Toward a Political History of Capital?

Nicolas Delalande

The success of Thomas Piketty's book, in both French and English, inspires admiration and astonishment. Beyond the political context and its consecration by an American audience, it is a remarkable intellectual and editorial accomplishment as well as an important contribution to public education. *Capital in the Twenty-First Century* combines qualities that rarely coexist today, especially in a work of economics. While its ambition builds on considerable empirical documentation and unpublished statistical data, its composition and scale are comparable to nineteenth-century treatises of political economy that aimed to identify and interpret the laws of the production and distribution of wealth. One of its most important contributions is thus to remind economists, social scientists, and the general public that "political economy"—a label that the author makes his own—can offer an overall explanation of the functioning of society, at the interface of economics, politics, and ethics. Obviously, Karl Marx—to whose work the title directly alludes and whose theses are discussed on several occasions—comes to mind, as do other, more liberal, authors such as Paul Leroy-Beaulieu, whose *Essai sur la répartition des richesses* (1881) postulated a tendency toward "a reduced inequality of conditions" in capitalist societies and serves as a counterpoint to the trends that Piketty brings to light in both content and method.[1] Paradoxically, a common feature of both works is that

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1. Paul Leroy-Beaulieu, *Essai sur la répartition des richesses et sur la tendance à une moindre inégalité des conditions* (Paris: Guillaumin, 1881).

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they combine theoretical discussion, analysis of the most contemporary debates (on public debt, the social state, the economic crisis), and political recommendations. *Capital in the Twenty-First Century*'s capacity to dialogue with theory, economic history, and the history of economic thought is another reason to welcome its publication, since the latter is nowadays largely neglected by economists, whose bibliographical horizon rarely seems to reach beyond the last twenty years. Piketty, by contrast, knows his classics (Adam Smith, Thomas Malthus, David Ricardo, Karl Marx, John Maynard Keynes, Simon Kuznets, Edmund Phelps, etc.) and, indeed, discussion of their theses proves indispensable to an understanding of the forces of divergence and convergence at work in the capitalism of the last three centuries. It should be noted in passing that this makes it possible to dispel the illusion that capitalism reinvents itself with each generation. Modern globalization has certainly introduced new dynamics, but the deep-seated forces at work within it are not essentially different from those that Piketty identifies for past periods.

The thesis of the book is clearly stated. There is no long-term tendency toward the equality of conditions because the rate of return on capital is structurally higher than the growth rate. Without external intervention or exogenous shocks, capitalism reinforces and intensifies inequalities in income and wealth. Ownership of capital thus offers much greater prospects for enrichment than the simple possession of one's labor power. Where Piketty innovates relative to Marx is in his argument that this structural imbalance entails no internal contradiction for the capitalist system: capitalism can go on in this way for many years without being challenged. By contrast, the hyperconcentration of wealth directly flouts the democratic premises of modern societies. It is therefore on the basis of moral, social, and political principles external to the economic sphere that intervention is required in order to regulate and correct the excesses of the system.

The question of the connections between economic analysis and political action, whether embodied in institutions and public policies or imposed through wars and crises, is a central element of Piketty's work and of any approach that claims to belong to political economy. Nonetheless, the author does not always make the nature of these connections clear. Based on a reflection on history and political science, my critical reading will thus raise three key issues: Are the redistributive tax policies that appeared during the twentieth century mere accidents of history and, if so, what might their future be? On what grounds can capitalism's tendency to create inequality be corrected in the absence of any alternative system? Finally, has the democratic deliberation that Piketty calls for not already been profoundly undermined by the economic processes that his book brings to light?

Redistribution Through Taxation: An Accident of History?

On several occasions, Piketty explains the particularity of the reduction of inequality that occurred during the twentieth century via a combination of factors that owes as much to military, economic, and political shocks as it does to public institutions.

However, the respective role of each of these in the phenomenon of the compression of incomes and wealth observed between the 1920s and the 1970s is not always made clear. Piketty explains that redistributive tax policies, implemented through progressive taxes on income and inheritance introduced in the early twentieth century, are essentially the fruit of the two world wars, without which it would not have been possible to overcome certain resistances and misunderstandings. Here Piketty is directly inspired by a recent study in which two political scientists, Kenneth Scheve and David Stasavage, conclude that specifically political and social factors, such as universal suffrage or the organization of the workers' movement, had a relatively minor influence on the adoption of progressive taxation during the First World War.[2] Analysis of the genesis of the fiscal redistributive state has thus evolved in the same way as that of the genesis of the social state over the last thirty years. Historians and political scientists today emphasize the multiple, composite, and inter-class origins of social and fiscal policies rather than a univocal, teleological reading based on the democratic advances demanded by the workers' parties.[3] "One major lesson is already clear: it was the wars of the twentieth century that, to a large extent, wiped away the past and transformed the structure of inequality," Piketty writes.[4] In a book so rich in statistical data and methodological precautions, the phrase "to a large extent" stands out by its vagueness. It seems that because it is so focused on the—clearly central—role of the world wars, Piketty's narrative tends not only to underestimate the long history of debates on progressive taxation, but also to overestimate the consensus that supposedly flowed from them.

In the first place, then, we should remind ourselves of the vigor of the intellectual and political debates on fair taxation in European and American societies from the late eighteenth century on. In other words, to the longue durée of economic analysis we must join a longue durée of the history of ideas and intellectual controversies. Progressive taxation is evidently a twentieth-century public policy, but would it have been conceivable and imaginable if the practice, its justifications, and its objectives had not been extensively and bitterly debated throughout the eighteenth and nineteenth centuries by economists, state officials, and public opinion? By considering the income tax as a measure introduced in the period of immediate need, chaos, and improvisation brought about by the First World War, Piketty gives the impression that states and populations suddenly converted to redistribution in response to the unprecedented financial constraints induced by total wars

2. Kenneth Scheve and David Stasavage, "The Conscription of Wealth: Mass Warfare and the Demand for Progressive Taxation," *International Organization* 64, no. 4 (2010): 529–61.
3. This shift in perspective is illustrated by the following, very different works: Henri Hatzfeld, *Du paupérisme à la Sécurité sociale. Essai sur les origines de la Sécurité sociale en France, 1850–1940* (Paris: Armand Colin, 1971); Peter Baldwin, *The Politics of Social Solidarity: Class Bases of the European Welfare State, 1875–1975* (Cambridge: Cambridge University Press, 1990).
4. Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge/London: Harvard University Press, 2014), 471.

and intensified patriotism.[5] In fact, few public policies were so much debated as progressive taxation in the late nineteenth and early twentieth centuries, in both national and global contexts.[6] Several countries, including Prussia, Sweden, and Great Britain, adopted progressive taxes on income before the First World War. The rates initially applied were admittedly very different from those observed by the end of the war. But, for the people of the time, they represented a profound change that signaled the beginning of a new era. The world wars clearly served to accelerate tendencies that were already under way; in themselves, and without the earlier pressures for redistribution, there is no reason to think that they would have led to a powerful movement toward the reduction of inequality. Their structural, economic, and financial impact should not lead us to forget the role of ideas and representations in the way that populations and governments perceived and reacted to them.

The central role of the wars is particularly problematic in the case of one of the countries most often mentioned in the book on grounds of its relatively egalitarian character after 1945: Sweden. As Piketty remarks on several occasions, though this country was no less inegalitarian than others around 1900, over the twentieth century it shows the lowest level of wealth inequality for any of the datasets assembled, combined with some of the highest levels of taxation—particularly for the period after the Second World War.[7] According to the general thesis of *Capital in the Twenty-First Century*, this situation is explained by the two world wars and the depression of the 1930s, together with Sweden's institutional and social specificities. In fact, this explanation is not entirely convincing. Sweden, a country attached to its neutrality, was not directly involved in either of the world wars. Some of their effects were indeed felt strongly there, as everywhere else, and this was reflected in particular in tax increases. But, as the political scientist Sven Steinmo observes, "The politics of taxation in Sweden during the war years were uneventful."[8] One might imagine that, in this precise case, it was the crisis of 1929 and its repercussions that favored the adoption of strongly redistributive taxation when the Social Democrats came to power in 1932. In fact, in their early phases the Social Democrats contented themselves with a moderate tax policy under finance minister Ernst Wigforss.[9] Piketty's graphs show that it was from the 1950s and 1960s that Sweden saw a dramatic increase in its tax rates, and one might reasonably suppose that these contributed to the reduced inequality in income and wealth observed in the statistics. The taxation model that was applied in Sweden at this

5. Ibid., 493 and 498.
6. Jean-Pierre Gross, *Fair Shares for All: Jacobin Egalitarianism in Practice* (Cambridge: Cambridge University Press, 2003); Holger Nehring and Florian Schui, eds., *Global Debates about Taxation* (Basingstoke: Palgrave Macmillan, 2007); Ajay K. Mehrotra, *Making the Modern American Fiscal State: Law, Politics, and the Rise of Progressive Taxation, 1877–1929* (Cambridge: Cambridge University Press, 2013).
7. Piketty, *Capital*, 344, and 475, fig. 13.1, "Tax revenues in rich countries 1870–2010."
8. Sven Steinmo, *Taxation and Democracy: Swedish, British, and American Approaches to Financing the Modern State* (New Haven: Yale University Press, 1993) 67, citation p. 91.
9. Ibid., 86.

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time was rather different from the American and British models, which were based on steeply progressive direct taxes. The Swedish rates tended to be lower and the tax base broader, and all social groups, including the lower-middle and working classes, made a significant contribution, not least in the form of social security contributions and consumer taxes. For Steinmo, this system was predominantly the product of a social compromise and a relative depoliticization of the tax question during the 1950s and 1960s, when it was left in the hands of the bureaucracy.[10] This example complicates the history of the reduction of inequality during the twentieth century and suggests that there are several routes to redistribution, some of them less clearly determined by the experience of war, just as there are several varieties of capitalism or welfare systems.[11] The "primacy" of the political that is embodied in the Social-Democratic experience cannot be reduced to a mechanical reaction to the exogenous shocks of the twentieth century.[12]

By contrast, in the case of the United States there is no doubt that the two world wars and the crisis of 1929 played a considerable role. It is nevertheless necessary to nuance Piketty's claim that before 1914 the United States was "intellectually and politically more prepared than any other country to accept a steeply progressive income tax" and that it was subsequently moved by "a great passion for equality" that made it the leader in redistribution through taxation from the 1930s to the 1970s.[13] This vision has had the significant merit of reminding people on that side of the Atlantic that progressive taxation was not a dangerous institution imported from Europe to destroy the American dream. However, it omits any mention of the tremendous resistance that the social and political history of taxation in the United States has recently brought to light. The income tax, which had already been imposed during the Civil War, returned to the center of public debate in the 1890s as a result of the growing strength of the progressive and populist movements. The economic and financial elites took fright and mobilized against a project that they already judged "un-American," winning a resounding victory in 1895 when the Supreme Court struck down the income tax enacted by Congress (*Pollock v. Farmers' Loan and Trust Co.*). It took the electoral success of the Democrats and a constitutional amendment before the income tax was finally introduced in 1913. When the country entered the war, income tax rates rose to unprecedented levels—the basis of Piketty's description of the United States as the inventor of the confiscatory taxation of excessive income.

10. Ibid., 121–35.

11. See, for example, the following comparative studies of the sociology of tax: Kimberley Morgan and Monica Prasad, "The Origins of Tax Systems: A French-American Comparison," *American Journal of Sociology* 114, no. 5 (2009): 1350–94; Monica Prasad and Yingying Deng, "Taxation and the Worlds of Welfare," *Socio-Economic Review* 7, no. 3 (2009): 431–57.

12. Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century* (Cambridge: Cambridge University Press, 2006); Jenny Andersson, *Between Growth and Security: Swedish Social Democracy from a Strong Society to a Third Way* (Manchester: Manchester University Press, 2006).

13. Piketty, *Capital*, 500 and 508.

However, as early as the 1920s the Republicans, led by the extremely wealthy banker and Secretary of the Treasury Andrew Mellon, launched a forceful attack on the progressive taxes inherited from the Wilson administration, with significant tax reductions in 1923 and an (unsuccessful) attempt to abolish the estate tax that had been introduced in 1916.[14] Over the course of the twentieth century, a significant portion of the conservative elites mobilized to denounce the progressive taxation of income and wealth, along with the powers conferred on the Federal government.[15] Even the New Deal did not mark a particularly clear break[16]—at least until the outbreak of the Second World War, traditionally presented as the crucible of American tax compliance, and an income tax imposed on most citizens with unprecedented marginal rates (94 percent in 1944). In appearance, this consensus continued for several decades after the war, but from the late 1950s numerous "tax expenditures" reduced the liability of the wealthiest,[17] while the opponents of income tax continued to campaign for its abolition. This parallel history of resistance to progressive taxation is essential to understanding the rupture that occurred in the 1970s and 1980s. The American "passion for equality" did not suddenly collapse in the 1970s as a result of the oil crisis, the revival of liberal ideas, or the mobilization of Californian taxpayers.[18] In reality it was never totally shared, which explains how the anti-tax campaigns of the last forty years—up to and including the Tea Party movement—have been able to draw on a long-standing repertoire of dissenting arguments and practices.[19] The dramatic shift that took place in the 1970s, largely unexplained in *Capital in the Twenty-First Century*, becomes somewhat less surprising when the degree of consensus that previously existed in American society is not exaggerated.

Discussion of the relative importance of wars and crises, social and political mobilizations, or democratic demands is of more than purely historical interest. As Piketty shows so well, it is also decisive for an evaluation of the conditions that could permit a redistributive tax policy to be applied in the twenty-first century, in the (clearly desirable) absence of a worldwide conflict on a scale comparable to those of the last century.

14. Michael J. Graetz and Ian Shapiro, *Death by a Thousand Cuts: The Fight over Taxing Inherited Wealth* (Princeton: Princeton University Press, 2005), 221–38.
15. Romain D. Huret, *American Tax Resisters* (Cambridge: Harvard University Press, 2014), 110–40.
16. Mark Leff, *The Limits of Symbolic Reform: The New Deal and Taxation, 1933–1939* (Cambridge: Cambridge University Press, 2003); Joseph D. Thorndike, *Their Fair Share: Taxing the Rich in the Age of FDR* (Washington: Urban Institute Press, 2012).
17. Steinmo, *Taxation and Democracy*, 138–44; Julian Zelizer, *Taxing America: Wilbur D. Mills, Congress, and the State, 1945–1975* (Cambridge: Cambridge University Press, 2000).
18. See, for example, the reading put forward by the American historian Joseph D. Thorndike: "Piketty is Wrong: Americans Don't Have a Passion for Equality," *Forbes*, May 8, 2014, http://www.forbes.com/sites/taxanalysts/2014/05/08/piketty-is-wrong-americans-dont-have-a-passion-for-equality/.
19. Isaac W. Martin, *The Permanent Tax Revolt: How the Property Tax Transformed American Politics* (Stanford: Stanford University Press, 2008); Martin, *Rich People's Movements: Grassroots Campaigns to Untax the One Percent* (Oxford: Oxford University Press, 2013).

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Economic Laws and Political Institutions in the Twentieth Century

More broadly, the problem of the role of taxation, welfare spending, and institutions invites reflection on one of the most essential, though not necessarily the most explicit, cruxes of Piketty's book: the relationship between the analysis of economic laws and political action. In his view, the determinant factors in the history of inequality in the twentieth century are essentially wars, the periods of inflation that followed them, crises, demography, and the rate of growth. Institutions certainly play a role, but this seems to be mainly reactive. How much scope do the economic laws identified by Piketty leave for the contingency of political action?

The work identifies two great "laws" of capitalism, relating to the share of income from capital in national income and the relation between capital and income in the long term. This drive to identify general laws, valid over the long term, clearly echoes the many references to Marx and his analyses that are apparent from the introduction to the volume on. In its title, its structure, and its argumentation, *Capital in the Twenty-First Century* draws on Marx's theses in order to move beyond them. In particular, Piketty rejects Marx's "apocalyptic" vision of indefinite accumulation, demonstrating that it has not come to pass. In doing so, he describes his own analysis as less "pessimistic" than that of his predecessor, at least as regards the capacity of the capitalist system to survive its own contradictions. This new reading of the internal dynamics of capitalism differs from Marx's analysis inasmuch as it forcefully disconnects the functioning of the economic system from political institutions, which Piketty always presents as exogenous to the system they are supposed to correct or regulate. In Marxian theory, the system is fraught with internal contradictions to the point where it cannot perpetuate itself in the long run. The class struggle and the confrontation between the owners of capital and the workers must inevitably lead, sooner or later, to the collapse of the system and the advent of a communist society. In this materialist and determinist schema, the pessimism of the economic analysis is, in a sense, the precondition for political emancipation, a fact that is of course not unrelated to the intellectual and political fortune of Marxist ideology over the course of the twentieth century. From the scientific analysis of capitalism there flow a number of political consequences, which the vanguard of the proletariat can help to accelerate. For Piketty, by contrast, the system can perfectly well carry on indefinitely, since the forces of divergence are not the exception but the rule. The fundamental divergence between the return on capital and the growth rate is not, in his analysis, a threat to the capitalist system, which can continue to function according to the same logic that has characterized it for three centuries.[20] Nothing can be expected from the

20. Piketty, *Capital*, 21: "there is no natural, spontaneous process to prevent destabilizing, inegalitarian forces from prevailing permanently."

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capitalists themselves, whose position is in no way challenged. Incentives from the system to self-regulate in order to avoid collapse are non-existent. If the wealthy individuals who accumulate capital have neither utilitarian nor moral reasons to change the system, only exogenous motivations or historical shocks can do so. Piketty's theory may be less apocalyptic than Marx's, but ultimately it appears to be more pessimistic. Political action, its determinations, and its motivations remain external to the economic analysis, which nevertheless constitutes the major interpretative framework of the volume.

This dissociation of the economic and the political invites a more detailed reflection on Piketty's interpretation of the compression of inequality that occurred between the 1920s and the 1970s. Why did the capitalist economies adopt ambitious forms of regulation (taxation, social welfare, capital controls, etc.) over the course of those decades? Strangely, the confrontation between the three major models—capitalism, Bolshevism, and Fascism—from the end of the First World War to 1989 occupies a minimal place in the thesis that Piketty develops. Yet the emergence of forms of mixed economy from the 1930s to the 1960s, based on the complementarity of the market, public institutions, and social partners, is barely comprehensible without the twofold phenomenon of attraction and threat represented by the experiments in alternatives to capitalism. The crisis of 1929 left the advocates of laissez-faire without an answer to the scale of the cataclysm.[21] There were calls on all sides for forms of planned, directed, or supervised economy that would make it possible to maintain the capitalist system while regulating it. It is not necessary to rehabilitate the tragedy of Bolshevik socialism in order to point out, as Eric Hobsbawm does, that its existence influenced the development of social states in Western Europe and the United States.[22] Capitalists accepted significant social compromises for fear of seeing the Bolshevik threat triumph. One might also invoke Karl Polanyi's classic analysis of the re-embedding of the economic in the political during the 1930s to explain the compression of inequality observed by Piketty.[23] By contrast, the disappearance of any alternative to capitalism after 1989 considerably reduced the incentives for the wealthiest to make compromises in order to correct the excesses of the system. One can rejoice, like Piketty, that "the bipolar confrontations of the period 1917–1989 are now clearly behind us," since "the clash of capitalism and communism sterilized rather than stimulated research on capital and inequality."[24] At the same time, these confrontations greatly contributed to the historical process of inequality reduction that characterized the twentieth century in Europe and America. To put it another way, the totalitarianisms and the Cold War that so powerfully shaped the twentieth century clearly

21. François Denord, *Néo-libéralisme version française. Histoire d'une idéologie* (Paris: Demopolis, 2007).
22. Eric J. Hobsbawm, *The Age of Extremes: The Short Twentieth Century, 1914–1991* (London: M. Joseph, 1994).
23. Karl Polanyi, *The Great Transformation: The Political and Economic Vision of Our Time* (Boston: Beacon Press, 1944; repr. 1957).
24. Piketty, *Capital*, 576.

played a major role in the invention of regulated capitalist economies, a point that perhaps deserved to be better integrated into Piketty's analysis.

Because of the insistence on the role of wars and exogenous shocks in the history of the twentieth century, the prospects opened up for the future seem to be caught between the analytical pessimism of the work and the declared democratic optimism of its author. This leads to a strange sense of contradiction between the first three sections of the book and the final part, which presents a number of political recommendations, including the creation of a global tax on capital. How, more precisely, is the economic determinism of the analysis articulated with the democratic possibility of correcting it?

Democracy, Transparency, and Inequality

Piketty does not really spell out how he defines the "democratic societies" to which he alludes at several points,[25] and which in his view are threatened by the inegalitarian dynamics of rent and capital. One of the main premises of his book is, however, that since the regulation of capitalism cannot result from its own internal logics, it must be based on values that are democratic (or "meritocratic," as he sometimes writes)—values that are challenged by the growth of inequality in wealth. The concept of "democratic society" is not truly historicized and Piketty does not make its range of reference clear. Its universalization may be postulated from a normative standpoint, but empirically this seems more problematic. This is the case for instance when, speaking of education, he asserts that "in all countries, on all continents, one of the main objectives for public spending on education is to promote social mobility,"[26] a statement which there is good reason to doubt.[27]

The definition of democracy used in the book remains implicit and seems to juxtapose and combine two quite distinct dimensions. To put it simply and in classic terms, democracy can be defined as a *political regime* and as a *social form*.[28] In the first sense, it refers to the organization of a type of power based on popular sovereignty, transparency of public debate, and respect for pluralism. In the second sense, it takes on a more substantial dimension, entailing values of equality, attention to the condition of the most deprived, and a certain conception of the common

25. Ibid., esp. 16, 474, and 571.
26. Ibid., 484.
27. From the studies conducted by Pierre Bourdieu and Jean-Claude Passeron in the 1960s to the latest PISA report published by the Organization for Economic Cooperation and Development (OECD) in December 2013, much research has shown that educational policies also help to reproduce inequalities and social determinisms, especially in the French case. See: Pierre Bourdieu and Jean-Claude Passeron, *The Inheritors: French Students and Their Relation to Culture*, trans. Richard Nice (Chicago: University of Chicago Press, 1979); and the analysis of the results for France in the 2012 PISA study, http://www.oecd.org/pisa/keyfindings/PISA-2012-results-france.pdf.
28. Pierre Rosanvallon, *The Society of Equals*, trans. Arthur Goldhammer (Cambridge: Harvard University Press, 2013).

good. These two dimensions, procedural and substantial, may overlap, or they may not. Piketty assigns great importance to democratic deliberation, based on transparency and the exchange of arguments, as a source of political change—even at the risk of seeming to contradict one of his main conclusions about the primordial role of wars in the twentieth century. But is it necessarily the case that a democratic regime leads to the defense of a democratic society? However general this question may be, it nonetheless has important consequences for the way one interprets the inegalitarian dynamics observed in the United States and elsewhere since the 1980s.

Let us first consider the hypothesis that political democracy is not necessarily correlated with the promotion of democratic values at the social level. In this case, democracy as a political regime and democracy as a social form are partially disconnected. This hypothesis is not absurd, for political scientists have cast light on the process whereby inegalitarian policies, especially relating to taxation, have been able to win majority support from voters or in opinion polls over the last thirty years. To put it another way, there are forms of democratic consent to inequality that may run counter to its reduction. The case most discussed in recent literature is that of the tax cuts decided by George W. Bush in 2001, and in particular one of the key measures of his program, a move towards the gradual abolition of inheritance tax.[29] Contrary to the thesis that the electorate was manipulated, the works of Larry Bartels tend to show that a majority of Americans had long been opposed to the estate tax.[30] For Bartels, the mystery is not so much that voters supported tax cuts for the richest 2 percent, but rather that this form of taxation could survive so long in the absence of strong support from the population. But could a lack of information about the consequences of fiscal choices explain why the electorate agreed to unjust measures? For the other proposed tax cuts he discusses, Bartels demonstrates a disjunction between the values expressed by interviewees, who in principle tended to favor the limitation of economic inequality, and their choices in terms of public policies, which could have the opposite effect. The complexity of fiscal questions might thus explain how people can agree to measures that essentially favor the wealthiest. Above all, one of the mechanisms identified reveals that voters presented with a program of tax cuts will tend to support it if their personal position is improved, even if the wealthy stand to benefit considerably more than the median voter. In Piketty's model, the transparency and diffusion of information are supposed to enable democratic debate and the

29. For discussion of a somewhat comparable case in the French context, see Nicolas Delalande and Alexis Spire, "De l'île de Ré à l'île d'Arros. Récits, symboles et statistiques dans l'expérience du bouclier fiscal, 2005-2011," *Revue française de science politique* 63, no. 1 (2013): 7–27.

30. Larry Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age* (Princeton: Princeton University Press, 2008); Martin Gilens, *Affluence and Influence: Economic Inequality and Political Power in America* (Princeton: Princeton University Press, 2012), 115 and 126. For Gilens, "the public has long opposed the estate tax, and there is no clear evidence that that opposition is misplaced or a product of elite manipulation" (p. 230).

adoption of measures to correct the excesses of capitalism. But what about social norms (which, as Piketty observes, have changed since the 1970s) and voters' capacity to transform the information they receive into the selection of an appropriate public policy? It could well be that the democratic societies to which Piketty refers are in fact less attached than they used to be to the values of equality,[31] as he himself emphasizes when he notes that "simply put, wage inequalities increased rapidly in the United States and Britain because US and British [societies] became much more tolerant of extremely generous pay packages after 1970."[32]

The second hypothesis is less pessimistic in terms of values but somewhat more so as regards institutions. It would be possible to argue that democratic values remain intact, but the institutions through which they should be realized are profoundly corrupted. In this case, democracy considered as a social form would recede precisely because the contemporary political context no longer provided the materials to construct it. Piketty cites the theory of a drift in democratic institutions toward oligarchy—forcefully put forward for the American case by the political scientists Jacob Hacker and Paul Pierson—without discussing it in real depth.[33] It is, however, a fundamental issue for the political economy that he calls for, and this is one of the blind spots of his book. To what extent do the economic laws of the accumulation of capital affect in return the political institutions that are supposed to counter them? Can these institutions really resist such powerful inegalitarian logics? Piketty largely sidesteps this aspect of the question, even though it is a condition of possibility for the measures that he advocates in the fourth part of his book. Pursuing the reasoning in this direction would no doubt lead to even more pessimistic conclusions. American political scientists have drawn considerably on the works of Piketty and his colleagues to analyze the effects of the concentration of wealth on the respective weight of voters in the political arena. The fact that wealth and power go hand in hand has been well documented and is examined in numerous recent studies. The widening of economic inequality is accompanied by a widening inequality between the super-rich and the rest of the population in terms of their influence on the electoral process and public policies. Strength no longer necessarily lies in numbers, but simply in the money that enables the wealthiest to defend their interests through a host of visible and invisible channels (financing of electoral campaigns, lobbying, information campaigns, etc.).[34] We now know that the American political elites are more receptive to the preferences

31. For an extension to other social spheres, such as education or employment, see François Dubet's critical reflections on the rise of the notion of equality of opportunity and the accompanying retreat of the principle of the equality of positions: Dubet, *Les places et les chances. Repenser la justice sociale* (Paris: Seuil, 2010); and more recently Dubet, *La préférence pour l'inégalité. Comprendre la crise des solidarités* (Paris, Éd. du Seuil, 2014).
32. Piketty, *Capital*, 332 [translation modified].
33. Ibid., 513–14; Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer – And Turned its Back on the Middle Classes* (New York: Simon and Schuster, 2010).
34. Pepper Culpepper, *Quiet Politics and Business Power: Corporate Control in Europe and Japan* (Cambridge: Cambridge University Press, 2011).

of the wealthiest than to those of the median voter.[35] Any prospect of a reversal of trends in fiscal policy is further complicated by the fact that the wealthiest are economically more liberal and culturally more conservative than the rest of the population.[36] Without descending into fatalism, this is a subject for reflection in terms of the political conditions of the reversal that Piketty's book might promote. Is it sufficient to better inform the voters, increase the transparency of incomes and wealth, and organize a democratic debate? A first step would no doubt be to consider the institutional reforms that might be capable of limiting the influence of the wealthiest and reinforcing the links between voters and their political leaders. The question of equal and universal participation in the democratic process underpins any project for reform involving the reduction of the share of capital in modern economies.

Capital in the Twenty-First Century fascinates as much through the clarity of the answers it supplies as by the profundity of the questions it raises for future research. The political economy with which it claims allegiance leaves a number of questions unanswered, not least concerning the nature and meaning of the links between the economic system and political institutions. By making these institutions purely exogenous variables, produced by the accidents and chaos of history, Piketty skirts around the question of the economic foundations of democracy. These are nonetheless fundamental for understanding and analyzing the effects of the 2008 crisis on European and American societies—unless, that is, the only credible response to the logics of the accumulation of capital is the establishment of a worldwide democracy, a solution that certainly opens up interesting prospects for the long term, but which leaves little reason for hope in the immediate future. Ultimately, this capacity to imagine political solutions for a distant horizon is one of the major ambitions common to both Piketty's *Capital* and its nineteenth-century predecessor.

Nicolas Delalande
Centre d'histoire de Sciences Po

35. Lawrence Jacobs and Robert Shapiro, *Politicians Don't Pander: Political Manipulation and the Loss of Democratic Responsiveness* (Chicago: University of Chicago Press, 2000); Gilens, *Affluence and Influence*.
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