related to these extremely high rates.

The authors chose an almost 30-year period, i.e., "the scale of one generation, which we perceive as a more significant time interval for assessing the changes taking place in a particular society" as a time period for this study (Piketty, 2014: 90). 1995 and 2021 will be the extreme time points for a diachronic analysis of wealth inequality in the parts of the EAC selected for analysis, as well as in the world as a whole (for comparison). As previously noted in the introduction to this article, under the influence of the forces of concentration and dispersion (Fujita & Thisse, 2002; Kim, 2008; Galle et al., 2017), wealth concentration / deconcentration (depending on which forces dominate) occurs in various parts of the modern EAC. The authors' elaborated stages in the development of the process of wealth distribution are provided in Figure 1.

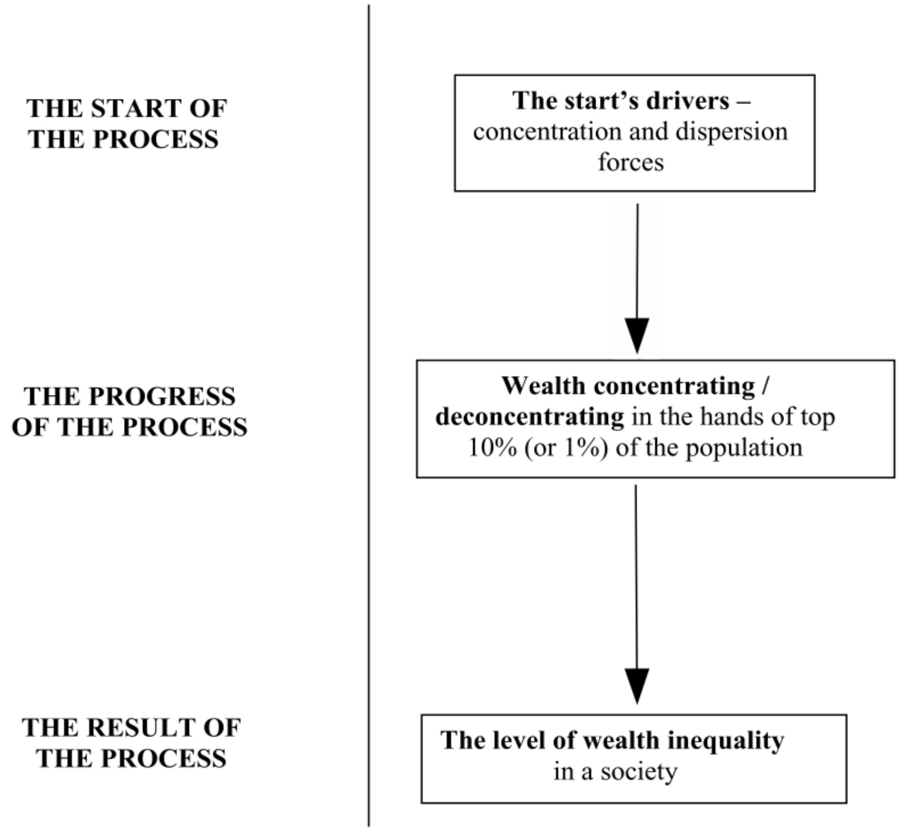


Figure 1: Stages in the development of the process of wealth distribution
Source: elaborated by the authors based on the literature review (Fujita & Thisse, 2002; Kim, 2008; Piketty, 2014; Galle et al., 2017).

A very important methodological aspect of the above scheme is wealth concentrating / deconcentrating, leading to a certain level of wealth inequality in a particular society (Figure 1). Defining and comparing this level of wealth inequality at specific points in time allows for the progress of each society in the process of wealth inequality to be tracked.

Scholars worldwide note the ambiguity of the consequences of economic inequality in terms of both income inequality and wealth inequality. They state that inequality may be both constructive and destructive from the perspective of economic effectiveness (Kim, 2008; Schwab, 2017). Economic inequality in a country stimulates the development of poorer groups of the population and facilitates the sustainability of economic development (Glinskiy, 2020); however, that stimulating effect of economic inequality can only be observed to a certain point (Glinskiy et al., 2017).

MATERIALS AND METHODS

The World Inequality Database (WID), also referred to as WID.world, is used as the main source of information for global and regional research on economic inequality (Paris School of Economics, 2022). Based on the data of WID, the World Inequality Lab at the Paris School of Economics produced the World Inequality Report, which provides estimates of global income and wealth inequality (World Inequality Lab, 2022). In addition to WID.world, researchers also use other data sources, such as the EU-SILC survey, for income estimation and comparison within countries (Terek, 2019).

The main methodological issue that needs to be considered in this section of the article is the question of how and with what indicators wealth concentrating / deconcentrating and the level of wealth inequality in the society will be measured. First, wealth concentrating, or deconcentrating is a dynamic indicator, while a certain level of wealth inequality is a static indicator. As such, the general formula for defining which process (wealth concentrating or deconcentrating) and to what degree of changes occurs in a particular society is the following:

$$CH_{Lwi} = \frac{wealth\ of\ 10\%(1\%)\ in\ year\ 1}{wealth\ of\ 50\%\ in\ year\ 1} - \frac{wealth\ of\ 10\%(1\%)\ in\ year\ 0}{wealth\ of\ 50\%\ in\ year\ 0}, \quad (1)$$

where:

CH_{Lwi} – changes in the level of wealth inequality between top 10%(1%) of the wealthiest residents and the bottom 50% of the population ('+' means concentrating, '–' means deconcentrating), points of scores;

$\frac{wealth\ of\ 10\%(1\%) in\ year\ i}{wealth\ of\ 50\%\ in\ year\ i}$ – level of wealth inequality between top 10% (or 1%) of the wealthiest residents and the bottom 50% of the population in a year I, scores.

Source: elaborated by the authors based on Piketty's methodology (Piketty, 2014) in order to measure the result of the process of wealth distribution (Figure 1).

Piketty elaborated the scale for the empirical interpretation of the level of wealth inequality in a particular society. Weak wealth inequality is a characteristic of the type of ideal society that has never been observed in the history of studying wealth inequality, and very strong wealth inequality is a harbinger of social revolution (Piketty, 2014).

Table 2: Empirical interpretation of the levels of wealth inequality

Percentage groups of the population	**Weak inequality**	**Moderate inequality**	**Moderately strong inequality**	**Strong inequality**	**Very strong inequality**
	The share of the national wealth in hands of various groups of the population				
TOP 10% ('upper class')	30%	50%	60%	70%	90%
including TOP 1% ('dominant class')	*10%*	*20%*	*25%*	*35%*	*50%*
including the following TOP 9% ('wealthy class')	*20%*	*30%*	*35%*	*35%*	*40%*
MIDDLE 40% ('middle class')	45%	40%	35%	25%	5%
BOTTOM 50% ('lower class')	25%	10%	5%	5%	5%
Total	100%	100%	100%	100%	100%

Source: Piketty, 2014: 248.

Based on the scale of empirical interpretation of the levels of wealth inequality developed by Piketty and presented in Table 2, the authors will give a qualitative assessment of wealth inequality in the five analyzed countries of the modern EAC. According to Piketty, wealth concentration seems to have begun to increase again at the beginning of the 21st century (Piketty, 2014). In order to empirically confirm or refute this assumption on the example of five parts of the Euro-American macro-civilization, the authors will analyze changes from 1995 to 2021 in the following indicators:

1) the level of wealth inequality between top 10% (and 1%) of the population and the bottom 50% (using the Formula 1 and data of the World Inequality Database (Paris School of Economics, 2022));
2) the average per adult national wealth (using the data of the World Inequality Database (Paris School of Economics, 2022)).

RESULTS AND DISCUSSION

The analysis of the empirical results of the study begins with a visual representation of the global trend of wealth distribution across the top 1%, top 9%, middle 40% and bottom 50% of the population (Figure 2).

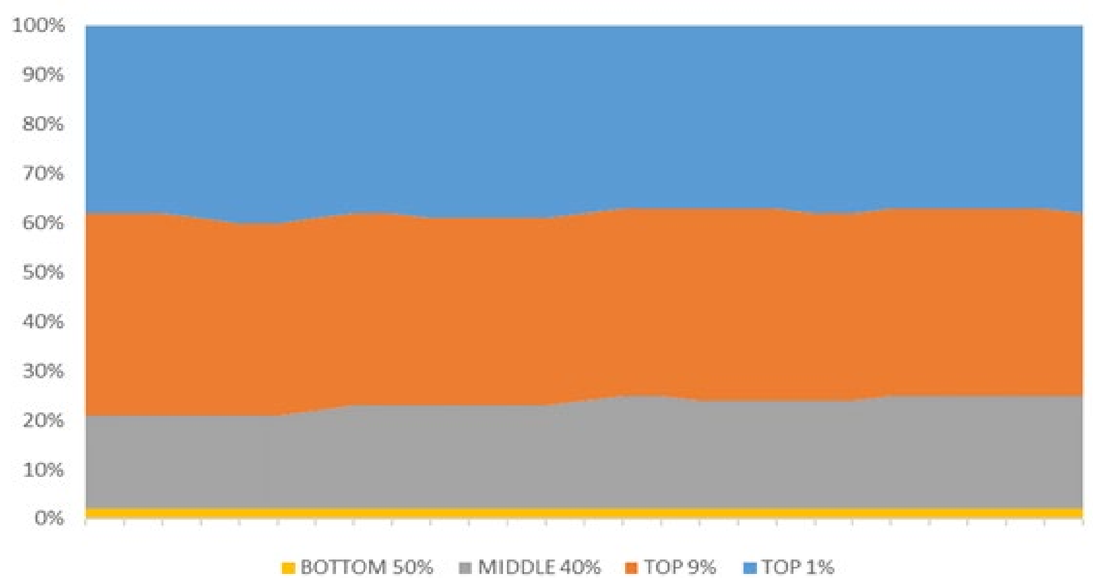


Figure 2: Trend of wealth distribution in the world, net personal wealth share (adults, equal split), %, 1995–2021

Source: elaborated by the authors using the data of the World Inequality Database (Paris School of Economics, 2022).

Wealth distribution between population groups has been very stable worldwide over the past 26 years, which contradicts the results of some modern studies about "the rise of top-heavy inequality" (Flaherty & Rogowski, 2021: 495). Still, the data in Figure 2 confirmed the fact that in the modern world "the top 1% have gained the most" (Flaherty & Rogowski, 2021: 495). The top 1% of the world's richest people consistently own 38% of the global wealth, while the top decile owns 75-79% of the global wealth (Paris School of Economics, 2022). In turn, half of the world's poorest people consistently own 2% of the global wealth (Paris School of Economics, 2022). According to the methodology by Piketty, such wealth inequality is empirically interpreted as strong (Table 2), with a tendency towards very strong inequality.

In the Tables 3 and 4, the authors summarize the indicators of the share of national wealth in the hands of percentage groups of the population by which one can understand how the five parts of the EAC, selected for analysis in this study, look against the global background. These indicators show that changes in wealth inequality in the modern EAC are neither homogeneous nor unidirectional.

Table 3: The share of national wealth in the hands of percentage groups of the population, the world, and five parts of the Euro-American civilization, %, 1995 and 2021

Territories	Years	The share of naional wealth of the richest population TOP 10%	*Incl. the share of national wealth of TOP 1%*	The share of national wealth of the middle population MIDDLE 40%	The share of national wealth of the poorest population BOTTOM 50%	Total (10% + 40% + 50%)
WORLD	1995	79	*38*	19	2	100
	2021	75	*38*	23	2	100
USA	1995	66	*28*	32	2	100
	2021	71	*35*	27	2	100
Western Europe	1995	51	*20*	42	7	100
	2021	56	*24*	38	6	100
Latvia	1995	65	*26*	32	3	100
	2021	60	*29*	34	6	100
Ukraine	1995	55	*22*	39	6	100
	2021	59	*28*	35	6	100
Russia	1995	52	*21*	40	8	100
	2021	74	*48*	23	3	100

Source: elaborated by the authors using the data of the World Inequality Database (Paris School of Economics, 2022).

The most shocking against the background of all other analyzed parts and the world as a whole is Russia, where over the past 26 years the share of national wealth in the hands of the richest 1% of the country's population has more than doubled (from 21% to 48%). In general, wealth concentration in Russia in the hands of both the top decile and the top centile of the wealthiest population of the country increased by 18.2 and 13.4 points, respectively (Table 4), which is an unprecedented phenomenon both against the background of the world as a whole and against the background of other analyzed parts of the EAC.

Table 4: Trends of wealth distribution between polar percentage groups of the population, the world and five parts of the Euro-American civilization, 2021 / 1995

Territories	Years	The ratio of wealth shares of polar percentage groups of the population		2021 / 1995 changes in the ratio of wealth shares of polar percentage groups of the population	
		TOP 10% / BOTTOM 50%	TOP 1% / BOTTOM 50%	TOP 10% / BOTTOM 50%	TOP 1% / BOTTOM 50%
WORLD	1995	79 / 2 = 39.5	38 / 2 = 19.0	-2.0 deconcentrating	0.0 stagnating
	2021	75 / 2 = 37.5	38 / 2 = 19.0		
USA	1995	66 / 2 = 33.0	28 / 2 = 14.0	+2.5 concentrating	+3.5 concentrating
	2021	71 / 2 = 35.5	35 / 2 = 17.5		
Western Europe	1995	51 / 7 = 7.3	20 / 7 = 2.9	+2.0 concentrating	+1.1 concentrating
	2021	56 / 6 = 9.3	24 / 6 = 4.0		
Latvia	1995	65 / 3 = 21.7	26 / 3 = 8.7	-11.7 deconcentrating	-3.9 deconcentrating
	2021	60 / 6 = 10.0	29 / 6 = 4.8		
Ukraine	1995	55 / 6 = 9.2	22 / 6 = 3.7	+0.6 concentrating	+1.0 concentrating
	2021	59 / 6 = 9.8	28 / 6 = 4.7		
Russia	1995	52 / 8 = 6.5	21 / 8 = 2.6	+18.2 concentrating	+13.4 concentrating
	2021	74 / 3 = 24.7	48 / 3 = 16.0		

Source: elaborated by the authors using the data of the World Inequality Database (Paris School of Economics, 2022).

Furthermore, during the 26-year period under study, the so-called 'patrimonial middle class' (the term of Piketty) in Russia significantly decreased from 40% to 23% (Table 3). Piketty referred to the formation of the 'patrimonial middle class' as "the most significant structural change in wealth distribution in the long term" (Piketty, 2014: 335). These data help to understand the results of the recent sociological study "Middle-Class Perceptions of Inequality Compared to Other Russians: Consensus or Disagreement?" conducted in Russia:

> "Although the middle class is distinguished by the peculiarities of stratum identity and self-assessments of their position in society, its representatives assess themselves as representatives of the 'middle,' and by no means prosperous strata of society. This also explains the consensus view of the middle class with other Russians that inequality in society is too high. They mean not gaps between their position and the position of the lower class, but the separation of a small top from all other strata of the population, to which they themselves belong. This is also reflected in the specifics of the perception of social conflicts: Russians consider the conflict between the poor and the rich to be the key one" (Mareeva, 2021: 46).

The trends of wealth distribution between percentage groups of the population (Tables 3 and 4) coincide with the Gini coefficients for wealth inequality and its changes in the world and five parts of the EAC (Table 5).

Table 5: Changes in wealth inequality in the world and five parts of the Euro-American civilization, net personal wealth share (adults, equal split), Gini coefficient, 2021 / 1995

Territories	1995	2021	2021 / 1995 changes
WORLD	0.87	0.85	-0.02
USA	0.80	0.83	+0.03
Western Europe	0.70	0.74	+0.04
Latvia	0.79	0.73	-0.06
Ukraine	0.72	0.75	+0.03
Russia	0.67	0.83	+0.16

Note: the Gini coefficient measures the extent to which wealth distribution among adults within an economy deviates from a perfectly equal distribution (1% of wealth for 1% of the population); Gini coefficient of 0.0 represent perfect wealth equality, while a coefficient of 1.0 implies perfect inequality.

Source: elaborated by the authors using the data of the World Inequality Database (Paris School of Economics, 2022).

As can be seen from the data presented in Table 5, the largest degrees of wealth inequality is observed in the USA and Russia (0.83 in both countries), reaching almost the world level (0.85) of wealth inequality in 2021. The difference between wealth inequality in the USA and Russia lies only the speed of wealth concentrating, which in Russia has been extremely high: +16 percentage points over the past 26 years (Table 5). Only in Latvia (as well as throughout the world) is wealth deconcentrating observed, while in other selected parts of the EAC, wealth concentrating is slow (Tables 4 and 5).

In the following figure, the authors present a comparison of wealth inequality in the five analyzed parts of the EAC for 2021.

As can be seen from the results of comparing wealth inequality in the five analyzed parts of the EAC for 2021, presented in Figure 3, the USA and Russia are very similar in terms of their degree of wealth concentration, while Western Europe stands out with the least wealth concentration in the modern EAC. In turn, Latvia and Ukraine, in terms of wealth concentration, represent an intermediate option.

The 'top' in Russia has concentrated almost half of the entire national wealth into their hands, which, according to Piketty, is a harbinger of a social revolution (Piketty, 2014). Moreover, the doubling (and even slightly more than doubling) of the share of national wealth in the hands of the richest 1% of Russians has occurred very quickly over the past 26 years. This fact, however, has been much less reflected and examined in scientific discourse than the strong wealth inequality in the USA has.

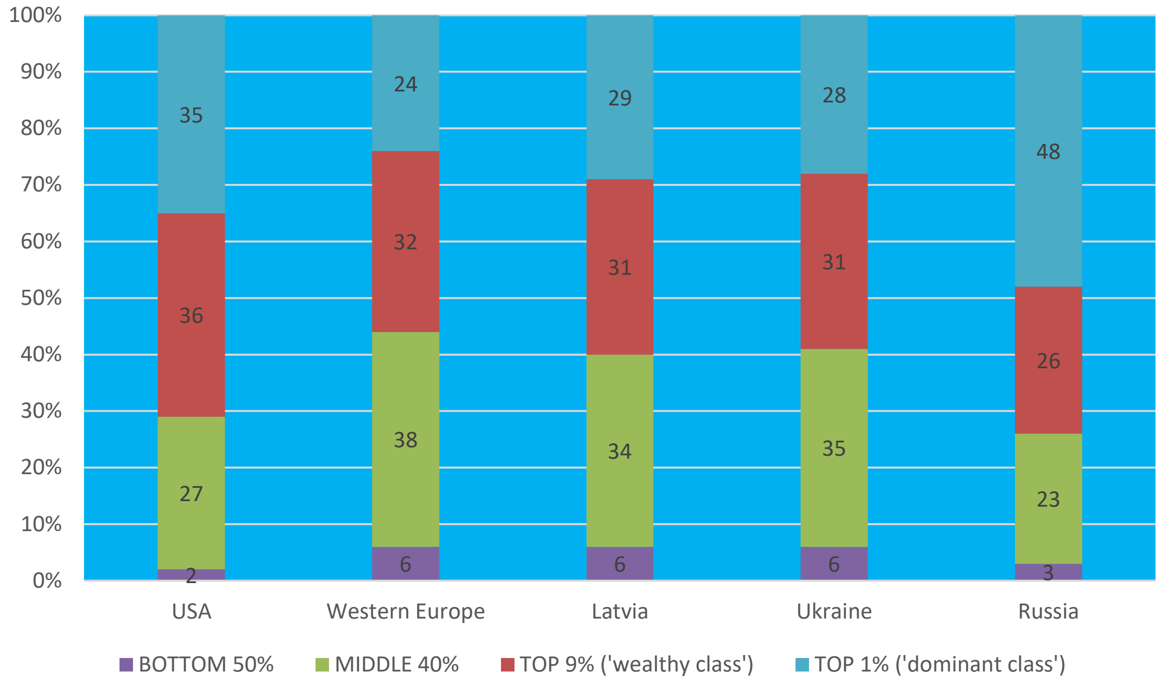


Figure 3: The share of national wealth in the hands of percentage groups of the population, five parts of the Euro-American civilization, %, 2021

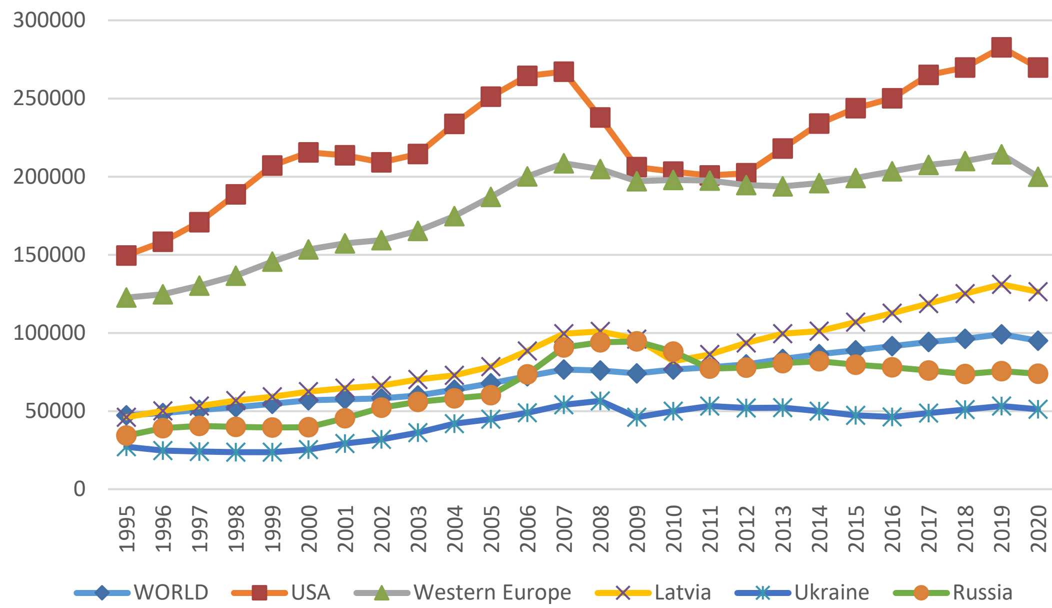
Note: the dividing TOP 10% ('upper class') into TOP 1% ('dominant class') and TOP 9% ('wealthy class') is consistent with Piketty's methodology (Table 2).

Source: elaborated by the authors using the data of the World Inequality Database (Paris School of Economics, 2022).

As an analysis of data from the World Inequality Database shows, over a third (38%) of all global wealth is concentrated in the hands of the 1% of the richest people of the world. In Russia, this figure rose from 21% in 1995 to 48% in 2021, exceeding the global average by 10%. All other parts of the EAC analyzed by the authors have a smaller and more or less stable wealth concentration in the hands of 1% of the richest population of their respective countries / group of countries: from 24% of the national wealth in Western Europe to 28-29% in Latvia and Ukraine (Figure 3). Although the USA does not exceed the world average level of wealth concentration in the hands of the top 1%, it still tends to achieve and maintain it. Thus, in terms of wealth concentration, as well as in terms of the 'patrimonial middle class', the USA is closer to Russia than to European countries (Tables 3–5 and Figure 3).

During recent decades, the USA and Russia have become very similar to each other in terms of wealth concentration, and together they have become very different from Western Europe. If, according to Eshe (2017), "the USA is setting a bad example on inequality for the world," then the authors can argue that Russia is providing an even worse example.

As mentioned above, the parts of the modern EAC analyzed in this study differ in their average per-adult national wealth, which has to be considered when analyzing wealth inequality in these countries / group of countries. In the following figure, the dynamics of the average per adult national wealth in the analyzed parts of the EAC are shown against the background of global indicators.



Years	WORLD	USA	Western Europe	Latvia	Ukraine	Russia
1995	47344	149552	122587	46011	27217	34250
1996	48685	158359	124674	50098	24662	38981
1997	50836	170742	130155	53234	24172	40519
1998	52481	188657	136522	56581	23698	39898
1999	54639	207200	145690	59104	23674	39481
2000	56989	215456	153475	62468	25393	39671
2001	57459	213590	157271	64601	29211	45327
2002	58123	209211	159399	66365	31815	52166
2003	59942	214438	165254	70226	36103	55843
2004	63694	233689	174817	72854	41897	58195
2005	67850	251147	187022	78351	44824	60104
2006	72343	264461	200160	88454	48854	73431
2007	76635	267191	208489	99489	53960	90604
2008	76021	237806	204944	101003	56506	94002
2009	74069	206089	197004	96011	45976	94556
2010	76606	203235	197936	81857	49833	88111
2011	77969	200695	197547	86234	53262	77108
2012	79771	202165	194689	93598	52061	77851
2013	83221	218061	193752	99418	52094	80677
2014	86355	233875	195766	101072	49949	81947
2015	88937	243778	199056	106813	47176	79614
2016	91487	250190	203315	112647	46311	78085
2017	94140	265086	207508	118849	48636	75968
2018	96136	269898	210015	125162	50889	73767
2019	99169	282670	214244	131076	53124	75498
2020	94958	269731	200010	126407	51135	73918

Figure 4: Average per adult national wealth, EUR, the world as a whole and five parts of the Euro-American civilization, 1995-2020

Note: average per adult national wealth is the market-value average per adult national wealth, EUR, PPP, 2021 – constant.

Source: elaborated by the authors using the data of the World Inequality Database (Paris School of Economics, 2022).

The data on the 25-year dynamics of the analyzed parts of the EAC parts' average per adult national wealth against the background of global indicators, as summarized in Figure 4, add to the analysis and understanding of wealth concentration. In the USA and Western Europe, average per adult national wealth is significantly higher than the world average (and this is quite expected). In Russia, the average per adult national wealth is several times lower than in the USA and Western Europe (according to this indicator, Russia is very close to the world average, as well as to Latvia and Ukraine – Figure 4). After the global financial crisis of 2008, the average per adult national wealth fell rapidly in Russia, just like in the other parts of the EAC. Unlike the USA, Western Europe, and Latvia, the average per adult national wealth in Russia never recovered after the crisis, but continued to decline (against this background, wealth continued to rapidly concentrate in the hands of the richest 1% of Russians). After 2019, both in the world as a whole and in all analyzed parts of the EAC, average per adult national wealth began to decline quite significantly. While the authors cannot definitively name a reason for such a coherent decline, the COVID-19 pandemic likely played a role.

Thus, the main finding from the analysis of the average per adult national wealth against the background of trends in wealth inequality in five parts of the modern EAC is that the USA and Russia are very similar in terms of their wealthy elites, being that they have concentrated a huge share of the national wealth in their hands. The authors believe that the much stronger level of wealth concentration in Russia compensates for its almost 4-fold lag behind the USA in terms of average per adult national wealth. This means that the wealthy elite in Russia is likely to soon be as wealthy as in the USA. At the same time, the poorest Russians are many times poorer than the poorest Americans.

The USA and Western Europe are similar to each other in terms of average per adult national wealth, but they differ significantly in terms of wealth concentration. In Western Europe, unlike in the USA and all other analyzed countries of the modern EAC, the 'patrimonial middle class' is the strongest and most stable. Most likely, when Piketty (2014) discussed the patrimonial middle class as the most significant structural change in wealth distribution in the long term, he was referring primarily to Western Europe, which differs in terms of structural economic conditions from the rest of Europe (Mazzanti et al., 2020).

Based on the results of the analysis carried out in this article, the authors would agree with Piketty that "in the 21st century, the USA is turning into a 'rentiers society'. This means that high labor incomes can allow their owners to get into the top 10% of the richest population in the country, but in order to get into the top centile, it is not enough to be talented and successful in work, you also need to be the owner of capital" (Piketty, 2014: 290). The authors would add Russia to this thesis, in which the tendency of turning into a 'rentiers society' is even more pronounced. Thus, Russia is similar to the USA in terms of the concentrating of a significant share of national wealth (48% in Russia and 35% in the USA in 2021) in the hands of the richest 1% of the residents, as well as in the hands of the richest 10% of the residents (74% in Russia and 71% in the USA in 2021). According to the Piketty methodology (Table 2), this indicates strong wealth inequality in these countries.

CONCLUSIONS

The results of this study showed that in different parts of the modern EAC, the processes behind wealth distribution occur at different rates, and sometimes even in different directions, from rapid concentrating in Russia to deconcentrating in Latvia. Thus, wealth concentration within the group of the richest 1% of Russians has grown over the past 26 years, from 21% to 48%, and from 28% to 35% for Americans. Latvia and Ukraine represent a kind of intermediate option between Western Europe (with its strong 'patrimonial middle class' and relatively low level of wealth concentration) and the USA / Russia (which significantly differ from each other, and from Western Europe, in the cultural dimensions of Hofstede) in terms of the level of wealth inequality. The USA and Russia are similar in terms of their wealthy elites, who have concentrated a huge share of national wealth. The authors believe that the much stronger level of wealth concentration in Russia fully compensates its 4–5 times lagging behind the USA in terms of average per adult national wealth. That is to say, the wealthy elite in Russia is likely to be as wealthy as the wealthy elite in the USA, while at the same time, the poorest Russians are many times poorer than the poorest Americans.

Thus, the authors question the existence of a single EAC in the 21st century due to significant internal differences both in wealth inequality and in cultural aspects. The authors see the modern EAC as 'multipolar' (Roșca, 2014) and split into an 'original core' (European civilization) from which the modern EAC began, and two 'peripheral wings' (American and Russian civilizations), to which the EAC or Western civilization has spread and transformed under the influence of a local specific context.

Comparative analysis of statistical data carried out within this study provides information about the processes of wealth distribution and proves heterogeneity and multidirectional trends in wealth inequality in the analyzed parts of the modern EAC. The reasons / factors that caused these changes, however, are to be the subject of further research, while the main result of this study is that there is currently no single Euro-American civilization, either economically or culturally.

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